



2021 Sustainability Report



Contents

A holistic approach	2	Socially responsible investing (SRI)	50
Who we are	4	Proprietary investments	52
About this report	5	Managing our clients' assets	52
Our main contributions to the Sustainable Development Goals in 2021	6	Responsible lending	62
CSR at BCV	8	Our lending philosophy	64
The dimensions of corporate social responsibility	10	Mortgage loans	65
Our mission	11	Lending to local businesses	66
The evolving Swiss and international context	12	Trade Finance	69
Stakeholder expectations	14	Being a benchmark employer	72
Sustainable Development Goals	16	Our employer philosophy	74
Dialogue with stakeholders and transparency	17	Focus on training	74
Our CSR ambitions and strategy	18	Diversity and equal opportunity	77
CSR governance and organizational structures at BCV	19	Work-life balance	79
A positive, long-term economic impact	22	Working conditions	81
Long-term value creation, solidity, and financial performance	24	Corporate citizenship	86
Contributing to Vaud's economic development	25	Playing an active role in the community	88
Promoting innovation and sustainability in Vaud	28	Direct environmental impact	91
Ethics and corporate governance	30	Responsible, local sourcing	98
Living our values	32	GRI index	100
Corporate governance	33		
Due diligence and tax compliance	34		
Data protection	36		
Security practices	37		
Climate-related risk	38		
Responsible selling	40		
Meeting our customers' needs	42		
Close ties with our customers	44		
The products and services customers need	45		
Our special focus on service quality	48		

A holistic approach



Eftychia Fischer
and Pascal Kiener



At BCV, we take a holistic approach to corporate social responsibility (CSR) because we know that fulfilling our role in fostering sustainable development requires action on several fronts. To successfully address the environmental challenges before us, we must also factor economic and social considerations into our thinking. Together, these three dimensions of sustainability form the cornerstone of a cohesive, inclusive, and resilient society.

In 2021, we took concrete steps in each of the areas where we can make a positive impact. To further shrink our environmental footprint, we continued improving our buildings' energy efficiency and set the target of cutting greenhouse gas emissions from our operations by 35% from 2019 levels by 2030.

This target – which represents a voluntary commitment by our Bank – is in line with the Vaud Cantonal Government's Climate Plan and the Swiss Federal Government's Energy Strategy 2050. Since 2019, we have also offset our remaining CO₂ emissions by financing carbon reduction and sequestration projects. Thanks to these efforts, we are certified CO₂ Neutral by Swiss Climate.

BCV's central role in the local economy was further underscored during the Covid-19 pandemic. That role comes with an important responsibility: half of the Canton's people and SMEs bank with us, and seven out of ten pension funds in Vaud count on our services. Last year, we continued to fully meet our customers' banking needs while

applying the necessary protective measures. To help local SMEs make it through the crisis, we gave them the option of deferring two principal repayments on their loans. This measure, which we had already taken in 2020, left these companies with additional cash to see them through the pandemic.

Our commitment to sustainability also extends to our products and services. We're helping finance the energy transition by offering preferential terms on mortgage loans for energy-efficient properties and renovations. In 2021, we introduced a zero-interest rate on these loans for the first 12 months for

our personal banking customers. These customers also pay less for a CECB® Plus energy-efficiency audit through our partnership with Romande Energie. For our corporate clients, we've teamed up with SuisseEnergie's PEIK program for energy audits; our client firms are thus supported in their energy transition and can obtain a capital goods loan with zero interest for the first six months.

As the trend toward socially responsible investing gains momentum, we have incorporated environmental, social, and governance (ESG) criteria into our asset management processes. In addition, we offer investment solutions where a portion of the assets are invested in companies whose products and services address specific environmental and social issues, such as renewable energy and waste and water management. These investments proved highly popular in 2021, totaling CHF 255m in assets under management at end-December – an increase of more than 150% in the space of 12 months.

Also last year, we further developed our partnership with Swiss SRI specialist Ethos Foundation. For the funds covered under this partnership, Ethos carries out ESG analyses, exercises voting rights, and maintains dialogue with the companies in the funds, while BCV Asset Management runs financial analyses and manages the investment portfolios. To take just one example, the Ethos II - Ethos Swiss Sustainable Equities fund, which is managed by BCV, more than doubled its assets under management in 2021 to CHF 365m by year-end. And in line with Swiss Bankers Association recommendations, we now incorporate ESG preferences into the investment advisory process for our personal banking clients.

Here in Vaud, BCV has always been more than just a bank. We are an active member of the local community. As the pandemic wore on and many cultural, social, and sports events and associations in our home region faced another year of financial hardship, we maintained our backing for over 650 activities, organizations, and charities.

We also entered into a partnership with 42 Lausanne, a new school of computer programming in Vaud. 42 Lausanne provides opportunities for people who may not feel suited to a more traditional academic track, while giving our Canton a pool of skilled IT professionals to meet the growing demand within our region's economy.

We became a partner of the Enterprise for Society Center (E4S), which promotes the transition toward a more resilient, sustainable, and inclusive economy. Through this initiative – launched in 2021 by the University of Lausanne's Faculty of Business and Economics (HEC), the Institute for Management Development (IMD), and EPFL (Swiss Federal Institute of Technology in Lausanne) – we will help shape thinking about the path toward a sustainable economy.

As the number one provider of banking jobs in Vaud, we are committed to fostering a more inclusive society. In 2021, we hired an external consulting firm to conduct a pay analysis, which found that BCV's compensation meets Swiss federal requirements on gender-equal pay. We were also awarded the Fair-ON-Pay+ certification, which recognizes our equal pay practices over the long term. This certification reflects the steps we have taken over the years to promote diversity. We have taken various measures to advance women's careers and aim to have 25% of our senior leadership positions held by women by 2030.

By meeting our environmental, economic, and social responsibilities in these ways, we are doing our part to achieve the targets set out in the United Nations' 2030 Sustainable Development Goals (SDGs). And we don't intend to let up. As Vaud's leading bank, we will continue to work holistically to help build a sustainable future for our Canton.



Eftychia Fischer
Chair of the Board
of Directors



Pascal Kiener
CEO

Who we are

BCV is the regional bank of Vaud Canton in Switzerland. Founded in 1845, we've grown into the Canton's leading bank – today, half the people and businesses in Vaud bank with us. 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 Swiss cantonal bank, our focus is on the Canton of Vaud. We are headquartered in Lausanne and have a dense network of nearly 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 2021, we reported revenues of CHF 1.0bn and net profit of CHF 379m.

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 the Canton every year, earmarking the equivalent of roughly 1.5% 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 published a Sustainability Report in French every two years from 2007 until 2019, when we started publishing it every year in both French and English. This report has been prepared in accordance with the GRI Standards: Core option.¹ 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 2021. 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, including its mission, business sectors, risk management, corporate governance, and financial statements.

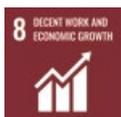
For more information about corporate social responsibility at BCV

Angélique Chatton
Head of Corporate Social
Responsibility
info.rse@bcv.ch
+41 (0)21 212 27 43



¹ 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.

Our main contributions to the Sustainable Development Goals in 2021



Serving the people and businesses of Vaud

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

Maintaining our financial solidity over the long term

- Moderate risk profile in line with our mission as Vaud's cantonal bank



Backing local businesses

- CHF 11.8bn in loans granted to Vaud businesses
- 150 new businesses financed
- Over 60 business successions financed
- CHF 500,000 in annual funding for the Foundation for Technological Innovation (FIT)



Reducing the carbon footprint of our operations

- Target to cut the CO₂ emissions from our operations by 35% from 2019 levels by 2030
- Renovations to make our buildings more energy efficient
- Financing for three projects, including an on-farm biogas plant in Vaud that avoids 4,721 metric tons of CO₂ emissions, which equates to BCV's carbon footprint



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

- Nearly two-thirds (CHF 19bn) of our assets under management include environmental, social, and governance (ESG) criteria, up from 2020
- Assets in our ESG Ambition range of thematic investments, which is geared toward the UN's Sustainable Development Goals and includes products that are suitable for all clients, more than doubled to CHF 255m
- Integration of clients' ESG expectations into the advisory process

Addressing climate issues through our lending policy

- Zero financing for projects relating to coal mines or coal-fired power plants, and decreased exposure to coal in our trade finance business in line with the Paris Agreement
- Zero financing of transactions involving crude oil, residual fuel oil, shale gas, or unsustainable logging activities
- Climate-risk management and monitoring



Committing to the energy transition

- Green Bonus offer to support Vaud SMEs in their energy transition, with zero interest for six months on loans, as well as a partnership with SuisseEnergie's PEIK energy audit program
- Green Bonus offer for our personal banking customers: zero interest for the first 12 months on mortgage loans used to finance the purchase or renovation of properties that meet strict energy standards
- Reduced price on CECB® Plus energy audits through our partnership with Romande Energie



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

- Employees can change their work percentage at any point during their career
- Independent, confidential support service to help in the event of harassment, bullying, or personal issues
- Pension fund that is fully funded (coverage ratio of 127.5%) and gives employees the flexibility to choose when to retire
- In-house sports association offering 19 different sports

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

- Support for over 650 sports, cultural, community, and environmental events across the Canton every year
- Financial support for the events we sponsor, even though many were canceled as a result of the Covid-19 pandemic



Promoting employee skills development

- 5,500 days' worth of training delivered by our training center
- Job training for 83 trainees, including apprentices and high school graduate trainees
- Sponsor of 42 Lausanne, a tuition-free school of computer programming



Fostering equal opportunity

- Compliance with Swiss equal pay legal requirements, and Fair-ON-Pay+ certification in recognition of our equal pay practices over the long term
- 42% women in our workforce
- Target of 25% for senior leadership positions held by women by 2030

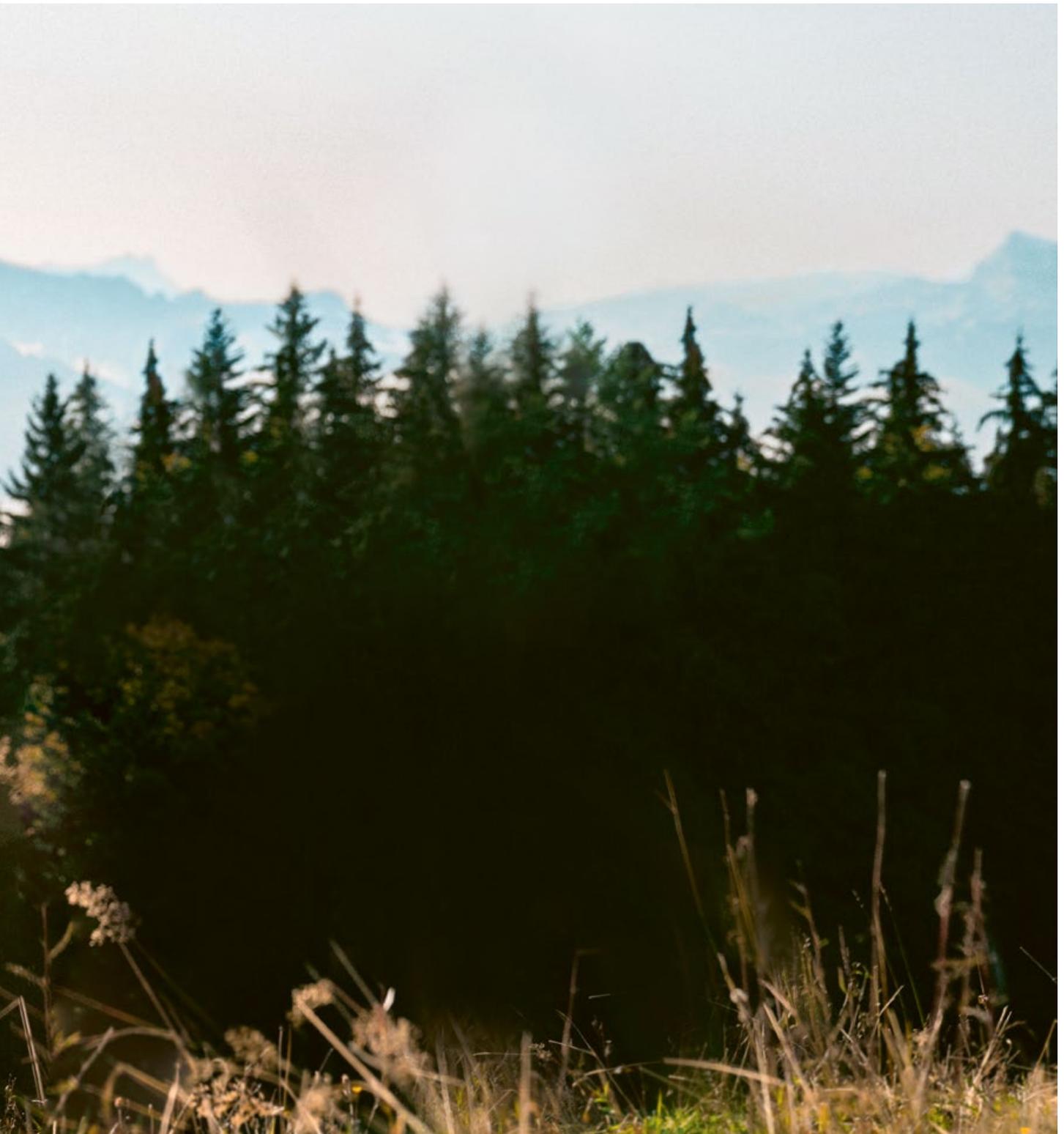


Forging partnerships in support of a sustainable economy

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

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.

According to the United Nations, one element of sustainable development is ending poverty in all its forms. This entails promoting sustained and

equitable economic growth, raising basic standards of living, fostering equitable social development and inclusion, and promoting the integrated and sustainable management of natural resources.²

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

a sustainable future, and must therefore be worked on as a group rather than individually.

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

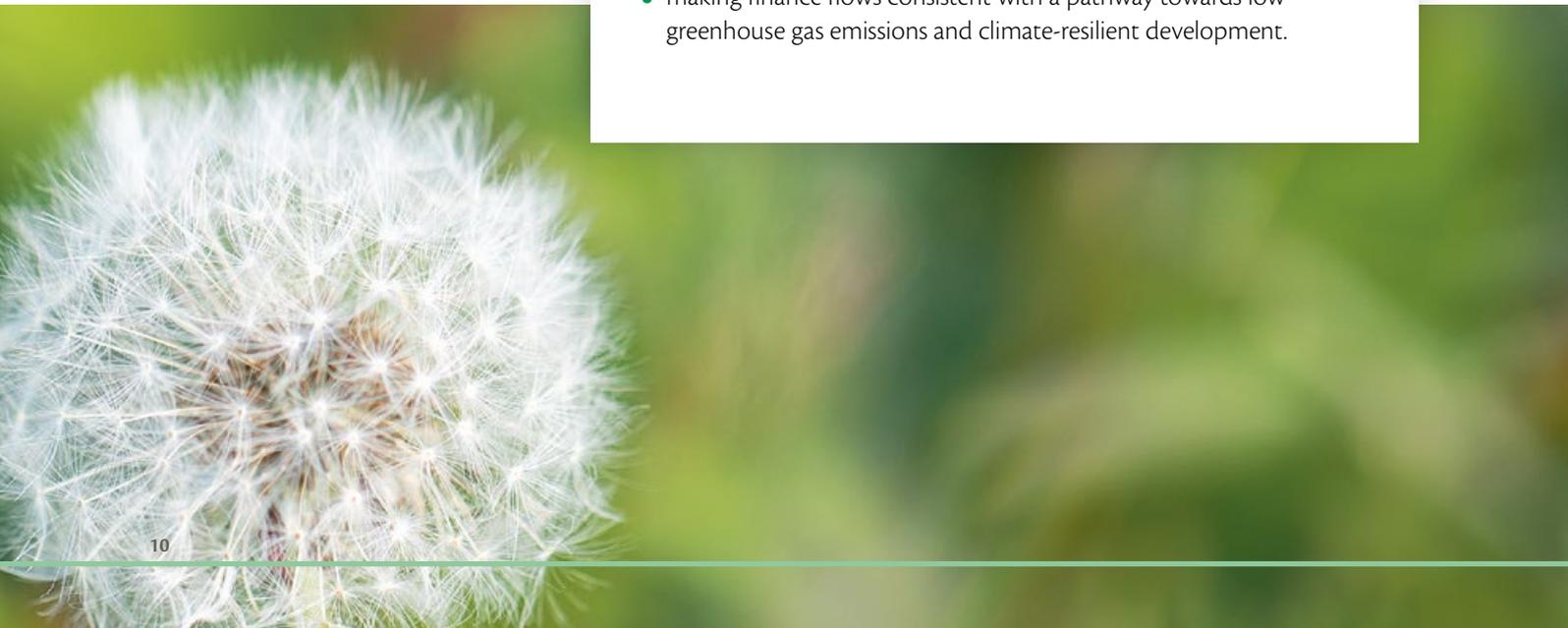
For banks, there are two types of CSR-related impacts. One is the direct impacts relating to their day-to-day operations (such as the amount of energy they use) and to their employee work conditions. The other is the indirect impacts resulting from the companies and projects they finance through their banking products and services.

The Paris Agreement

The Paris Agreement has been ratified by 189 UN Member States, including Switzerland, that have committed to:

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

² United Nations, Sustainable Development Agenda, viewed on 2 March 2022



SUSTAINABLE DEVELOPMENT GOALS



www.un.org/sustainabledevelopment/sustainable-development-goals

Our mission

As part of our mission as a cantonal bank, we aim to maintain our position as the bank of choice for the people and businesses of Vaud Canton and as a key player in the Swiss banking sector. As such, we are committed to working for the sustainable development of society.

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

The Cantonal Act Governing BCV (LBCV)³ 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.

Half of Vaud's residents and businesses bank with BCV, meaning we have an important responsibility when

it comes to our Canton's economy. Our business model is focused 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.

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

³ The Cantonal Act Governing BCV (LBCV)

The evolving Swiss and international context

Our CSR efforts in 2021 took place amid a landscape that has been shifting in many respects.

Economic and social impacts of the pandemic

Progress on achieving the SDGs was insufficient even before the Covid-19 pandemic broke out. In addition to causing the death of over 5 million people, the pandemic led to the loss of more than 250 million jobs worldwide,⁴ leading to a rise in global poverty and extreme poverty.⁵

Switzerland has been involved in various international cooperation programs to give low-income countries access to healthcare technology that can help them in the fight against Covid-19. This included providing funding as well as helping coordinate global efforts in R&D and the production and distribution of diagnostic systems. Within the country, the protective measures introduced by public-health authorities helped limit the number of Covid-related deaths. But these measures took their toll on the mental health of part of the population, especially young people, and exacerbated the financial hardship of people already in difficulty.⁶

Financial assistance provided by the Swiss and cantonal governments helped underpin the local economy. In Vaud Canton, GDP grew by 4.5% in 2021.⁷ However, the industries most affected by the protective measures and the decline in foreign tourists – such as the hotel and restaurant industries – still struggled, indicating that the repercussions of the pandemic have not been felt evenly across the board.

Climate and energy

At a time when atmospheric CO₂ concentrations are reaching record levels, the 26th United Nations Climate Change Conference (COP26, held on 1–13 November 2021) delivered mixed results. On the one hand, nations reaffirmed their goal of keeping the global average temperature rise to 1.5°C and committed to gradually reducing the use of fossil fuels, fighting deforestation, and setting up a global market for carbon emissions trading.⁸ The conference's final climate pact also reaffirms the pledge made by developed countries to provide USD 100bn per year to developing countries. Yet some observers noted that the new commitments – even if they are fulfilled – will not be enough to meet the goals of the Paris Agreement, that is, to limit global warming to well below 2°C and, if possible, to 1.5°C.⁹ Meeting this target will require governments, people, and businesses to take additional concrete measures in their respective spheres of influence.

Businesses are taking action through international initiatives and commitments to reach net zero emissions by 2050. In the finance industry, the Net-Zero Banking Alliance was launched in 2021, joining other initiatives convened by the United Nations Environment Programme Finance Initiative (UNEP FI), such as the Net-Zero Asset Owner Alliance, the Net Zero Asset Managers initiative, and the UN Principles for Responsible Investment (UNPRI).

The Swiss parliament passed a revised CO₂ Act implementing the country's long-term climate strategy and putting Switzerland on track to become carbon neutral by 2050, but the Act was rejected in a referendum in June 2021. An updated version with new incentives and fewer restrictions, especially for buildings, is currently in the consultation process.

With regard to the energy transition, an electricity shortage has been identified as a clear risk for Switzerland in the event of a decline in the country's ability to import electricity. A report on the security of Switzerland's electric power supply¹⁰ states that as early as 2025, the nation could experience power shortages lasting weeks or even months. That will very likely have repercussions on the country's energy strategy, especially on the pace at which renewable energies are adopted.

⁴ International Labour Organization, *ILO Monitor: Covid-19 and the world of work*, 2020 (6th ed.)

⁵ United Nations, "More than half a billion pushed into extreme poverty due to health costs," 2021

⁶ Keystone-ATS, "Un niveau de vie élevé, mais aussi beaucoup de pauvreté en Suisse," 2022

⁷ January 2022 estimates from the CREA Institute of Applied Economics in the Business and Economics Faculty of the University of Lausanne

⁸ United Nations, "COP26: Together for our planet," viewed on 18 February 2022

⁹ RTS, "Retour sur deux semaines de tractations intenses à la COP26," 13 November 2021

¹⁰ Swiss Federal Office of Energy, *Approvisionnement en électricité de la Suisse en 2025*, 2021



“The Federal Council has declared its intention to position Switzerland as a leading hub for sustainable financial services.”

Sustainable finance

The Federal Council has declared its intention to position Switzerland as a leading hub for sustainable financial services. The Swiss Financial Market Supervisory Authority (FINMA) supports this goal and, consistent with its role, is specifically addressing the financial risks arising from climate change. In 2021, it published new transparency obligations for Category 1 and 2 banks¹¹ with regard to disclosing their exposure to climate-related risks. These obligations took effect in the 2021 fiscal year and are aligned with international initiatives in this area, including the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

As the EU continues to implement its action plan on financing sustainable growth, the Swiss Sustainable Finance (SSF) association has published recommendations on transparency with regard to how environmental, social, and governance (ESG) criteria are

integrated into investment products. These recommendations are designed to help SSF members standardize their approaches and build investor confidence in sustainable investment products.

The Federal Council has also developed climate-reporting guidelines for large Swiss companies. The guidelines are scheduled to be released in 2022 and will likely include double-materiality requirements as well as the TCFD recommendations.¹²

Biodiversity

Biosphere integrity is one of the planetary boundaries¹³ that were crossed by a large margin several years ago. It was the key issue at the UN Biodiversity Conference (COP 15), at which nations signed the Kunming Declaration, agreeing to develop an effective, ambitious global framework for protecting biodiversity by 2030. The

negotiations on the final text of this framework will continue in Geneva in 2022.

The finance industry began taking action on this issue in late 2020 through the Finance for Biodiversity Pledge. By signing this pledge, financial institutions recognize that the Earth's biosphere is the foundation of human society and economic resilience and that it is under increasing stress. The pledge emphasizes the need to protect biodiversity and restore what has been lost over the past decade. Signatories have thus committed to working together toward this goal through their financing and investment activities, and have set targets that they will begin reporting on in 2024.

¹¹ BCV is not currently subject to these obligations.

¹² Swiss Federal Council, "Federal Council sets parameters for binding climate reporting for large Swiss companies," press release, 18 August 2021

¹³ Planetary boundaries are related to nine natural processes of the Earth system. Crossing those boundaries could generate instability in the biosphere and make it difficult for humanity to develop sustainably in a safe ecosystem.

Stakeholder expectations

BCV's actions impact all our stakeholders, whether directly or indirectly. In order to adapt our CSR approach accordingly, we must first identify what these impacts are and discern our stakeholders' expectations.

In accordance with the Global Reporting Initiative (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 and the Vaud Minister of the Economy, Innovation, and Sport as part of our information-exchange agreement¹⁴
- Responding to BCV-related questions that Vaud's Cantonal Parliament submits to the Cantonal Government (e.g., motions that ask or require the government to legislate)
- Annual meetings with the Vaud Cantonal Parliament's *délégation économique*

Shareholders (apart from the Canton of Vaud)

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

Supervisory and federal authorities

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

Employees

- Employee engagement surveys
- Information sessions at various management levels

Customers

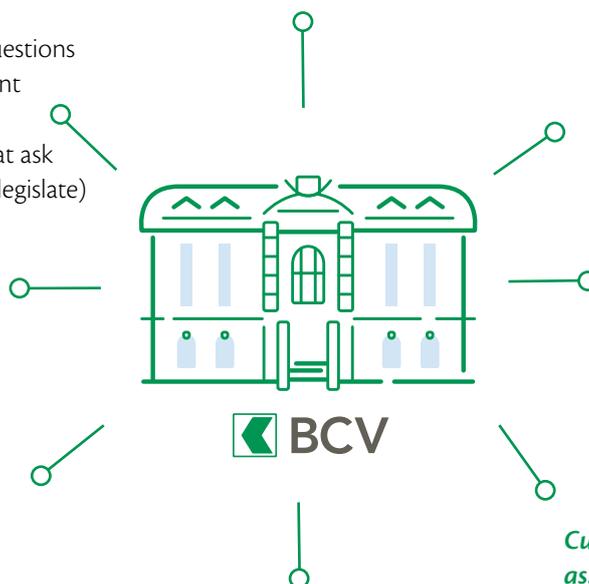
- Market research and satisfaction surveys
- Systematic analysis of customer complaints

Sustainable development interest groups

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

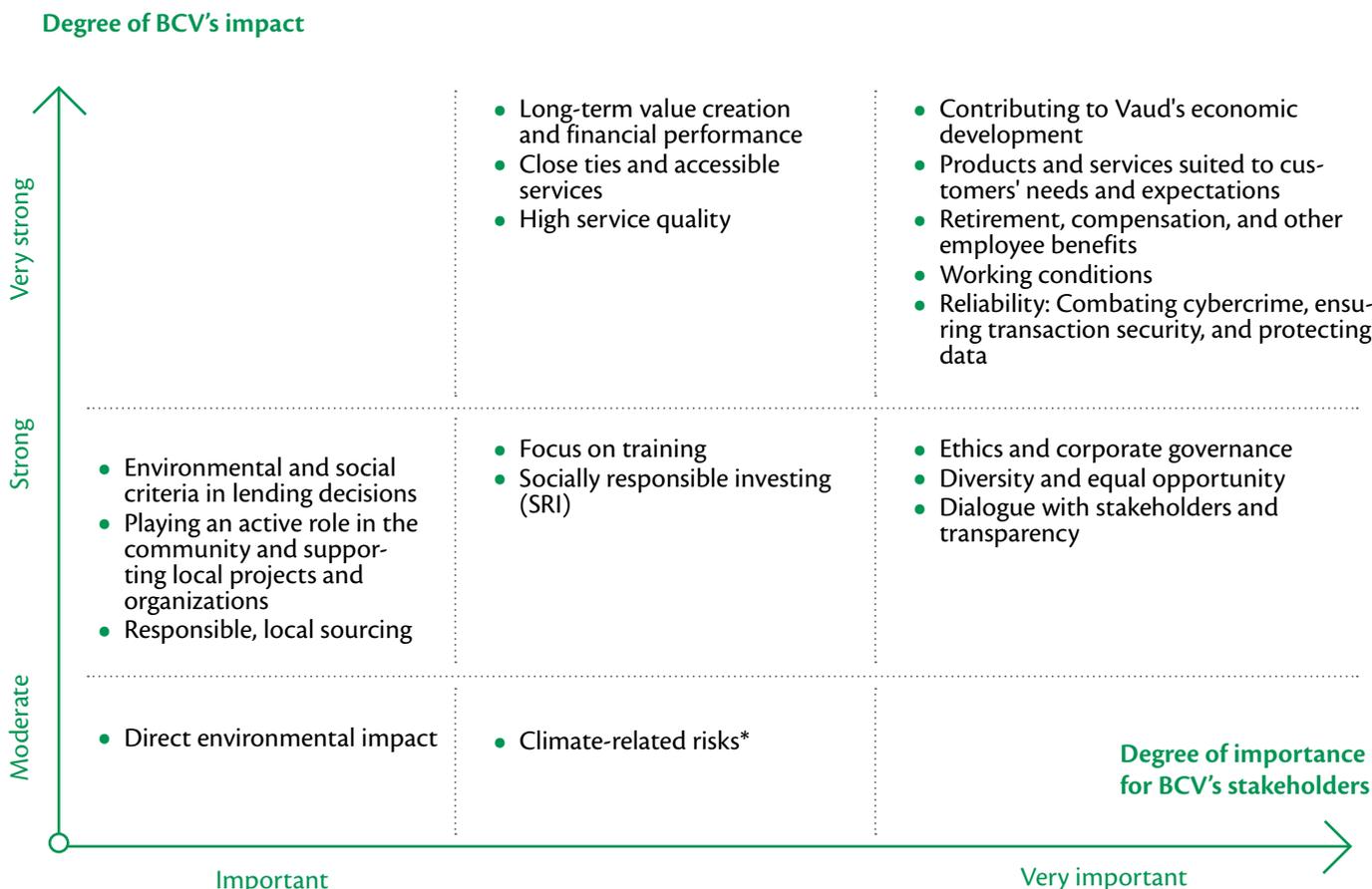
Cultural and sports associations

- Numerous exchanges about sponsoring and donations



¹⁴ Vaud Department of the Economy, Innovation and Sport (DEIS)

BCV's materiality matrix in 2021



* What's changed from 2020

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;

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

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

need from us. The findings are then reviewed every year by the Bank's Executive Board and Compensation, Promotions and Appointments Committee.

We updated the materiality matrix slightly in 2021 to reflect the evolving expectations of our stakeholders – especially our regulator, the Swiss Federal Government and ratings agencies – with regard to climate-related risks. A discussion of our main efforts in this area can be found in the “Climate-related risks” section of this report (pages 38 and 39), based on the structure and disclosure recommendations issued by the Task Force on Climate-related Financial Disclosures (TCFD). More information is also available in our Annual Report beginning on page 69.

Regardless of their weighting according to the GRI dimensions, all of these issues are important to us, and we will continue to re-evaluate them annually. Each priority issue is discussed in its own section in this report. There, we present the issue, explain the Bank’s stance, and describe what we are doing to meet stakeholder expectations in that area. These issues are also listed in the GRI Index beginning on page 100.

Sustainable Development Goals

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

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

Our main steps toward the SDGs are discussed on pages 6 and 7, and SDG icons are shown throughout this report to designate sections that relate to one of more SDGs.



Dialogue with stakeholders and transparency

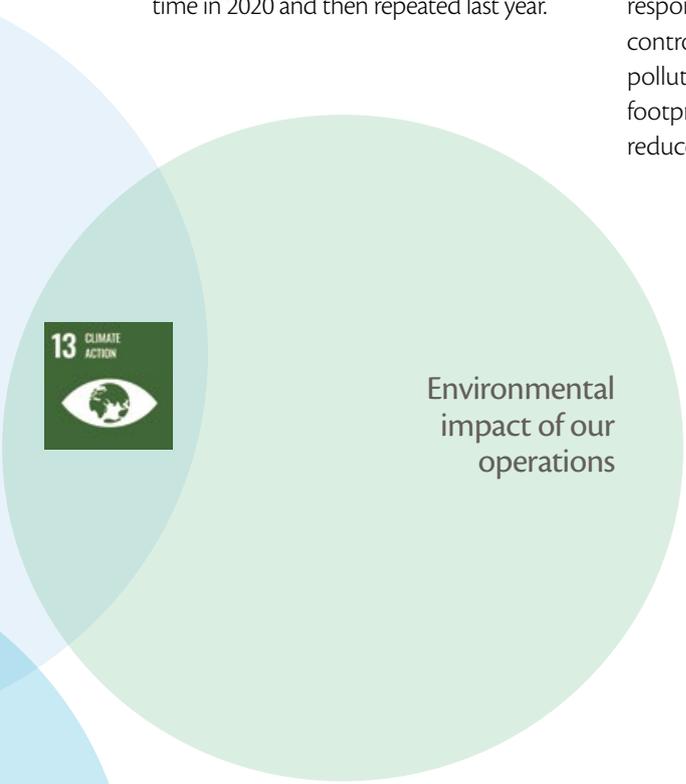
As part of our dialogue with the local community, we survey Vaud residents on their main expectations of our Bank in the area of sustainable development. The survey was carried out for the first time in 2020 and then repeated last year.

The 2021 survey revealed that:

- Respondents were more concerned than in 2020 about banks' efforts in the area of sustainable development (under 15% of respondents had no opinion on this issue in 2021, down from around 30% in 2020);
- What respondents generally expect from banks is to help direct funding to socially and environmentally responsible companies, stop funding controversial companies and heavy polluters, and shrink the carbon footprint of their operations (i.e., reduce their direct impacts);

- As in 2020, respondents believe banks should help support local projects that have a positive social or environmental impact.¹⁵

We participated in the World Wildlife Fund's study on Swiss retail banks again in 2021. This study evaluates the sustainability of banks from an environmental perspective (i.e., it does not consider banks' economic sustainability, governance, involvement in society and politics, or human resources policies). Although the rating criteria were stricter in 2021 than in the previous study in 2017, BCV received the same rating of "Average." We plan to meet with the WWF in 2022 to discuss key takeaways.



Environmental impact of our operations



¹⁵ Image study by Qualinsight, October 2021

In addition, we analyzed the reports prepared by ESG rating agencies on our Bank to determine which issues are considered most important by these agencies as well as investors, and take the appropriate measures.

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

In an effort to continually improve our transparency, our 2021 Annual Report and Sustainability Report include a new section on how we address climate-related risks as well as more detailed information on various topics.

Our CSR ambitions and strategy

Our ambitions and strategy when it comes to corporate social responsibility are a direct product of the Bank's mission to contribute to the sustainable development of Vaud Canton. They are set by our Executive Board, approved by the Board of Directors, and together form BCV's sustainability roadmap through 2025.

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

- proactively offering our customers a wide range of sustainable investment solutions in line with market best practices;

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

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

“BCV is committed to preserving the environment and continuing to reduce the environmental footprint of its operations.”

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 87 of our Annual Report.

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

- A CSR Committee, which submits recommendations to the Executive Board on the objectives and approaches the Bank should adopt on all CSR-related topics. The committee is chaired by the CEO and includes the heads of our Credit

Management, Asset Management & Trading, and Private Banking divisions, as well as the head of Corporate Social Responsibility along with representatives from our business lines.

- A Head of Corporate Social Responsibility who reports directly to the CEO and oversees implementation of the CSR strategy across the Bank.
- Designated CSR representatives at each of the Bank's business lines who are in charge of further embedding sustainability into their operations and helping coordinate efforts across the Bank. They report on their progress to the CSR Committee.

Managing sustainability-related risks and opportunities

The CSR Committee is responsible for identifying and assessing sustainability-related opportunities and working with BCV's different divisions to determine the measures we will adopt in each business line. It helps identify ESG risks, particularly those that

may impact our reputation or that arise from our customers' evolving needs and expectations, and ensures that appropriate measures in this regard are taken. Additionally, the committee monitors regulatory and market developments in the area of sustainability.

In line with the recommendations of financial supervisory authorities (such as the Basel Committee on Banking Supervision and FINMA), we consider ESG risks, particularly climate-related risks, as factors that can be captured in traditional financial risk categories: strategic and business risk, credit risk, market risk, and operational risk. All risks – including ESG risks – in all areas of the Bank are managed according to the same fundamental principles, using methods adapted to each risk category.

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

- The Board of Directors establishes BCV's fundamental risk-management principles and decides the strategy it will pursue in taking on risk. It is also responsible for high-level oversight of the Bank's risk profile. As part of this, the Board of Directors monitors the Bank's main risk factors and exposures, including those related to the climate.
- The Audit and Risk Committee ensures that risk management at BCV is implemented and operational, as decided by the Board of Directors.
- The Executive Board is responsible for ensuring that risk-management procedures are implemented and operational, and for monitoring the Bank's risk profile. It monitors and assesses the Bank's main risk factors and exposures, including those related to the climate. As part of this, it monitors strategic and business risk and supervises the Executive Board Risk Management Committee in monitoring and reporting these risks. The committee includes the CEO, the CFO, other division heads, and the head of the Risk Management Department.
- Division heads are responsible for conducting and monitoring the activities of their divisions, regardless of whether the division has a front-line, steering, or business-support role. They have initial responsibility for overseeing, identifying and managing the strategic, business, credit, market, and operational risks arising from the activities of their divisions.
- The Risk Management Department is responsible for setting up, implementing, monitoring, and adapting the Bank's oversight principles and methods for credit, market, and operational risk; monitoring the Bank's risk profile; and overseeing and executing risk reporting. It ensures that the Bank's main risk factors and exposures, including those related to the climate, are taken into consideration in these processes.

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

Ways our governing bodies were involved in CSR in 2021

- Our Board of Directors, Compensation, Promotions and Appointments Committee, and Executive Board approved the climate-related targets for the direct impacts of our operations (see page 94) and the target for the percentage of women in senior leadership positions by 2030 (see page 78).
- Our Board of Directors, Executive Board, and CSR Committee continuously monitored developments in the area of socially responsible investing (SRI) and reviewed our Bank's approach to this issue.
- The 2021 Sustainability Report was reviewed and approved by the CSR Committee and – on behalf of the Board of Directors – the Compensation, Promotions and Appointments Committee.

On pages 38 and 39 of this report, we have included an overview of the measures taken by our Bank to address climate-related risks, using the structure and disclosure recommendations issued by the Task Force on Climate-related Financial Disclosures (TCFD). More information is also available in our Annual Report, beginning on page 69.

International initiatives and local partnerships

Signatory of:



BCV is a signatory of 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, building up skills in the area, and supporting concrete action.



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



In 2020, BCV entered into a long-term strategic partnership with Ethos, which specializes in socially responsible investing (SRI), in order to offer sustainable investment products.



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.



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



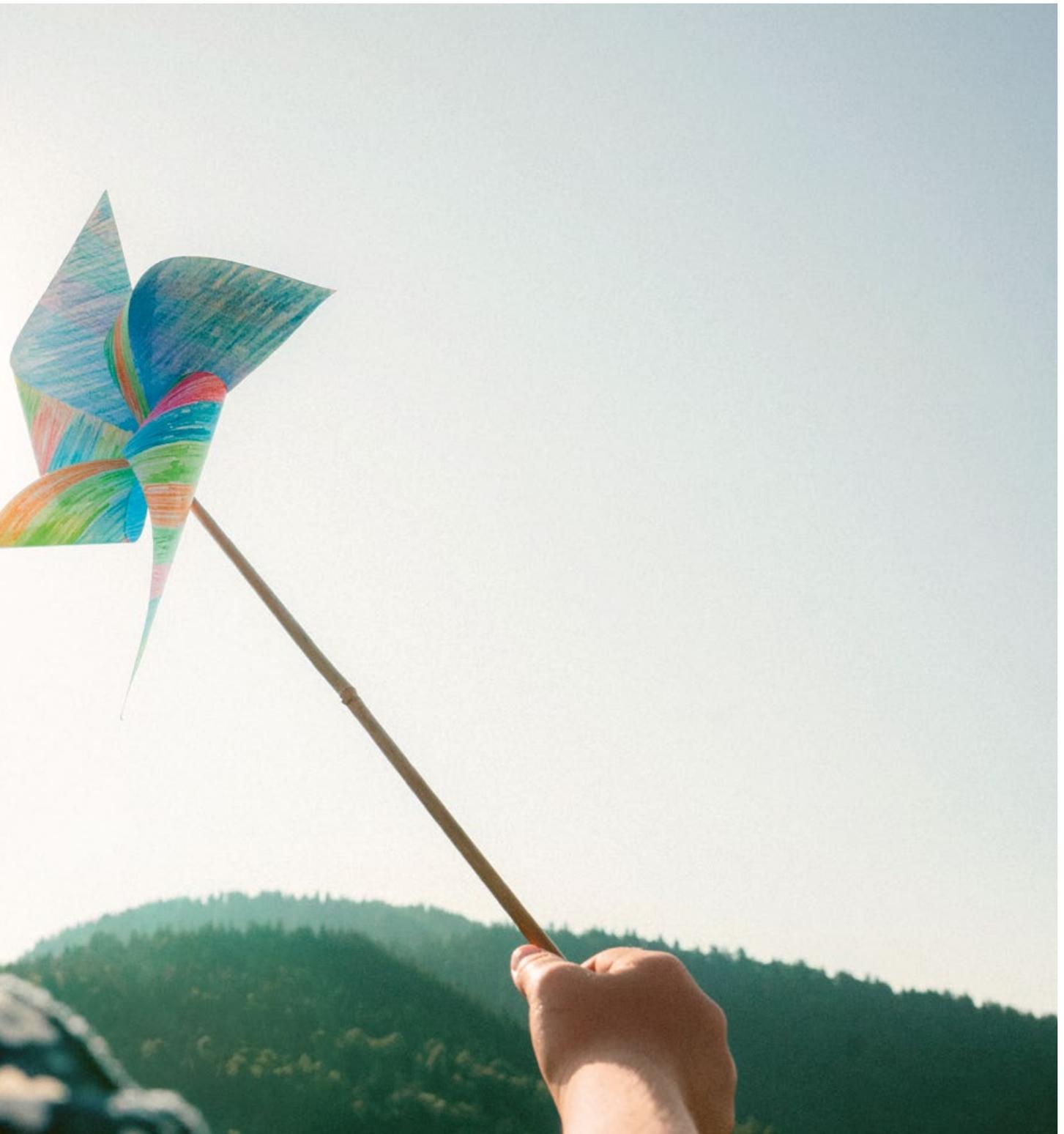
BCV was recognized by Swiss Olympic as a training institution that promotes elite sports for the 2020–2021 season.



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

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.



Standard & Poor's rating

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

One of the many ways we create value is through the long-term strength of our share, which is one of the best performing in the Swiss banking industry. Over the past ten years, the BCV share generated a 158% total return for our shareholders, which far

exceeds the 7% posted by the SP Banks index for Swiss banks. The bulk of this value flows to the Canton of Vaud, our majority shareholder, with 66.95% of our share capital.

In 2021, we distributed CHF 310m to shareholders, and the amount we paid out in taxes and dividends to the Canton of Vaud and Vaud municipalities works out to CHF 626 for every household in Vaud. Our risk management practices comply with the very highest standards, and our total capital ratio of 17.3% is well above the regulatory requirement.



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

201-3

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

	2019	2020	2021
Direct economic value generated (operating profit, personnel costs, and extraordinary income and expenses)	725.1	678.2	741.3
Direct economic value distributed (personnel costs, taxes, and dividends)	662.6	652.9	684.8
Economic value allocated to reserves	62.5	25.4	56.5

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

Equivalent amount per household	739	645	626
---------------------------------	-----	-----	------------

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, seeking to prevent the emergence of a housing bubble in this naturally cyclical market.



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

Half of the Canton's SMEs turn to BCV for their banking needs, with one in three companies in Vaud – over 25,000 in total – banking mainly or exclusively with us. We welcomed more than 2,000 new corporate clients in 2021, including over 1,000 businesses that had been operating for less than 18 months.

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 11.8bn, which equates to a market share of around 40%.

We provide financing to every sector of the Vaud economy, with a loan book that reflects the economic structure of the Canton and the financing needs of the various sectors of its economy. Real-estate professionals and construction firms account for 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. Some 288 local SMEs had a credit facility of this sort last year for

a total of CHF 13m. We also granted 213 loans guaranteed by the regional cooperative or Vaud's Cantonal Office for Economic Affairs and Innovation in 2021, totaling CHF 28m.



1 in 2
Vaud small businesses
banks with BCV

As the Covid-19 pandemic entered its second year, we continued to support local businesses by providing advice on the types of assistance available to them and helping them determine the best course of action for their situation. In early 2021, we created a series of explanatory videos on the hardship assistance program, in collaboration with the Vaud Department of the Economy, Innovation and Sport and the Vaud Office of Economic Affairs and Innovation. In all this, we fulfilled our role as the Canton's largest lender.

203 –2 Significant indirect economic impacts (in CHF millions)

	2019	2020	2021
Total lending to companies in Vaud	11,200	11,700	11,800
Guaranteed lending	23	13	28

The Bank also offered Vaud SMEs the option of deferring the 31 March and 30 June principal repayments on their loans (including mortgage loans, overdraft facilities, and capital goods loans), leaving them with additional cash to see them through the crisis. This followed a similar measure we implemented in 2020.

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.

Economic trends and analysis

- Twice a year we release *BCV Immobilier*, an overview of the real-estate sector in Vaud. The topics covered in last year's publications include house price trends, the impact of rising commodity prices on construction costs, and the real-estate market in the Gros-de-Vaud region.
- In 2021, BCV's Observatoire économique published *Logements vaudois: entre équilibre et excédents*, a study looking at current and future trends in Vaud's housing market. The report was authored by Yvan Schmidt and François Yenny from real-estate consulting firm CBRE Switzerland, and published with the support of the Canton of Vaud, BCV, the Vaud Federation of Entrepreneurs (FVE), and Société coopérative d'habitation Lausanne (SCHL).



- Also last year, we published *De la crise des subprimes à celle du Covid, le miracle vaudois*, a study on the resilience of the Canton's economy prepared in collaboration with the Vaud Chamber of Commerce and Industry (CVCI) and the Institute of Applied Economics (CREA).
- We contribute to a quarterly report on Vaud's GDP and an annual report on the GDP of French-speaking Switzerland, as well a publication on business indicators from the Commission Conjoncture Vaudoise (CCV). Throughout last year, these publications kept readers abreast of the state of the Canton's economy and the impact of the Covid-19 pandemic.



Covid-19

- In 2021, we shared regular information across all our channels about the impact of the global health crisis, including both general updates on the economy and practical details on the latest Covid relief measures, such as the hardship assistance program for businesses.
- Last summer, BCV conducted a survey of Vaud SMEs to gauge sentiment in the second year of the pandemic. Some 56% of businesses said they were optimistic about the economy going forward, up from 37% in 2020, amid the vaccination rollout and easing of public health restrictions. The survey also found that 40% of companies in Vaud had employees working from home.

Energy transition

Throughout last year, BCV shared insights and analysis to help Vaud residents and businesses navigate the energy transition. For instance, we published our *Guide de la rénovation énergétique*, a step-by-step guide to carrying out energy-efficient renovations. In addition, our experts covered this topic on the "Votre argent" segments broadcast on *La Télé Vaud Fribourg*,



“ Photographer Yann Arthus-Bertrand was the guest speaker at a BCV-organized conference on sustainability. ”

in two articles for daily newspaper *24 heures* and one article for over-50s magazine *Génération*, and in two newsletters for BCV clients.

The Bank also hosted three webinars for businesses and real-estate professionals.

Other events

- In 2021, we held conferences on topics such as sustainability and economic and real-estate trends. These included *Conjoncture & Perspectives*, *Rendez-vous de la finance*, *5 à 7 de la finance*, and *Rendez-vous des entrepreneurs*. One of the year's highlights was French photographer Yann Arthus-Bertrand's featured talk on sustainability.

Other appearances and publications

We also share information and analysis through other channels:

- We send out newsletters to our clients and local businesses, covering financial markets and the latest economic developments.

- Three times a month, our experts write articles for the “Vos Finances” column in the *24 heures* newspaper, sharing information and practical advice for people looking to make sense of the business environment and manage their finances. Our specialists also make twice-monthly guest appearances on the “Votre argent” segments broadcast on *La Télé Vaud Fribourg*.
- We publish financial analyses from our experts, business advice, and the latest developments in the Vaud economy at pointsforts.ch – including 167 articles last year alone.

Promoting innovation and sustainability in Vaud

BCV is a member of Innovaud, the Vaud Cantonal Government's agency for promoting innovation and investment, which provides support to pioneering businesses of all sizes – startups, scaleups, SMEs, and large corporates – based in the Canton or looking to set up here. In 2020, Innovaud merged with Vaud's economic development agency (DEV), to which we make an annual contribution of CHF 50,000.

The Foundation for Technological Innovation (FIT) is also part of the Innovaud network. This non-profit provides grants and loans to startups in Vaud and the rest of French-speaking Switzerland in order to stimulate the local economy and encourage innovation. Because the program is

only open to companies less than three years old, FIT is often one of the first sources of external capital for early-stage ventures. Its experience and expertise also lend credibility to fledgling businesses, opening the door to a larger pool of potential investors.

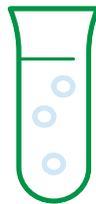
The Bank has supported FIT since its inception in 1994, including a later commitment in 2012 of CHF 5m over ten years. We also have a representative serving as vice chairman of the FIT board, and several BCV representatives have been elected to serve on the FIT selection committees starting in 2022.

FIT has helped create over 4,550 jobs by providing financing to hundreds of startups across a wide range of industries – from life sciences, digital

health, food and nutrition, and clean technology to ITC, manufacturing, aerospace, and cybersecurity. More than 250 of these businesses are still active. In 2021 alone, FIT disbursed CHF 6.97m in grants and loans to 45 businesses.

Recipients of FIT support in 2021 include the following startups:

- Robin des Fermes, which has built a farm-to-table platform that connects farmers and producers with people looking to buy sustainable, locally sourced food.
- Plastogaz, which aims to close the loop of plastic recycling with a process that turns plastic waste into a liquid mixture used in the production of new polymers.
- Flowbone, an EPFL spin-off that has developed an injectable biomaterial in the form of a gel that can locally reinforce bones affected by osteoporosis and other bone-weakening conditions.



CHF **500,000**
in financing committed to the
Foundation for Technological
Innovation (FIT) every year to
support Vaud startups

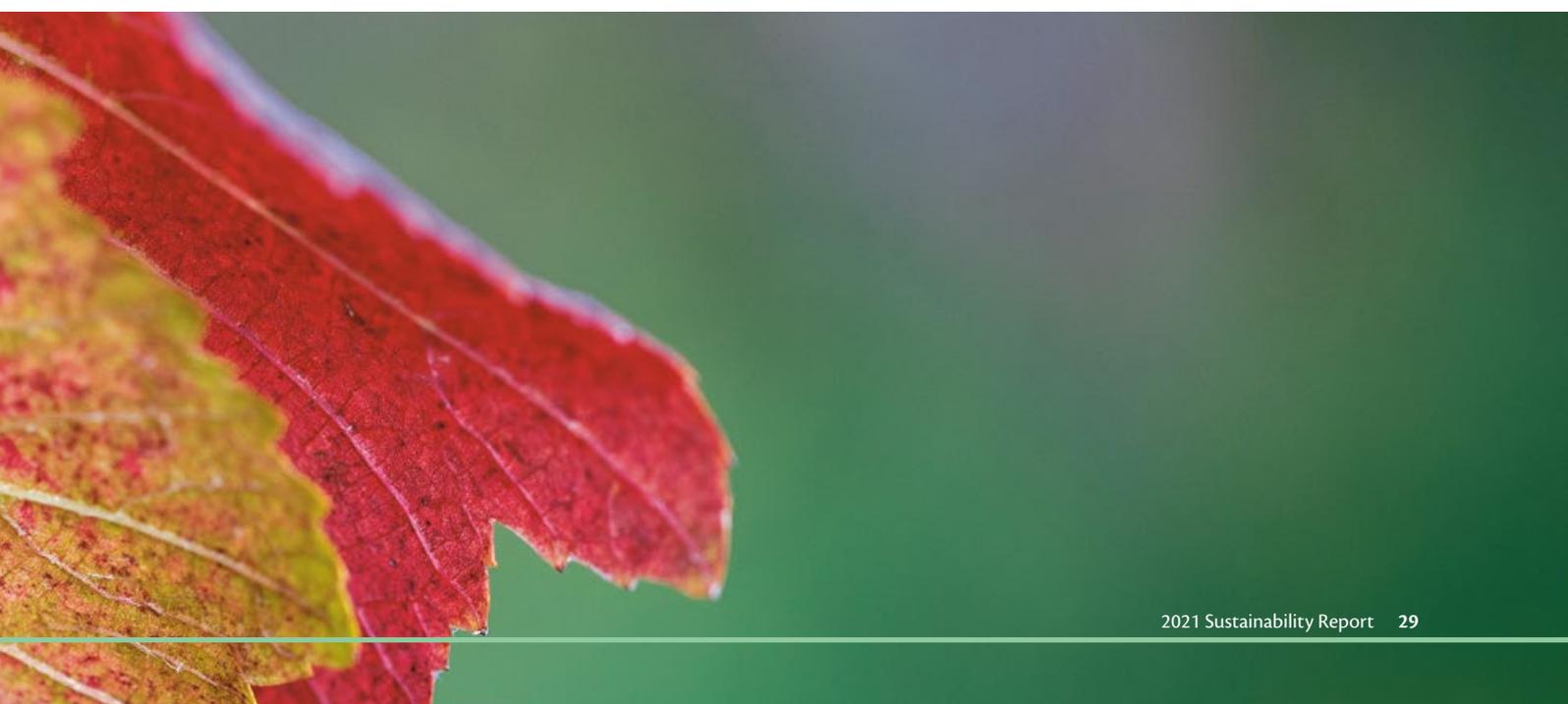
The gel helps prevent fractures and preserve patients' mobility and independence.

Last year, BCV entered into a partnership with the Enterprise for Society Center (E4S), an initiative jointly led by the University of Lausanne's Faculty of Business and Economics (HEC), the Institute for Management Development (IMD), and the College of Management of Technology at EPFL (Swiss Federal Institute of Technology in Lausanne). E4S was founded with the mission of helping society overcome its challenges – especially climate change – and of spearheading the transition toward a more resilient, sustainable, and inclusive economy. Through this partnership, we hope to concretely help to shape thinking around the

transition to an economy and a society where we live within the limits of our planet. As part of this, we are supporting the E4S-led Master of Science in Sustainable Management and Technology (SMT) program, which is geared toward research and innovation.

Also last year, BCV sponsored ZeroCarb, an initiative that emerged from the UCreate3 acceleration program for innovative projects, a program run by UNIL's HUB Entrepreneurship and Innovation. The program aims to stimulate entrepreneurial thinking among students and provide them with support as they work on interdisciplinary, high-impact projects. ZeroCarb is a user-friendly online tool, still in development, that helps service-

sector SMEs calculate their carbon footprint and recommends further steps to reduce the impact of their emissions. It was selected from among the fall 2021 proposals for its potential in terms of local environmental impact. The team behind the project will use the funding from BCV to further develop their prototype.



Ethics and corporate governance







Living our values

We believe that one of the keys to our long-term success is having a common culture built around four core values – close ties, professionalism, performance, and responsibility. At BCV, we live these values every day. They're what set us apart from our peers. And they underpin everything we do, 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, which is available on our website.¹⁶ It sets out the behavior that is expected of our company as a whole, its governing bodies, and each and every staff member.

The principles contained in the Code are applicable to any action or decision taken by BCV employees in a professional context. As well as setting out our core values, the Code details the principles of professional ethics to which we adhere. It includes sections on good corporate governance, compliance with laws and regulations, identifying and managing conflicts of interest, bribery, transparency toward customers, health and safety, and privacy and personal data protection.

We updated our Code of Professional Conduct in 2021 to include a stronger focus on our commitment to sustainability, in line with the Bank's evolving corporate social responsibility (CSR) strategy. The new version states that sustainable economic development is at the heart of our corporate mission and reaffirms our commitment to incorporating environmental, social, and governance (ESG) criteria into our business activities, including institutional and private investing as well as lending. It also reiterates our pledge to reduce the greenhouse gas emissions from our operations. All employees were required to confirm that they had carefully read the new Code in its entirety.

—○ Close ties

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

—○ Professionalism

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

Performance ○—

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

Responsibility ○—

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

¹⁶ <https://www.bcv.ch/en/About-us/Investor-Relations/Overview>

Corporate governance

BCV applies corporate governance standards and best practices, clearly setting out the responsibilities of the governing bodies and various committees. The responsibilities of our seven divisions are also formally documented, as are the powers and duties of the Bank's committees. Likewise, we have a strict separation of functions policy. The legal, regulatory, and internal-policy requirements that apply to our activities are set out in in-house directives and procedures. Our three-level internal control system (ICS), which falls under the responsibility of the Executive Board and the Board of Directors, ensures that these requirements are properly implemented. A detailed description of our ICS can be found on page 73 of our 2021 Annual Report.

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

No political contributions

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

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

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. We are also a member of swisscleantech, an organization that engages in advocacy both within the political sphere and the private sector for Switzerland's target of achieving carbon neutrality by 2050.

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.



“The Code of Professional Conduct details the principles of professional ethics to which we adhere, including good corporate governance, compliance with laws and regulations, identifying and managing conflicts of interest, and prohibiting acts of bribery.”

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. Last year, we published a revised version of the Code that placed greater emphasis on corporate social responsibility (CSR). All BCV employees were required to confirm they had carefully read the document in its entirety.

As explained on page 32 of this report, the Code of Professional Conduct sets out the principles that govern the Bank's relationship with the authorities and the wider community, as well as with its employees. In particular, it emphasizes the importance of:

- complying with the law and external and internal regulations, and of the procedure employees should follow if they have any doubts;
- identifying and preventing conflicts of interest and correctly managing any such situations;

- protecting confidential data relating to our clients, BCV Group, and employees;
- reporting any behaviors, events, or incidents that violate the law, regulations, or the Professional Code of Conduct (i.e., whistleblowing). The Code specifies that the Bank has a procedure in place to keep such reports fully confidential and protect any employee who makes a report in good faith.

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

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

Due diligence and tax compliance

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

In addition, our systems for monitoring market abuse are designed to identify instances of insider trading and market manipulation. In all our business activities, we prioritize high-quality client relationships, and we do not enter into client relationships if there

is a higher inherent risk in terms of money laundering and the financing of terrorism, market abuse, or economic sanctions.

Money laundering and terrorist financing

By accepting funds and executing payment and financing transactions, BCV is exposed to the inherent risk that one or several of its clients may be directly or indirectly involved in money laundering or the financing of terrorism. Banking supervision rules therefore require banks to have systems in place to detect signs of these activities. Determining the economic background of client funds and the purpose of transactions is a central component of the due diligence process, which consists of monitoring client relationships and transactions made through the Bank.

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

We systematically identify all parties involved in each client relationship, which we then categorize based on money-laundering and terrorist-financing risk factors, in alignment with the regulatory requirements set out in the Swiss Anti-Money Laundering Act (AMLA). These categories are then used to determine the extent of monitoring and the appropriate escalation process for each relationship.

Client relationships showing signs of an increased risk of money laundering or terrorist financing must go through an approval process. This involves various levels of management, and approval by the Compliance Department is required in each case.

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

More details about our policies and processes for managing compliance risk can be found on pages 66–67 of our 2021 Annual Report.

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) and, in some cases, we may ask clients to supply further evidence.

BCV complies with the requirements of the OECD Standard for Automatic Exchange of Financial Account Information in Tax Matters. We also comply with the Foreign Account Tax Compliance Act (FATCA) Agreement between Switzerland and the United

States. We constantly monitor the regulatory landscape and update our tax compliance directives, processes, and documentation as needed.

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

Last year, we worked with the Vaud cantonal tax authorities to make e-tax statements available to personal banking customers who use our BCV-net online banking system. In most Swiss cantons, clients can import the data from these statements directly into their online cantonal tax returns, making the whole process faster and more convenient while eliminating the risk of manual filing errors and inaccuracies. To help clients navigate this process, we published step-by-step instructions,¹⁷ an FAQ section, and a video on our website.

¹⁷ www.bcv.ch/en/ereleve

Data protection

At BCV, we take every precaution to protect the personal data of our customers and employees. And we know our customers' trust depends on our ability to keep their personal data secure and use them appropriately.

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

- Any entity that processes data must adhere to certain protection and security standards, and must only process data lawfully.
- Individuals have the right to access personal data held about them, to be informed about how their data are used, and to object to the processing of their data in certain circumstances.
- Any entity processing data must have justification for doing so (as set out in the FADP).

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

The Bank has a range of organizational and technical measures in place to prevent personal data from being viewed, used, modified, or destroyed by unauthorized persons. For instance, we centrally manage access to client data and apply the need-to-know principle when deciding who can view those data based on predetermined levels of confidentiality.

- Further details can be found in our Data Privacy Notice, which was published on 1 October 2021 and applies to all BCV Group companies: <https://www.bcv.ch/en/Legal-information/Data-privacy>. After putting the notice online, we wrote to all affected customers to let them know about the policy and to inform them of their rights with regard to their personal data. The notice states that data subjects have the right to:
 - access their personal data;
 - have their personal data corrected if inaccurate or incomplete;
 - oppose and/or request to limit the processing of their personal data;
 - request the deletion of their personal data (if there are no overriding interests that require the ongoing collection of personal data).

On 25 September 2020, the Swiss Parliament passed an amended version of the FADP, marking the end of a legislative process that brings

Swiss data protection law more closely in line with the EU's General Data Protection Regulation (GDPR). Under the revised act, which is set to enter into force on 1 September 2023, companies must:

- delete or de-identify personal data when they are no longer needed (i.e., when the data are no longer required to perform a contract or to comply with a legal or regulatory obligation);
- keep a register of personal data processing activities;
- immediately report serious data security breaches to the Federal Data Protection and Information Commissioner;
- give data subjects the option to request an electronic copy of their data or to have their data forwarded to a third party.

In 2021, no substantiated complaints were lodged against BCV for breach of customer data confidentiality, and there were no known incidents of customer data leaks, theft, or loss.

Security practices

Cybercrime is continuing to increase at a pace similar to previous years and has proven to be a 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, working closely with specialized local and international partner firms and with Swiss government agencies in charge of combating cybercrime, such as the National Cyber Security Center (NCSC). And because the methods used by cybercriminals are changing constantly, we regularly upgrade our practices and test our capacity to withstand cyberattacks.

The Bank also runs regular, full-scale exercises to make sure its systems and processes are robust. As well as testing our business continuity plans once a year, we hold crisis

management simulation exercises every two years as a way to train staff and improve our procedures.

As in 2020, work-from-home arrangements and the shift to videoconferencing increased our exposure to cybercrime. The remote-working systems we implemented in 2020 are configured in a way that maximizes security and prevents data breaches without compromising on usability. By keeping these and other measures in place in 2021, we were able to prevent any of the heightened cybersecurity risks we had identified from materializing.

The Bank also posts regular awareness messages to keep employees alert to cyber threats, covering subjects such as data leak prevention, security when working remotely, and phishing attacks.

We have built up valuable experience, which we share with the general public and our customers – especially our business clients who, like us, are highly vulnerable to attacks. Last

“ We have assessed potential threats to our business and taken appropriate measures to protect our IT systems, data, and operations. ”

year, our experts continued to write articles on cybersecurity for the Swiss daily newspaper *24 heures*, as well as publish posts on social media.

Priority cybersecurity threats for BCV

We have a security system in place to protect against cyber and other threats, with regular tests and checks to make sure our safeguards and measures remain effective and adequate over time.

We have identified a number of priority threats, grouped into three categories:

- Hacking and other attempts to gain unauthorized access to IT systems, which can take two forms: malware and similar intrusions, which use malicious software to try to infect the Bank's systems, and denial-of-service or mass-mailing attacks, which seek to prevent authorized users from accessing these systems.
 - Customer data theft and breaches of confidentiality, which can originate from within or outside the Bank.
 - Identity theft, whereby a fraudster steals a customer's identification details or misappropriates tools used by the customer, such as payment software.
- Of these, phishing attacks – whereby cybercriminals target employees with fake emails – are among the most widespread. We are responding to this threat with an ongoing employee awareness campaign. Measures include:
- social engineering tests, where we check how alert employees are to phishing attacks by sending them fake emails;
 - additional training for staff who fall victim to these simulated attacks.

Climate-related risk

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

BCV integrates climate-related risk into its risk-management framework in order to protect its interests and those of its clients. In keeping with the recommendations of supervisory authorities (i.e., FINMA and the Basel Committee), we consider the

physical hazards caused by acute and chronic climate events and the transition to a low-carbon economy to be risk factors that could impact all categories of risk to which the Bank is exposed – strategic and business risk, credit risk, market risk, and operational risk.

The key aspects of our approach to managing climate-related risks are described below. They are presented in accordance with the recommended structure and the fundamental principles for effective disclosure established by the Task Force on Climate-related Financial Disclosures

(TCFD). More details can be found in our 2021 Annual Report (starting on page 69).

1. Governance

The Bank manages climate-related risks according to the same basic principles of governance and organization as all other risks. Under these principles, risk-monitoring authority is assigned to the Board of Directors, while the Executive Board is given responsibility for managing and assessing risks, and the Risk Management Department for developing risk-assessment methods. This explicitly includes climate-related risk factors.

2. Risk management

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

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

More information about CSR governance at BCV can be found on pages 19 and 20 of this report.

3. Strategy

BCV operates primarily in Vaud Canton, which has a diverse, strongly services-oriented economy; the transition to a low-carbon economy has less of an impact on services than on other sectors of the economy. We make sure our strategy and objectives are consistent with the commitments

made by the Swiss government and Vaud Cantonal Government to combat global warming (i.e., both current commitments and the roadmap to 2030 and 2050 targets).

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

More information can be found on pages 58 and 68 of this report, in our 2021 Annual Report (starting on page 69), and in our Basel III Pillar 3 Report.

4. Metrics and targets

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

In the coming years, we will continue to develop our methods for assessing climate-related risks by seeking to adopt best practices and improving the data needed for our assessments.

We are committed to cutting our direct CO₂ emissions by at least 35% from 2019 levels by 2030. The Bank's direct emissions are published on page 93 of this report.

Responsible selling

We recognize that our clients come to us for competitively priced banking products and services – and that they rely on us to provide reliable financial advice and to be open and transparent with them. This section describes some of the ways we fulfill that duty.

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

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

BCV was named the most competitively priced traditional bank for retail customers¹⁸ by *À Bon Entendeur* – a consumer affairs show that airs on Swiss French-language broadcaster RTS – in its latest report on this topic, which came out in early February 2021.

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

Investment advice: putting our clients' interests first

BCV's approach to investment advice meets the investor protection

requirements of the new Swiss Federal Act on Financial Services (FinSA), which took effect in 2020.

Our policy, which is inspired by the EU's Markets in Financial Instruments Directive (MiFID), actually predates FinSA by a few years. Three key principles underpin our approach:

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

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

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

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

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

We offer professionally managed investment solutions where a portion of the assets are invested in companies whose products and services address specific environmental and social issues – and our clients can invest in these solutions without paying higher fees.

More details of our socially responsible investing (SRI) processes and products can be found in the "Socially responsible investing" section of this report (starting on page 50).

Similarly, our BCV Conseil range of investment advisory services features an approach to pricing and fees that puts the client's best interests first. For the BCV Conseil Classique service, we have introduced a new advisory fee that allowed us to reduce per-transaction fees by 20%, and our

¹⁸ Based on a couple with CHF 25,000 in assets held at the Bank, and making 730 debit-card purchases, 120 online and offline payments, 78 withdrawals from BCV ATMs, and 26 withdrawals from other ATMs per year. The calculation also includes other charges, including fees for payment cards, card blocking, receiving payments in the account, and postage.

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.

Despite the challenges posed by the Covid-19 pandemic, last year our

trading-floor specialists and corporate banking advisors held over 200 face-to-face meetings where they helped clients assess their risk exposures and talked through their options for mitigating these risks.

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

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, nearly 60 branch offices, and over 210 ATMs in more than 120 locations. Last year, all but two of our branches met accessibility standards for people with reduced mobility, and we are working with the relevant municipalities to bring the remaining two up to standard.

Throughout the Covid-19 pandemic, we continued to meet our customers' needs and kept most of our branch offices open for people who couldn't use our digital services or who preferred to do their banking in person. In 2021, we maintained the

protective measures we already had in place – such as plexiglass barriers, masks, and social distancing – to keep customers and employees safe.



A multichannel customer experience

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

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

We have made it easy and convenient for customers to speak with an advisor

remotely. Our Customer Service Center, which is open every weekday from 7:30am to 7:30pm, handled over 800,000 inquiries in 2021. In addition to getting day-to-day banking advice by telephone, email, post, and online chat, personal banking customers can make a videoconference appointment to discuss their loan or investment needs. Our advisors ran over 1,700 videoconference sessions last year.

We also have a business banking hotline specifically for companies to ask our advisors day-to-day banking questions. This service, which is open weekdays between 8:00am and 6:00pm, handled nearly 110,000 inquiries in 2021.

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 270,000 customers made regular use of our digital services in 2021 – 10% more than in 2020 – 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 page 19 of our 2021 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 personal banking products – including current, savings, and retirement accounts, mortgage loans, and wealth-management services – that are designed with the needs of our customer base in mind.

Last year, we added a number of features to our online banking platform BCV-net, the BCV Mobile app, and our website, bcv.ch, which received 7.9 million visits in 2021. For instance, we revamped our secure messaging system, started processing QR bill payments, and introduced a more secure authentication method for customer logins, called BCV smartCode. We also expanded our self-service features, made it easier for corporate clients to enter payments and transfer files, and updated our BCV TWINT mobile payment app to include a cash withdrawal option.

We make wealth management services available to a broad demographic through our BCV Start Invest savings plan, which lets our personal banking customers invest in funds starting from CHF 100 a month.

In mortgage lending, we have partnered with local utility company and energy transition driver Romande Energie to provide our customers with a CECB® Plus¹⁹ energy audit of their properties at a reduced price. We also offer preferential rates on mortgage loans for energy-efficient properties and renovations. More details can be found in the “Responsible lending” section of this report (starting on page 63).

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

Support for startups and business successions

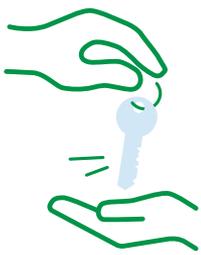
We work with companies through every stage of their development: from startup and growth to maturity and succession. For budding entrepreneurs and new business owners, we run a regular series of seminars in collaboration with GENILEM, an organization that helps firms hit the ground running. Last year's online sessions, which covered feasibility analysis and financing, drew 58 attendees.



58 people attended BCV's business startup seminar

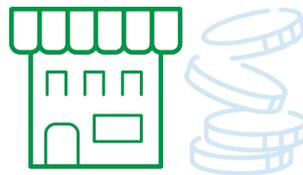
¹⁹ The CECB® Plus audit report recommends energy-efficient upgrades and outlines the potential cost and savings associated with the different options.

BCV provided CHF 60m in financing to help make over 60 business successions happen in 2021, thereby helping to ensure that companies, expertise, and jobs remain in the Canton. Our business succession team is backed by in-house specialists in financing, asset management, and pensions. And our deep connection with the local community means that for every succession that we're involved in, we can bring to bear unique insights into the businesses of our home region and the people that run them.



Over **60**
business
successions
financed

In 2021, we also provided around CHF 80m in financing to get nearly 150 businesses off the ground in Vaud Canton, helping to create almost 400 new jobs. That means that, in the past three years, we have financed over 350 new businesses for a total amount of CHF 190m, helping create nearly 750 jobs in the process. Also last year, around 600 businesses took advantage of our free services for companies less than two years old.



Nearly **150**
new businesses
financed

Our SME clients have maintained a positive image of us, as highlighted by the increase in our Net Promoter

Score last year. A survey conducted for the Union of Swiss Cantonal Banks (UBCS) found that BCV was the most recommended bank in the Canton among small and medium-sized firms.

Meanwhile, BCV's digital offering for corporate clients received third place among Swiss banks in a study conducted by think tank e.foresight and the Lucerne University of Applied Sciences and Arts.²⁰ This rating reflects the fact that our digital services are designed with the needs of our business clients in mind, including self-service features on BCV-net and a streamlined user experience on our website.

In 2021, we teamed up with the PEIK energy audit program offered by SuisseEnergie (an energy-efficiency and renewable-energy initiative backed by the Swiss Federal Government) to further support our corporate clients

²⁰ Dietrich, A., "Welches ist die digitalste Schweizer Bank im Firmenkundengeschäft?," IFZ Retail Banking Blog, 2021

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

in their energy transition. Under the partnership, corporate clients that carry out a PEIK energy audit can take advantage of our Green Bonus capital goods loans to finance eligible energy-saving measures, with zero interest for the first six months (more details can be found on pages 67 and 68 of this report).

Also last year, we hosted a series of webinars to help corporate clients make sense of current and future trends (more details can be found on pages 26 and 27 of this report).

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 over 17,000 members covered under more than 1,000 pension plans. And we handle all administrative, accounting, and technical tasks for 15 independent occupational pension funds, representing over 16,000 members.

Our Asset Management Department provides a valuable advice and support service for our pension fund clients. That includes advice



7 of 10
Vaud pension funds count
on BCV

and support on socially responsible investing (SRI) strategies. Since 2018, we have integrated environmental, social, and governance (ESG) criteria into portfolios without this negatively impacting expected risks or returns – as our institutional clients expect.

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

This move is part of our plans to expand our range of investment solutions for our institutional clients in this increasingly important area. More details of our SRI approach can be found in the "Socially responsible investing" section of this report (starting on page 52).

As the events of last year played out, our experts kept a close eye on key economic data and the actions taken by central banks and governments. We shared our analyses and the evolving financial market outlook

with our clients. To take one example, our experts wrote four articles exploring the latest market trends, where they shared their insights on the strength of the Swiss franc, high returns on investment funds, inflation, and ESG as a market driver in Japan.

The Bank also offers two training courses for pension board members: a full-day introductory course and a half-day refresher course. Some 44 people attended one of these sessions in 2021, down only slightly from 49 attendees in 2020.

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: BCV was the most recommended bank in the Canton for the fourth consecutive year, according to a 2021 survey by LINK Institut based on a representative sample of Vaud residents. Our ambition is to retain our position as the most recommended bank in Vaud well into the future.



Source: LINK Institut, 2021, survey of a representative sample of 1,718 Vaud residents who are customers of BCV on whether they would recommend BCV to a friend.

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 "Smile" 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 each year we organize refresher training for all our staff members. In 2021, we organized a half-day interactive exhibition to keep our employees' essential skills in this area up to date. Staff who didn't get the chance to attend the exhibition last year because of the Covid-19 pandemic will do so in 2022.

Our far-reaching service-quality management system – which covers both customer-facing and non-customer facing teams – includes customer surveys, operational performance measures, and observations.

Despite the ongoing Covid-19 pandemic, all our branches remained open throughout last year. Thanks to our efforts to manage footfall, we kept wait times in line with our standards: on average, customers waited just 5 minutes to speak to an advisor and 3.7 minutes to see a teller.

Although our branches were busier last year, many customers continued to contact us by phone. The steps we took to handle the high demand – including changing how we distribute calls between our branch offices and our call center – meant we were able to answer more than 80% of all

inbound calls. Our long-term target is to achieve a figure in excess of 90%.

Our online and mobile banking platform continues to grow in popularity, with over 43 million logins last year alone. Customers also withdrew over CHF 5m from BCV ATMs. In 2021, service uptime across our digital services and ATMs exceeded 99%.

At BCV, we see customer feedback as a key element to improving our products, services, and processes. To make it easier for customers to share their experience with us, we created a customer feedback center that can be accessed across all our channels. We also carry out customer satisfaction surveys and systematically follow up on complaints. Of the 709 customer complaints we received last year that couldn't be handled on the spot, 90% were processed within the target deadlines. Thanks to the feedback we received, we were quickly able to make concrete improvements. Some were relatively simple, such as including clearer information about our fees in the scripts our advisors follow when talking to customers. Others, like changing our processes to give corporate clients faster access to documents confirming their business relationship with BCV, were more complex.



“ Employees attended an exhibition to refresh their customer service skills. ”

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 2021, our NPS was +32. This three-point increase on our 2020 score shows that our longstanding efforts to raise the bar for service quality are paying off.

Service quality

	2019	2020	2021
Net Promoter Score (NPS) (%)	+29*	+29*	+32

* For reasons of comparability, the 2019 and 2020 figures were recalculated following a change in method.

Socially responsible investing (SRI)







Proprietary investments

Proprietary investments are those that we make for our own account, i.e., BCV is the investor rather than the intermediary. Most of these investments are made for us to meet our regulatory requirements as a bank and a small number of them are made in connection with our historical role in Vaud Canton's economy.

We do not conduct any proprietary trading, have a portfolio of shareholdings, or acquire stakes in companies that are unrelated to our banking activities. However, we do hold:

- financial investments in companies directly related to our activities, such as SIX and TWINT;
- financial investments in a small number of companies with a historical link to Vaud Canton or the Bank.

Managing our clients' assets

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

We offer our clients the opportunity to make their portfolios more resilient over the long term and incentivize companies to improve their ESG practices, thereby creating a virtuous circle. We also provide a range of thematic investment solutions geared toward the United Nations Sustainable Development Goals.

We are 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) in 2019 and are a member of Swiss Sustainable Finance (SSF).

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

Environment

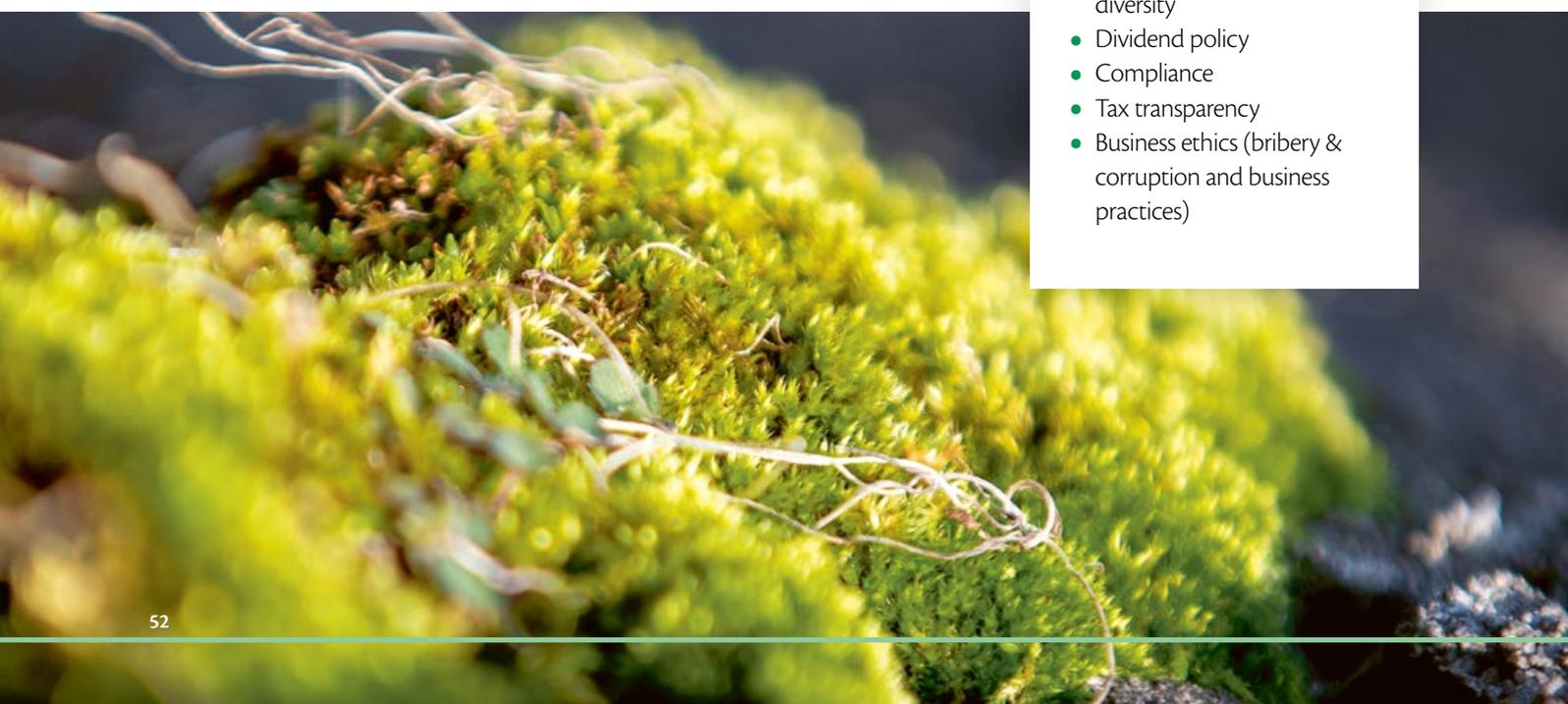
- Climate change
- Biodiversity
- Natural resource preservation
- Pollution and waste management
- Environmental impact of products and services (energy transition, circular economy, etc.)

Social

- Human rights
- Local communities
- Labor practices (health & safety of employees, discrimination, etc.)
- Social impact of products and services (education, health, financial services, etc.)
- Policy on charity, donations, and sponsoring

Governance

- Board independence, executive compensation, and diversity
- Dividend policy
- Compliance
- Tax transparency
- Business ethics (bribery & corruption and business practices)



Our core SRI approaches

We use several core SRI approaches to incorporate ESG factors into our investment selection and management processes: negative

screening, ESG integration, best-in-class selection and positive screening, and active ownership. We also offer thematic investment solutions focused on companies that provide

solutions to environmental and social challenges.

SRI approaches²¹

Negative screening

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

ESG integration

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

Positive screening and best-in-class selection

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

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

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

Active ownership (stewardship)

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

Thematic sustainable investment solutions

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

²¹ AMAS and SSF, "How to Avoid the Greenwashing Trap: Recommendations on transparency and minimum requirements for sustainable investment approaches and products," December 2021

Responsible investing for institutional clients and pension funds

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

- we do not materially increase active risk – i.e., the risk that we take when we deviate from the benchmark – so that risk levels are in line with the expectations of our institutional clients, especially pension funds;
- there is no adverse impact on the portfolio's risk-adjusted return;
- we reduce the portfolio's exposure to ESG risks, including climate-related risks;
- we incentivize companies to adopt more sustainable practices.

Our approach to responsible investing is in line with the commitment we made when we became a UNPRI signatory and is based on four SRI approaches.

1. We have 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, such as cluster munitions and weapons that are not allowed under the Treaty on the Non-Proliferation of Nuclear Weapons.

2. We exclude from our non-Swiss 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.

3. We factor in ESG criteria when selecting the global equities in our portfolios, using the positive screening approach described on the previous page. To do this, we draw on the analyses and ratings produced by MSCI ESG Research, as well as ESG indices.

4. We systematically screen out all companies that generate 30% or more of their income from thermal coal mining or coal-fired power generation.

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

In 2021, we voted on a total of 2,149 motions at the AGMs of 111 companies whose stocks are held by our investment funds.

Partnership with Ethos

In 2020, we entered into a partnership with Ethos Foundation under which

BCV Asset Management manages seven Ethos funds, with Ethos serving in an advisory role. Ethos Services is responsible for carrying out ESG analyses, exercising voting rights at shareholders' meetings, and actively engaging in dialogue with investee companies. BCV's Asset Management teams contribute their expertise in financial analysis and portfolio management to the partnership.

The Ethos funds have been incorporated into BCV's fund range. We actively promote Ethos's funds and include them in the discretionary management agreements and portfolios that we manage for our clients. Among the seven funds managed through the partnership, the Ethos Swiss Sustainable Equities fund more than doubled in size in 2021, with assets under management of CHF 365m at end-2021, and the BCV Swiss Franc Bonds fund recorded net inflows of more than CHF 440m, with CHF 1.8bn in assets under management at year-end.

These funds exclude securities linked to major controversies and from specific sectors.²² They also take a best-in-class approach that draws on Ethos's ESG and carbon ratings. For example, these criteria reduce the investment universe of the Ethos Equities Sustainable World ex CH fund by around 40%.

Applying Ethos's non-financial criteria also lowers these funds' carbon footprint²³ relative to their benchmark index. Using the weighted average

²² Ethos, "Exclusion criteria," 2020

²³ Metric tons of CO₂e per CHF million in revenues. Based on scope 1 and 2 emissions under the Greenhouse Gas Protocol.

carbon intensity (WACI) calculation method, the Ethos Swiss Sustainable Equities and the Ethos Equities Sustainable World ex CH funds have a carbon footprint that is around 70% lower than their respective benchmarks.

The Ethos equity funds are also backed by a shareholder voting and engagement policy that Ethos actively implements throughout the year. Ethos has continued to prioritize climate change in its dialogue with companies, focusing on their climate strategies, transparency and CO₂ emissions disclosure, and whether companies' targets are compatible with the Paris Climate Agreement. And last year, Ethos supported and promoted Say on Climate, an initiative that seeks to require the boards of major Swiss and foreign companies to put their company's climate transition plans to a shareholder vote.

Our partnership is already seeing results. BCV-managed fund Ethos II - Ethos Swiss Sustainable Equities was awarded the two-star FNG label²⁴ for 2022. That recognition constitutes a first step – the entire Ethos fund range will be submitted for independent certification going forward.

The proportion of the Bank's total AuM invested in these products and through ESG integration more broadly is reported under GRI Standard G4–FS11 in the tables on pages 60 and 61.

Partnership with the University of Lausanne

We have been working with the University of Lausanne (UNIL) on SRI-related research since 2019. In spring 2022, researchers from the Center for Risk Management at UNIL's Faculty of Business and Economics (HEC) published an initial study on the integration of ESG criteria into indirect real-estate investments in Switzerland. As there is no widely accepted ESG framework for these types of investments, the researchers sent out a questionnaire to managers of real-estate companies, funds, and foundations to find out more about how they integrate ESG factors into their work. Their responses were then analyzed to get an objective overview of the current situation. One of the main findings was that the energy footprint of buildings is increasingly a focus for these investors. However, other aspects, such as water use, waste production, and social issues do not get as much attention. They also found that larger investment vehicles tend to be further ahead in their ESG integration. The study shows that investment vehicles have started to sharpen their focus on ESG issues, but further efforts are needed. The survey will be updated annually to highlight trends over time.

This study is important for two main reasons. First, it will improve how ESG criteria are integrated into real estate, which is a key component of many portfolios, especially those of institutional investors. Second, real estate is one of the main sources of carbon emissions in Switzerland and there is considerable potential to reduce its impact.

Outlook for 2022

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

1. set a climate target for our asset management business so that we can incorporate Switzerland's climate commitments into our investment process;
2. expand the scope of our climate-related negative screening to exclude a larger number of problematic business sectors and gradually implement more restrictive exclusion thresholds starting in the first half of 2022;
3. set up a reporting system for climate and other ESG data in order to measure and report on the non-financial performance of our investment products, our portfolios, and our asset management business as a whole, using the most appropriate metrics on the market;
4. develop and formalize our approach to active ownership by establishing an SRI engagement policy and fostering dialogue with stakeholders directly, indirectly, and through sector-specific initiatives on certain themes.

²⁴ The independent FNG label was created by the Nachhaltige Geldanlagen Forum, an association specializing in SRI in Germany, Austria, and Switzerland. It is awarded to funds that meet the quality standards for sustainable investments and pass an independent audit conducted by the University of Hamburg.

Responsible investing for our personal banking customers

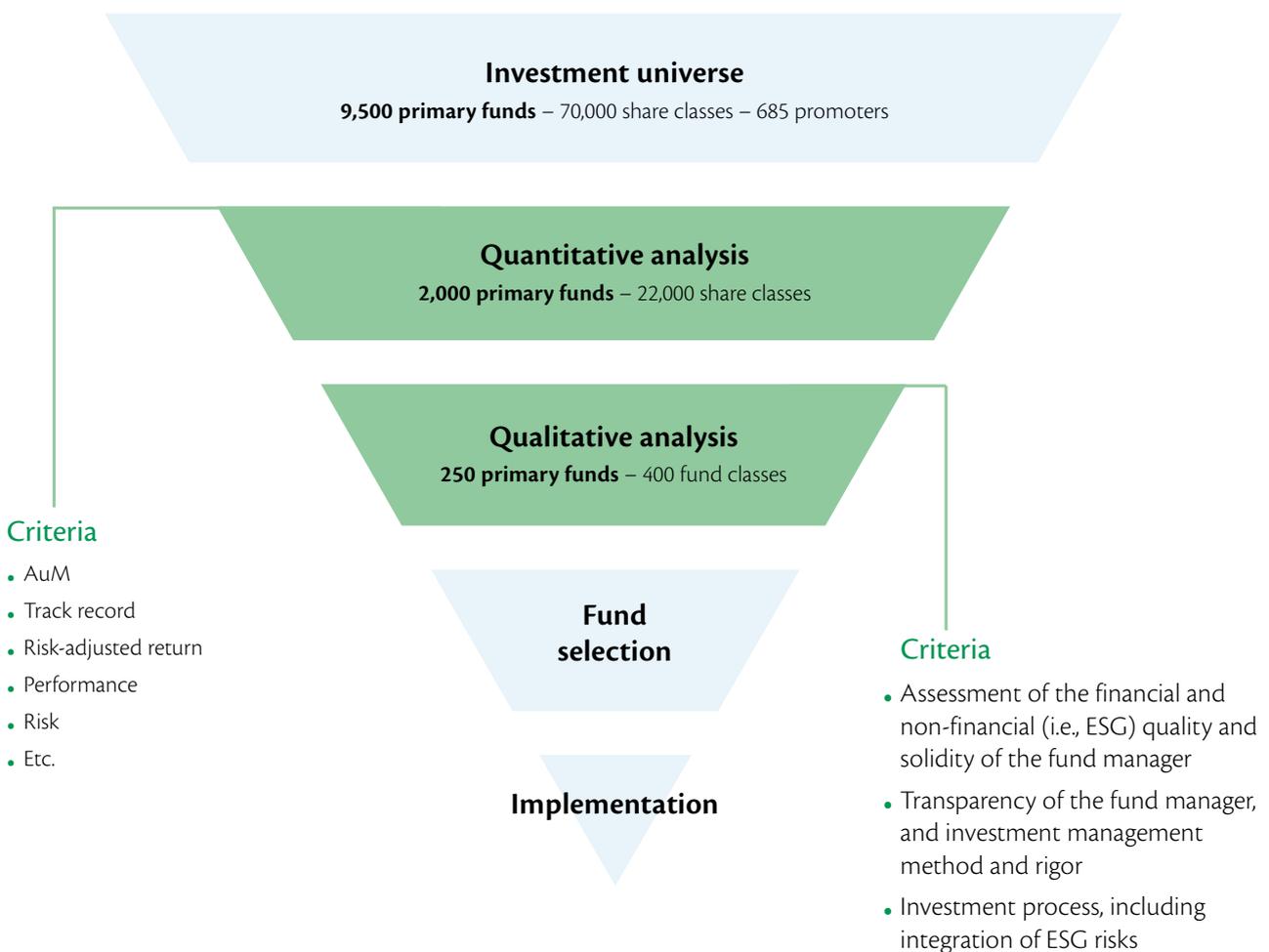
We aim to integrate ESG criteria into all of our discretionary management agreements and advisory services.

Since we have an open-architecture approach at BCV, the investment solutions available to our personal banking customers include both BCV's own and third-party products. We have been systematically applying ESG criteria since 2019, and as the chart below shows, these criteria are now a key component of our prod-

uct-selection process. To facilitate that process, we developed a standardized ESG questionnaire for fund promoters so that we can classify their products based on the degree to which they factor in ESG considerations. The qualitative data we collect from fund managers and fund management companies through these questionnaires are combined with quantitative ESG data from independent providers such as MSCI ESG Research. Our asset managers then select products for our discretionary management agreements

and asset allocation funds from the resulting investment universe. We also use that investment universe when building portfolios for customers with an advisory agreement.

In 2021, we continued to develop our SRI approach for personal banking customers. This includes two product ranges:



- **Our ESG range**

These products aim to make portfolios more resilient to ESG risks over the long term. They also incentivize companies to improve their ESG practices, thereby creating a virtuous circle. This product range is available to all of our customers and has replaced our standard range of investment products.

- **Our ESG Ambition range²⁵**

With these products, we apply the same approach as for the ESG range but go one step further – we allocate part of the assets to thematic investments in companies that offer solutions to the challenges of sustainable development. We also factor in how companies align with and contribute to the Sustainable Development Goals.

This range provides thematic investment solutions that are geared toward sustainable development to all BCV customers. Our ESG Ambition asset allocation fund enables personal banking customers to invest in products that use one or more SRI measures and that allocate at least 25% of their assets to

thematic products focused on the Sustainable Development Goals. The ESG Ambition fund applies the same fee schedule as the equivalent ESG fund. This product range was launched in September 2020 and had more than CHF 180m in assets under management by end-2021, including CHF 110m in new investments in 2021 – demonstrating just how high demand for SRI-oriented solutions is.

The assets managed in our ESG Ambition range more than doubled in 2021 (see table below), and we added three new semi-active discretionary management agreements designed to meet the needs of customers who are highly attuned to environmental and social issues. In addition, we rolled out a certificate that invests in exchange-traded and other equity funds handpicked because they seek to have a positive environmental impact in addition to generating financial returns – for instance, by promoting the transition to a low-carbon economy or preserving natural resources.



CHF **255m**
invested in the ESG Ambition
range at end-2021

G4-F58

Monetary value of ESG Ambition products (in CHF thousands)

	31 December 2020	At 31 December 2021
Asset allocation funds	67,780	184,718
Discretionary agreements	n/a	20,207
Certificates	32,849	49,709
Total	100,629	254,634

²⁵ Formerly the ESG Impact range; the name change will take place in 2022



In 2021, we adopted the Swiss Bankers Association (SBA) guidelines for the integration of ESG considerations into the advisory process for private clients.²⁶ As part of this, we now incorporate our clients' SRI expectations into their investor profiles, in addition to more conventional financial objectives (for more details, see the "Responsible selling" section on page 40). We also began tailoring our investment advisory services to customers' specific ESG requirements, for example by enabling them to exclude certain business activities or focus on sustainability-related investment themes.

We now check that our customers' portfolios are aligned with their ESG expectations by monitoring the SRI measures applied to their portfolios, including the sustainable investment themes to focus on and business activities to rule out. To ensure transparency, our investment analyses and reports for customers now include

Climate-related risks

Through our asset management business, we make investments at the request of our personal banking and institutional clients. The value of these customer-driven investments can be impacted by climate-related risk factors. This can happen if, for example, CO₂ emissions regulations are tightened, the stigma around certain business activities or companies increases, the value of natural resources fluctuates, or extreme weather events, such as storms or heatwaves, occur. In 2020, we took part in the Paris Agreement Capital Transition Assessment (PACTA) climate com-

patibility test, which involved analyzing a number of portfolios that are representative of our management approach to determine their exposure to climate-related risks. The test showed that BCV's portfolios are, on the whole, less exposed to carbon-intensive sectors than the MSCI World Index and the aggregate portfolios of all banks that took part in the PACTA test. It also showed that the BCV portfolios' losses would be limited (under 1% for the aggregate equity portfolio and less for the bond portfolio) in the event of a sudden transition-related policy shock.

information on how customers' SRI expectations have been integrated into their portfolios.

The investment products available to clients are listed on the Bank's intranet based on their sustainability score, which makes it easier for advisors to distinguish between our ESG and ESG Ambition product lines. Advisors also have access to product factsheets containing details on ESG integration at BCV.

Our advisors are equipped with the full range of information and skills they need to inform their clients about our investment solutions and guide them toward the option best suited to their level of interest in SRI.

²⁶ Swissbanking, "Guideline for the integration of ESG considerations into the advisory process for private clients," June 2020

Outlook for 2022

One of our priorities is to be more transparent about how SRI measures are integrated into our products and services for personal banking customers. One way we plan to do this is by providing more details about our product- and portfolio-management methodology, results, and metrics in the performance reports we send to our customers.

We will also continue to:

- develop our ESG Ambition range by adding more asset allocation funds and thematic investment products;
- deepen our employees' knowledge of SRI through dedicated training courses and workshops;
- provide our customers with more information about various SRI issues and the investment solutions we offer;
- further integrate environmental – and particularly climate-related – factors into our asset management processes.

Swiss Sustainable Investment Market Study 2021²⁷

Last year, we co-sponsored the 2021 edition of the *Swiss Sustainable Investment Market Study* published by Swiss Sustainable Finance.

Over the years, this study has become the go-to report for those looking for comprehensive qualitative and quantitative information about sustainable investing in Switzerland. The volume of assets invested using at least one of the eight SRI approaches described in the report increased by 31% to CHF 1.52tn in 2020. This figure was widely reported in the media when the study was released in June 2021.

As a sponsor, BCV was asked to write an article for the report. It was the perfect occasion for us to present the research on indirect real-estate investments that we have been involved in through our partnership with the University of Lausanne (see page 55). The aim of the project is to develop a standardized ESG framework for assessing Swiss real-estate funds. Investors are increasingly on the lookout for certifications and ratings that quantify an investment vehicle's ESG performance, and the Swiss indirect real-estate market – in which BCV is a leading player – is no exception.

Building Bridges

BCV was a partner of the second edition of Building Bridges, a sustainable finance conference that took place from 29 November to 2 December 2021. Building Bridges is a joint initiative launched in 2019 by the

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



²⁷ Swiss Sustainable Finance, *Swiss Sustainable Investment Market Study*, 2021

Figures and comments

At end-2021, 64% of the assets under discretionary management for both institutional and personal banking clients were invested using at least one SRI approach (see box on page 53).

By year-end 2021, 100% of the assets managed through our discretionary

agreements and asset allocation funds for personal banking clients included ESG criteria (versus 66% at the end of 2020).

We apply the product-selection criteria described on pages 56 and 57 to the discretionary agreements and asset allocation funds for personal banking

customers shown in the tables on the following page.

Our targeted funds and discretionary asset management agreements for institutional clients, together with the BCV Pension funds, comply with the ESG integration rules described on pages 54 and 55.

G4-FS11 Investment offering: breakdown of ESG products ²⁸ included in BCV's discretionary investment solutions ²⁹		31 December 2020		31 December 2021	
		Total assets (in CHF millions)	Proportion of ESG products	Total assets (in CHF millions)	Proportion of ESG products
Funds	Asset allocation funds	2,521	80%	2,677	100%
	BCV Pension funds	975	43%	1,434	56%
	Targeted funds	7,871	41%	9,557	55%
Discretionary agreements	Discretionary agreements for institutional clients	11,911	16%	13,044	56%
	Discretionary agreements for personal banking customers	2,570	52%	2,935	100%
Total		25,848	34%	29,647	64%

²⁸ ESG products are those that place their assets in investment vehicles that have adopted at least one SRI approach.

²⁹ Includes all discretionary investment solutions (i.e., assets invested through advisory and execution-only agreements are excluded); the investment certificates mentioned on page 57 are not included.

At 31 December 2021 (in CHF millions)		Negative screening	ESG integration	Positive screening	Best-in-class selection	Thematic solutions	Total
Funds	Asset allocation funds	-	2,677	-	-	185	2,677
	BCV Pension funds	27	774	-	27	-	801
	Targeted funds	4,664	808	1,871	2,531	-	5,224
Discretionary agreements	Discretionary agreements for institutional clients	2,589	4,723	1,386	1,202	-	7,311
	Discretionary agreements for personal banking customers	-	2,935	-	-	20	2,935
Total		7,280	11,917	3,257	3,760	205	18,948



100%

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

Responsible lending







Our lending philosophy

Contributing to the economic development of our Canton while being guided by the principles of economically, socially, and environmentally sustainable development is at the heart of our corporate mandate. Vaud-based customers, businesses, and public-sector entities (e.g., municipalities, nursing homes, and schools) account for 80% of our total lending volumes. And by keeping our lending locally focused, we help maintain a wide array of jobs, skills, and services in our home region that are aligned with the needs and expectations of the community.

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

- We separate our customer-facing divisions, which are responsible for advising, selling, selecting, and pre-analyzing, from our credit management division, which is in charge of the other phases of the lending process, such as analysis, granting loans, arranging the financing, and monitoring credit limits.
- Our lending activities are underpinned by a clear policy and internal directives, as well as by credit-risk monitoring systems and processes.
- Our lending and loan-renewal procedures are based on a detailed analysis of credit risk.
- We carry out strict affordability checks to ensure our customers can keep up with loan payments in the medium to long term.
- We set credit card limits according to the applicant's financial circumstances.
- We do not provide consumer loans or other unsecured loans directly to private individuals.
- We seek to do business with clients who demonstrate financial transparency and good environmental, social, and governance (ESG) practices.
- We continuously monitor outstanding loans, not just on an individual basis but also at the level of the loan portfolio as a whole. This approach allows us to monitor the credit-risk profile to ensure that it remains consistent with strategic objectives, and makes early detection of increases in risk possible.
- We manage impaired loans, following clearly defined procedures that are designed to assist the debtor in distress as much as possible and thereby protect the interests of the Bank, as well as those of our depositors, creditors, and shareholders.
- Our approach to managing climate-related risks is fully aligned with our overall risk-assessment principles (more details can be found on page 68 of this report).

Mortgage loans

In line with our mission as Vaud's cantonal bank,³⁰ we provide mortgage loans to homeowners across our region. In fact, we provide one in three mortgage loans in the Canton.

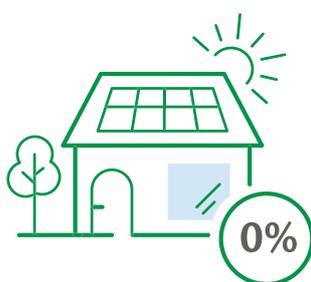
When assessing an application, we consider a range of qualitative and quantitative environmental criteria. For instance, we look at the property's condition, how it's heated, and whether or not it has solar panels; properties that turn out to be energy-inefficient are given a lower valuation.

In 2008, we introduced a Green Bonus³¹ offer that gives customers a reduced interest rate if their mortgage loan is used to purchase an environmentally friendly home or to renovate their property to exacting energy-efficient standards. As planned, we have made some changes to this offer over the past two years. The features of the Green Bonus are now as follows:

- For new purchases, the property must have a CECB³² eco-rating of A.
- For renovations, at least 25% of the total investment (no less than CHF 20,000) must be used to make energy-saving improvements that qualify for subsidies, such as updating the property's heating system, windows, doors, or skylights, or renovating and insulating the roof.

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

As of 2021, all types of real estate are eligible for Green Bonus loans, including income-generating and commercial properties.



interest for 12 months on loans for energy-efficient renovations

We are also encouraging green renovations by making it easier for homeowners to obtain a CECB Plus[®] energy audit (Vaud's cantonal energy certificate for buildings). Through our partnership with Romande Energie, our customers pay a reduced price for the audit, which includes an energy-efficiency analysis of the building as well as a list of recommended improvements and their estimated costs. What's more, the discount applies on top of any cantonal or municipal subsidies.

We actively encouraged customers to take up this offer last year. For instance, we sent promotional messages to over 20,000 homeowners and drew attention to the offer in our

client e-newsletters. We also trained our advisors to bring up our Green Bonus loans with customers asking to borrow more to fund renovation work on their property.

More generally, we worked to raise awareness about energy-saving renovations. For instance, we hosted webinars led by experts on the energy transition (more details can be found on pages 26 and 27 of this report), and we shared information about the benefits of Green Bonus-qualifying renovations across our social media channels.

³⁰ Cantonal Act of 20 June 1995 Governing the Organization of Banque Cantonale Vaudoise (LBCV): <https://www.lexfind.ch/tolv/183980/fr>

³¹ <https://www.bcv.ch/en/Personal-Banking/Produits/Mortgage-loans/Green-bonus>

³² The Cantonal Building Energy Certificate is an eco-rating program recognized by all Swiss cantons.

G4-FS8

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

	2020*	2021
Green Bonus: purchases	46.8	48.2
Green Bonus: energy-efficient renovation work	12.3	14.3
Total	59.1	62.5

G4-FS8

Mortgage lending for energy-efficient properties

	2020*	2021
Mortgage lending for energy-efficient properties (i.e., built after 2014) ³³ (in CHF millions)	2,267	2,810
Percentage of mortgage lending for energy-efficient properties (i.e., built after 2014)	8.3%	9.8%

* For reasons of comparability, the 2020 figures were recalculated following a change in method.

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

Lending to local businesses

In line with our mission as Vaud's cantonal bank,³⁴ we provide financing to every sector of the local economy. The Bank's corporate loan book reflects the economic structure of

the Canton, albeit with a somewhat larger exposure to real estate and construction (43%).

Each year, we include a breakdown of our corporate loan book by economic sector in our Annual Report.³⁵

³³ Conservative assumption: this figure does not include older properties that may meet exacting green-building standards, so the real volume may be higher.

³⁴ Cantonal Act of 20 June 1995 Governing the Organization of Banque Cantonale Vaudoise (LBCV): <https://www.lexfind.ch/tolv/183980/fr>

³⁵ 2021 Annual Report, page 63

We also publish a breakdown of customer loans by geographical zone, as follows:

- Vaud Canton: 80%
- Rest of Switzerland: 16%
- Other: 4%

At BCV, we are mindful of the social and environmental risks and impacts of the projects we finance. We decline to lend to firms that manufacture or deal in controversial weapons and munitions, or to borrowers from the pornography industry. 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.

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

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

In 2020, we developed formal sustainability rules for our trade finance business, including a policy on the commodities involved in the transactions we finance. In 2021, we built this process out to include our broader corporate loan policy and further trained our employees on the environmental and social risks and impacts associated with our lending activities. Over 350 BCV employees from ten different departments completed an online course about CSR and how we factor it into our lending process.

Environmental and social criteria are fully embedded and documented in our credit analysis process, which includes a questionnaire on this topic tailored to

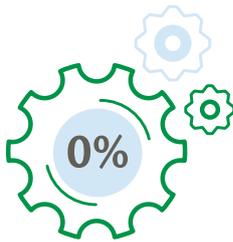
the type of loan applicant, their sector or industry, and the purpose of the credit facility.

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

Corporate loans by economic sector

	2020	2021
Real estate and construction	43%	43%
Retail	10%	11%
Healthcare and welfare	9%	9%
Finance	8%	9%
Arts & culture and miscellaneous services	8%	7%
Government administration and IT	5%	5%
Manufacturing	5%	4%
Transport, communication, mining, and energy	4%	4%
Primary sector	3%	3%
Hotels and restaurants	3%	3%
Teaching, research, and development	1%	1%
Other	1%	1%

Last year, we teamed up with the PEIK energy-audit program run by SuisseEnergie, the Swiss federal government's energy-efficiency and renewable energy initiative. This new partnership is geared toward supporting SMEs in their energy transition: corporate clients that carry out a PEIK audit receive a report setting out practical, targeted steps to reduce their energy use. On top of this, clients can take advantage of our Green Bonus capital goods loans, with zero interest for the first six months if certain conditions are met.



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

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

Climate-related risks

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

In 2021, when assessing credit risk, we systematically examined and monitored the proportion of our exposure that could be put at an increased risk of default by transition-related factors.

The Bank's main exposures were as follows:

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

pharmaceuticals. The impact of transition-related risk factors on their default risk is deemed to be low and is factored into each individual credit-risk analysis.

- **Trade-finance exposures:** Our trade financing activities are transaction-based and granted for terms of under a year. Transition-related risk factors have no material impact on the Bank's risk of credit loss. BCV also has a commodities policy aimed at reducing risks and impacts in the area of climate change (more details can be found on pages 70 and 71 of this report).

More information about our governance, risk management, and strategy for climate-related risks, as well as the steps we are taking to assess our greenhouse gas emissions, can be found in our 2021 Annual Report (starting on page 69) and in our Basel III Pillar 3 Report.

Outlook for 2022

As part of our drive to maintain high standards of expertise across our workforce, we are adding a dedicated CSR module to our lending training program. The course will explain how we factor environmental and social criteria into our qualitative analysis process for corporate loans, with case studies to help employees embed their learning.

We will also continue building out the formal sustainability rules in our loan policy.

We'll be taking further concrete steps throughout 2022 to help our customers make their homes more energy-efficient. For instance, our website will feature two newsimulation tools showing homeowners what it would cost to upgrade their heating system or install solar panels on their property, how these measures could reduce their energy use and carbon emissions, and how much they could save in the long run.

This year, we also plan to publish an initial study – a joint exercise with Vaud-based partners – looking at the carbon footprint of our home region's building stock. And in keeping with our commitment to openness and transparency, we will set new sustainability targets for our lending activities, including a specific goal to grow our mortgage lending for energy-efficient properties. As well as tracking our progress, we will introduce incentives and support measures to help us achieve these targets.

Trade Finance

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

We follow, and regularly review, a set of guidelines for our trade finance business that align with the key principles of our lending activities.

We systematically analyze governance considerations and document them in annual credit files; environmental and social risks are also assessed, based on our knowledge and the information available to us. Our relationship managers are responsible for rigorously identifying these risks, and our credit analysts carefully analyze them during the review process. All lending decisions are made by the respective decision-making authority. Outstanding loans are continuously monitored, and we review our credit files at least once a year.

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

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

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

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

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

The IEA's most recent report states that coal use must fall by 55% by 2030 in order to achieve net zero emissions by 2050. For that to happen, global coal use needs to be reduced by 6.1% each year starting in 2022.³⁶

³⁶ IEA, "Phasing out coal," *World Energy Outlook 2021*, 2021

In 2020 and 2021, we hit our target of reducing our exposure to coal by 4.5% per year. And for 2022, we have set an even more ambitious target of cutting our exposure by 6.5% compared to 2021 levels – again going above and beyond the recommended amount.

Commodities policy

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

the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High Risk Areas).

In 2021, we adopted additional criteria regarding tin (based on the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High Risk Areas) and wood chips (e.g., Forest Stewardship Council certification). We require evidence that these commodities have been sustainably sourced or that nationally or internationally recognized due diligence policies and practices have been adopted. We review our criteria every year in light of market best practice.

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

business, both when each client's credit limits come up for annual review and with respect to day-to-day transactions.

To ensure that our policy is properly implemented, BCV employees involved with transaction financing have completed a training course to increase their awareness of sustainability issues, particularly in relation to risk monitoring, documentation, and decision-making processes. All Trade Finance relationship managers and credit analysts have done a one-hour online training session created by BCV, entitled "CSR and responsible lending." The session aims to give them an overview of what CSR entails for a bank like BCV, particularly CSR issues in lending and trade finance more specifically, and to explain BCV's sustainability policies and processes for these activities. In addition, 48

staff members (equating to a take-up rate of around 80%) have already participated in a four-hour workshop to learn more about how CSR issues affect their day-to-day activities using case studies. This initiative will continue in 2022 to ensure that all Trade Finance relationship managers and credit analysts complete their training in this area.

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



Being a benchmark employer







Our employer philosophy

BCV is one of Vaud's leading employers. With one in every three people in the Canton's banking sector working for us, we're the number one provider of jobs in the industry, and no other bank in Vaud can match our staff's collective breadth and depth of skills. Our dynamic human resources policy is crucial to both our mission and our strategy, and we encourage training both to help our 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 32 of this report, are also integral to our ethical principles as set out in our Code of Professional Conduct.

Focus on training

BCV is one of the Canton's main providers of professional training. We have our own training center, which offers training courses to BCV employees and to employees of other cantonal banks in French- and Italian-speaking Switzerland.³⁷

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

We have adopted 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). A total of 242 client advisors had received their certification by end-2021.

Last year, our training center delivered 5,500 days' worth of training, including nearly 2,000 days of distance learning. We provided job training for 83 trainees (around 5% of our total workforce), including 35 apprentices, 32 high school graduate trainees, 13 university interns, and 3 participants in our "Rejoignez-nous" training program (see page 78 for more details).

SAQ certification

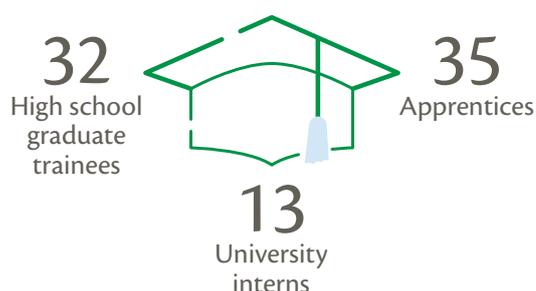
The Swiss Association for Quality (SAQ) certificate attests that the holder has the expertise and knows the rules of conduct defined by the industry for the advisory profession.

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

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

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

³⁷ The term "cantonal banks in French- and Italian-speaking Switzerland" covers the cantonal banks of Fribourg, Geneva, Jura, Neuchâtel, Ticino, Valais, and Vaud.



And in 2021, we adapted our training programs – restricting group sizes and switching to distance and blended learning – so that employees could continue or complete their programs.

The eighth edition of BCV's Micro MBA program – developed in conjunction with the director of the Entrepreneurial Leadership specialization within the University of Geneva's Executive MBA program – kicked off in March last year. Nearly 30% of recent participants in this program have been women (see chart on page 76). As in previous years, the 20 members of the new cohort developed interdisciplinary and project-management skills.

In addition, 22 BCV employees received post-secondary degrees from outside institutions in 2021 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.



1 in 3
local apprentices and high school graduate trainees who go into banking

404-1

Average days of in-house training per employee per year, 2021

	2019	2020	2021
All employees (excluding trainees)	4.3	3.0	2.9

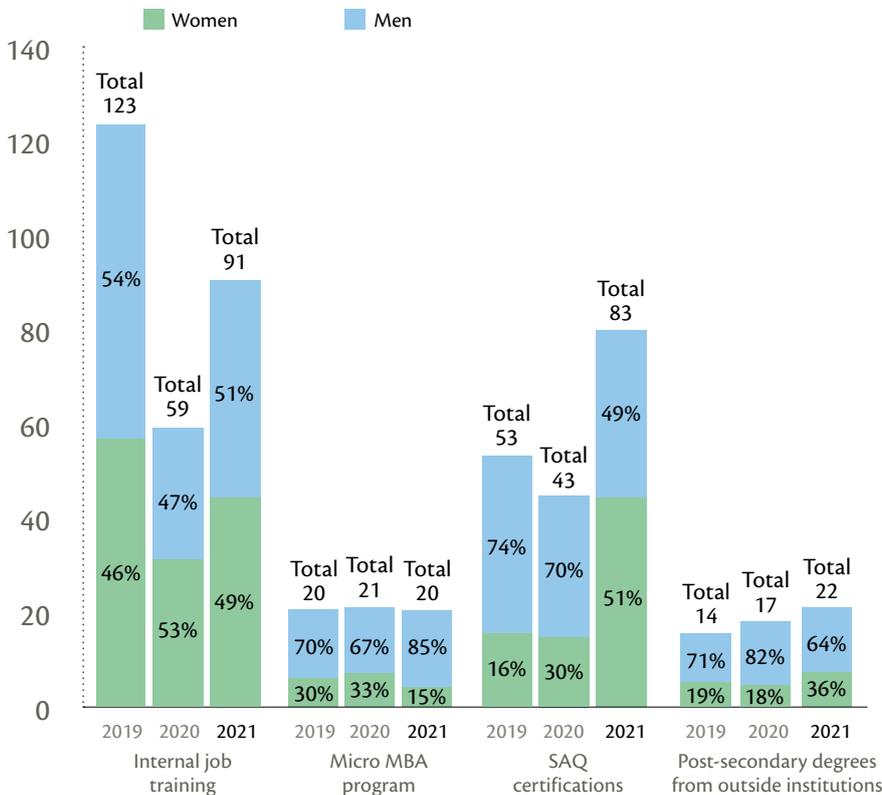
404-1

Average days of in-house training per year per employee, by gender and employee category, 2021

	Other employees (excluding trainees)			Managers		
	2019	2020	2021	2019	2020	2021
Women	4.9	3.6	2.7	4.3	2.7	2.8
Men	5.7	4.0	3.8	3.7	2.8	2.9

404-2

Programs for upgrading employee skills (programs completed), 2021



Average days of training per full-time employee

As the chart above shows, training-related metrics trended upward last year. In 2021, 91 employees completed internal job training (an increase of more than 50% relative to 2020) and 83 staff members obtained SAQ certification (almost double the figure from the previous year). Meanwhile, the number of post-secondary degrees awarded by outside institutions (22) reached its highest level in the past three years.

We took steps in 2021 to ensure the quality of our employee training while keeping our people safe. That included doubling the number of in-person sessions and switching to distance learning in order to adhere to class-size limits. On average, employees completed almost three days of

in-house training in 2021, which remains lower than the numbers seen before the pandemic. The average figure for apprentices, high school graduate trainees, and university interns was higher, at nearly eight days of in-house training.

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

All new hires receive a copy of our Code of Professional Conduct, which is available on our website.³⁸ It sets out the behavior that is expected of our company as a whole, its governing bodies, and each and every staff member. The principles contained in the Code are applicable to any action or decision taken by BCV employees in a professional context. Whenever we review or update it, all employees are required to confirm that they have read the new version (more details can be found on pages 32 and 34 of this report).

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

The Compensation, Promotions and Appointments Committee guides the Bank's diversity and equal opportunity approach. The committee meets several times a year to make recommendations to the Board of Directors. The list of Committee members appears on page 87 of our 2021 Annual Report.

Thanks to our variety of training programs, we can offer opportunities to people from many different backgrounds. 40% of our workforce completed an apprenticeship or high school, 40% graduated from university, and 17% have a vocational background. We also maintain a balanced age structure, with under-30s and over-50s accounting for 17% and 36% of our employees, respectively.

401-1

New employee hires, by gender and age group, 2021*

	Total		Under 30 years old	30–50 years old	Over 50 years old	Total
	2019	2020	2021			
Women	63	56	27	26	8	61
Men	101	92	51	42	27	120
Total	164	148	78	68	35	181

* Excluding temporary employees and trainees hired after completing their training at the Bank (high school graduate trainees, university interns, and participants in the "Rejoignez-nous" training program – 32 people in total)

401-1

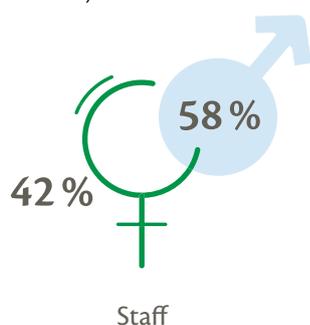
Employee turnover, by gender and age group, 2021*

	Total		Under 30 years old	30–50 years old	Over 50 years old	Total
	2019	2020	2021			
Women	7.9%	6.4%	25.1%	8.0%	2.8%	8.5%
Men	5.7%	7.2%	20.0%	8.3%	2.9%	7.6%
Total	6.6%	6.9%	22.8%	8.1%	2.8%	8.0%

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

³⁸ <https://www.bcv.ch/en/About-us/Investor-Relations/Overview>

In terms of gender equality, the parent company had 795 female employees (around 42% of the workforce) at the end of last year.



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

In 2020, the network ran events on the theme of courage. Last year saw a series of talks, panel discussions, workshops, and personal stories on the subject of unconscious bias. Highlights included presentations on gender, negotiating and barriers holding women back in the workplace, as well as first-hand accounts from managers with experience leading gender-diverse teams. Attendees also heard from Eftychia Fischer, who in 2021 was a member of BCV's Board of Directors and has served as its chair since January 2022.

Maintaining gender balance is also a key component of our hiring policy, including how we manage our talent



Our "Rejoignez-nous" hiring campaign resumed in 2021 following a 12-month hiatus in the first year of the Covid-19 pandemic. The program is intended for people who are looking to return to work after a career break, or who want to change direction and pursue a career in banking. The campaign, which features slogans in question-and-answer format, once again attracted a high number of female applicants, with three women joining the program last year.

pipeline. We aim to ensure that men and women are equally represented among the dozens of trainees we host each year – both on aggregate and within each of the three trainee categories. Last year, for instance, women accounted for 7 of the 13 university interns, 17 of the 32 high school graduate trainees, and 17 of the 35 apprentices who trained with us.

And we use indicators to track female representation in our various business lines, as well as at the various levels of responsibility.

In 2021, women accounted for 40% of applicants at BCV, across all job categories. Achieving gender balance in certain functions – especially at the Executive Board level – is a long-term endeavor.

We aim to have 25% of senior leadership positions held by women by 2030. In 2021, women represented 16% of holders of these positions, which include members of the Executive Board, senior managers, experts, and managers in charge of key teams.

Diversity of governance bodies and employees, percentage of women per governance body and employee category,

	2019	2020	2021	
405-1	Board of Directors	29%	43%	43% 3
	Executive Board	0%	0%	0% 0
	Managers (excluding Executive Board)*	31%	31%	31% 406
	Other employees	64%	66%	66% 344
102-8	Total workforce (including trainees)	42%	41%	42% 795

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



405-1 Diversity of governance bodies and employees, by age group, 2021	Under 30 years old	30–50 years old	Over 50 years old
Board of Directors	–	–	100%
Executive Board	–	–	100%
Managers (excluding Executive Board)	3%	56%	41%
Other employees (excluding trainees)	38%	35%	27%
Total (including trainees, excluding Board of Directors)	17%	47%	36%

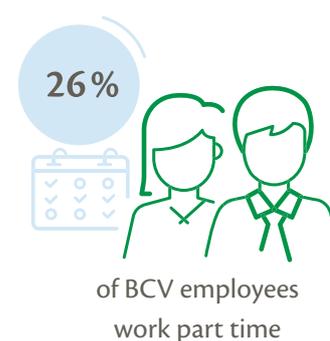
Work-life balance

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 2021, 23.5% of managers

and 34.8% of other employees worked part-time.

We also help our employees fit work around their busy lives in other ways. For instance, employees aged 45 and over gain additional leave, and staff have the option to take their long-service bonus – awarded for 10, 20, 30, and 40 years' service at BCV – as an extra month's vacation time. And when they reach 58 years of age, employees can choose to take early retirement or, if they work full-time and if their line manager agrees, take partial retirement with a reduction of 20% or more in their working hours.



Employees and other workers		2019	2020	2021
102-8	Total workforce (including trainees)	1,915	1,901	1,911
	- Employees on permanent contracts (number)	1,806	1,799	1,795
	- Women (%)	42%	42%	42%
	- Men (%)	58%	58%	58%
	Employees working part time	27%	27%	26%
	- Women (%)	50%	49%	49%
	- Men (%)	10%	10%	10%

401-3

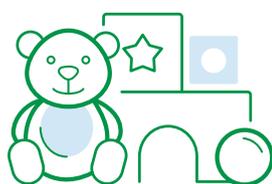
Parental leave, 2021	2019	2020	2021
Female employees who took parental leave in 2021 (excluding those on fixed-term contracts)	39	40	39
Female employees who returned to work after parental leave ended in 2021	100%	97%	92%
Female employees who returned to work after parental leave ended in 2020 and were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

404-2

Sabbatical leave, 2021	2019	2020	2021
Women	3	1	1
Men	5	0	0
Total	8	1	1

Leave entitlements introduced in 2021

In accordance with the law, the Bank offers 10 days of paid leave to care for a family member and 14 weeks off work to care for a seriously ill child. In both cases, the leave is paid at 100% (80% is covered by insurance, and BCV covers the remaining 20%).



35
children looked after at the daycare center



Supporting working parents

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

BCV also offers leave of up to four weeks for adoptive fathers (if they are adopting a child from another country and need to spend time outside Switzerland), and up to 12 weeks for adoptive mothers. We also offer our employees daycare services and have a total capacity of up to 35 children.

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

- A standard arrangement that includes an electronic time clock for recording their working time.
- A simplified arrangement, under which staff need only record their

total daily working hours, have greater freedom to plan their work, and are personally responsible for complying with the rules on working time and rest time.

- A waiver arrangement, which only applies to employees earning a basic annual salary (excluding variable components) of CHF 120,000 or more. The decision to waive working-time recording must be set down in an individual agreement with the employer, and the employee's workload must be discussed at annual performance review meetings. Staff in this category are also personally responsible for complying with working-time and rest-time rules.

The standard working week for a full-time employee is 42 hours.

Compensation

BCV's compensation system is designed to promote individual and team performance, skills development, and professionalism, and to attract and train the talent that is integral to its long-term success. The Bank's compensation policy is managed by the Compensation, Promotions and Appointments Committee.

The components of the compensation system are 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 in our 2021 Annual Report (starting on page 98).

102–39

Percentage change in annual total compensation ratio, 2019–2021*	2019**	2020**	2021
Percentage change in the median annual total compensation	+2.6%	-0.3%	+1.3%
Percentage change in the highest-paid individual's compensation	-0.4%	-3.5%	+2.4%

* Median annual total compensation is calculated on a full-time basis, for employees (excluding trainees) on a permanent contract at 1 April in the reporting year. Annual total compensation includes base salary, annual performance-based compensation, long-term performance-based compensation, the employee share-ownership plan, and taxable entertainment expenses (see our 2021 Annual Report, starting on page 98, for full details of our compensation system).

** For reasons of comparability, the pre-2021 figures were recalculated last year following a change in method.

Each year, the Board of Directors and the Executive Board review the compensation of the lowest-paid staff members. In 2021, we set a minimum annual pay raise applicable to anyone aged over 30 and earning a base salary of less than CHF 75,000 (on a full-time basis). All eligible employees received at least that amount.

Last year, the highest salary at BCV was 14.2 times more than the median salary – broadly unchanged relative to the 2020 ratio (14.1 to 1).

The calculation basis for this ratio is gross compensation. However, if we take average tax payments and social security contributions on median salaries as our calculation basis, the result is a pay ratio of less than 10 to 1.³⁹ This estimate represents relative purchasing power across the Bank's workforce.

Under the amended Swiss Gender Equality Act (GEA), companies with 100 or more employees had until 1 July 2021 to complete an equal pay analysis of all employees.

We hired human-resources consulting firm Comp-On SA to conduct our analysis. The firm used the Swiss federal government's Logib self-assessment calculator, and a scientific method compatible with Swiss law, to determine whether there was a gender gap in our pay practices.

The GEA also mandates an independent, third-party review of these equal pay analyses. Our analysis was reviewed – and approved – by

the Social Partnership Centre for Equal Pay in the Banking Industry (CeParEB). The results of this analysis, which was based on the Bank's 1,830 employees at 30 April 2021, showed that the principles of equal pay are upheld at BCV.

Beyond meeting Swiss legal requirements, we were awarded the Fair-ON-Pay+ certification by Comp-On SA and SGS. This certification, which is valid for four years and includes a follow-up audit in the third year, recognizes BCV's equal pay practices over the long term.

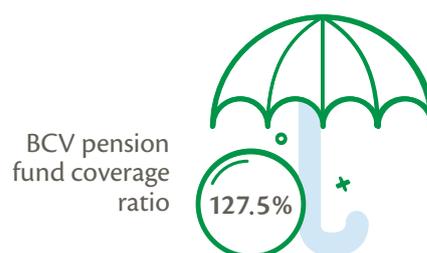
In September 2021, we shared the results of the analysis with all our employees and informed them that we had been awarded the Fair-ON-Pay+ certification, as we were required to do under the GEA.



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 2021, pension fund members comprised 2,074 employees, 1,873 of whom were working at the parent company, and 1,337 pension recipients, including 1,030 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 127.5%,⁴⁰ 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.

³⁹ The simulation applied an average tax of around 14%, which is the estimated rate for a person who is married, has two children, and earns the median annual salary. Other income, wealth, and deductions were excluded from the calculation. A rate of 42% was applied for the highest salary.

⁴⁰ Estimated value at 31 December 2021.

Our pension fund also gives members financial peace of mind in retirement. Contributions amount to 23.5% of gross salary, shared one-third to two-thirds between the employee and the Bank. As a result, members build up pension benefits 3.8 times larger than the minimum requirement under the Swiss Occupational Pensions Act.

Health and safety in the workplace

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

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

As a responsible employer, we took every precaution to ensure our employees could continue working safely in 2021, building on the experience we had gained in the first year of the pandemic. We applied the following measures, which we updated throughout last year as the public-health situation evolved:

- The crisis management units we set up in 2020 remained in place in 2021, meeting as a function of how the situation developed and focusing specifically on employee safety.
- In defining our policies, we systematically took into account the rules and guidance set out by the Swiss Federal Government, the Federal Office of Public Health (FOPH), the State Secretariat for Economic Affairs (SECO), and the Vaud Cantonal Government. This included applying, and in some

cases going beyond, government-mandated protective measures, as well as adopting and regularly updating BCV-specific protection concepts such as the FOPH's STOP⁴¹ principle (substitution, technical measures, organizational measures, personal protective equipment). We constantly reviewed our in-house policies and measures in order to keep pace with the changing rules and guidance at the federal and cantonal levels.

- We shared regular updates to keep all our employees informed about the latest news and changes.
- Some 1,600 staff members were able to log in to the Bank's systems and continue working from home from anywhere in Switzerland, in line with the FOPH's recommendations.
- We used our internal Covid-19 hotline to handle all inquiries from employees and managers, and to keep track of staff who were quarantining or self-isolating.

We supported the Vaud Cantonal Government's vaccination campaign and offered on-site vaccinations for our employees and their families, in collaboration with local healthcare group Hirslanden. This optional, confidential service proved popular, with over 500 staff and immediate family members taking up the offer.

Prevention

At BCV, we've put a range of measures in place in the interest of employees' health:

- A medical officer works with our Human Resources Department to assist employees with complex health issues requiring individual attention.
- We provide free flu shots to all employees.
- We financially back our in-house sports association, which lets employees choose between 19 different sports as a way to keep fit and build friendships with colleagues outside of work.
- The Bank has a joint team of volunteer firefighters and first responders specially trained to attend emergencies.
- Staff at our Administrative Center in Prilly have access to an on-site fitness room, and we provide locker rooms and showers at our head office at Place Saint-François in Lausanne so employees can exercise during their breaks.
- We advise our staff, especially the members of our workforce who experience pain and other health conditions, on ways they can make their workstations more ergonomic. We also run a safety course, developed in conjunction with the Police Academy in Savatan, to teach customer-facing employees how to deal with abusive language and physical violence. And we have installed airlock doors, reinforced windows, and biometric access systems at our branch offices to keep our people safe.

⁴¹ Swiss Federal Department of Economic Affairs, Education and Research (EAER), State Secretariat for Economic Affairs (SECO), *Protection de la santé au travail contre le Covid-19*, 2022

Identifying employees at high risk and providing support

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

If employees have any concerns, they can discuss the matter openly with their line manager at their mid-year and year-end performance review meetings, while more sensitive issues can also be raised with the Bank's human resources business partners.

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

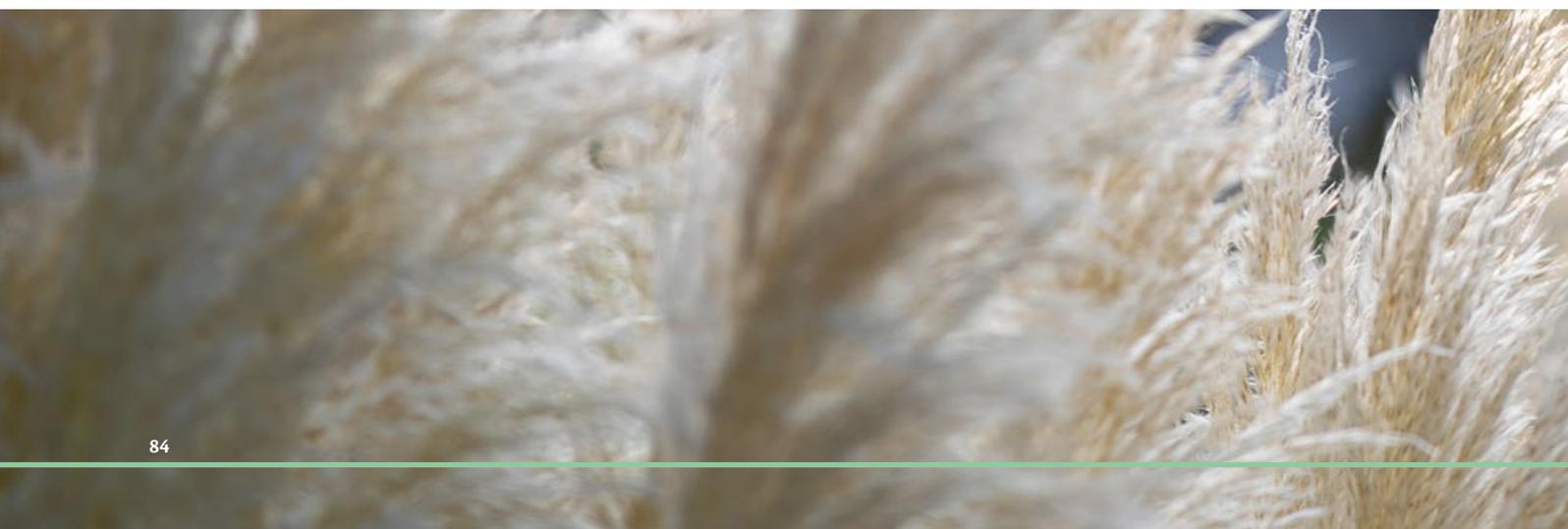
Here is an overview of our approach:

- All line managers have access to a dashboard showing how often their team members are off work and the categories of absence involved. Managers can compare team absences against a Bank-wide benchmark and check whether employees are taking their legally mandated leave. The

system also issues alerts in certain circumstances.

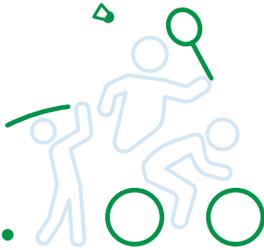
- The same dashboard allows managers to track other indicators, such as working-hour limits, giving them a real-time picture of employees' workload and other potential problems.
- The Bank has a special monitoring procedure for employees on long-term leave, with a defined process for dealing with administrative formalities and supporting staff members as they return to work.

In keeping with our duty of care to our people, we have set up an external support service for staff members who face bullying, discrimination, or violence in the workplace. We likewise offer an external counseling service for employees who need help with financial worries, addiction, marital problems, bereavement, or other personal issues. Both of these services are independent and run by leading outside providers, and employees can approach them at any time for confidential advice and support.



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

On average, Covid-19 accounted for 0.6 days of sick leave per person in 2021.



BCV's in-house sports association offers **19** different sports



Corporate citizenship





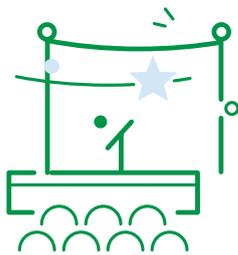


Playing an active role in the community

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

Partnerships and sponsoring

Last year we allocated around 1.5% 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. And we stood by our partner organizations' sides again in 2021: as the Covid-19 pandemic continued to take its toll on their finances, we maintained some or all of our funding based on each partner's specific situation.



650
associations and events sponsored

As usual, we supported a wide range of organizations and events in the Canton last year, including sizable donations to the Théâtre de Beausobre, the Rock Oz'Arènes music festival, the Lausanne 20K race, the local soccer club FC Lausanne-Sport, the Lausanne Hockey Club (LHC), the Paléo Music Festival in Nyon, the BCV Concert Hall, the Forum des 100, the International Hot Air Balloon Festival in Château-d'Œx, and the Musée cantonal des Beaux-Arts (MCBA).

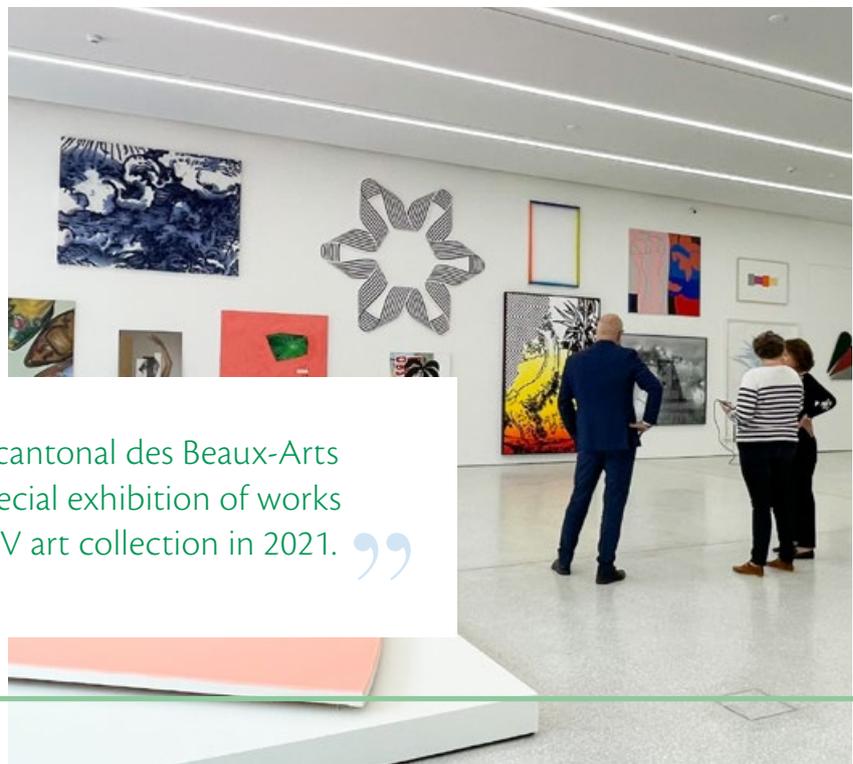
In 2021, we started backing 42 Lausanne, a school of computer programming that opened in July. The partnership with 42 Lausanne signals our intent to help grow the digital economy in Vaud and support alternative pathways to high-level qualifications. The school is entirely free, does not have any educational prerequisites for admission, and is open to anyone aged 18 or over. There are no teachers and no formal classes; instead, 42 Lausanne employs innovative approaches based on gamification and peer-to-peer learning. Through hands-on, project-based learning,

students gain technical and people skills that match labor-market expectations. Our long-term support will enable 42 Lausanne to provide opportunities for people who may not feel suited to a more traditional academic track, while helping meet the growing demand for skilled IT professionals in Switzerland.



182
programmers trained by 42 Lausanne thanks in part to our backing

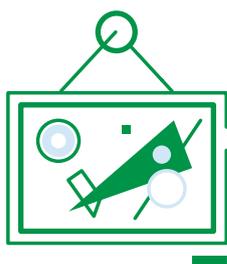
The BCV art collection is made up of nearly 2,400 works by artists with ties to Vaud. We acquire a dozen new pieces by up-and-coming artists every year, and around 700 works from the collection are currently



“ The Musée cantonal des Beaux-Arts created a special exhibition of works from the BCV art collection in 2021. ”

on long-term loan to more than 50 foundations and nursing homes across the Canton.

Last year, works by more than 40 artists from Vaud Canton were shown in two public exhibitions: *Unique et multiple: Recent acquisitions from the BCV art collection* at the Musée cantonal des Beaux-Arts (24 September 2021–9 January 2022), and *Ensemble au château! Photographs and works on paper from the BCV art collection* at the Château de Nyon (3 December 2021–13 March 2022).



The BCV art collection is made up of over **2,400** works by local artists

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 2021, BCV Solidarity supported Lausanne-based organization Fondation

Sentinelles, which runs a project in southern Niger to prevent and treat noma – a disease that affects young children. The charity put our donation toward expanding its awareness-raising program and renovating its reception center in Zinder to improve patient care.



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

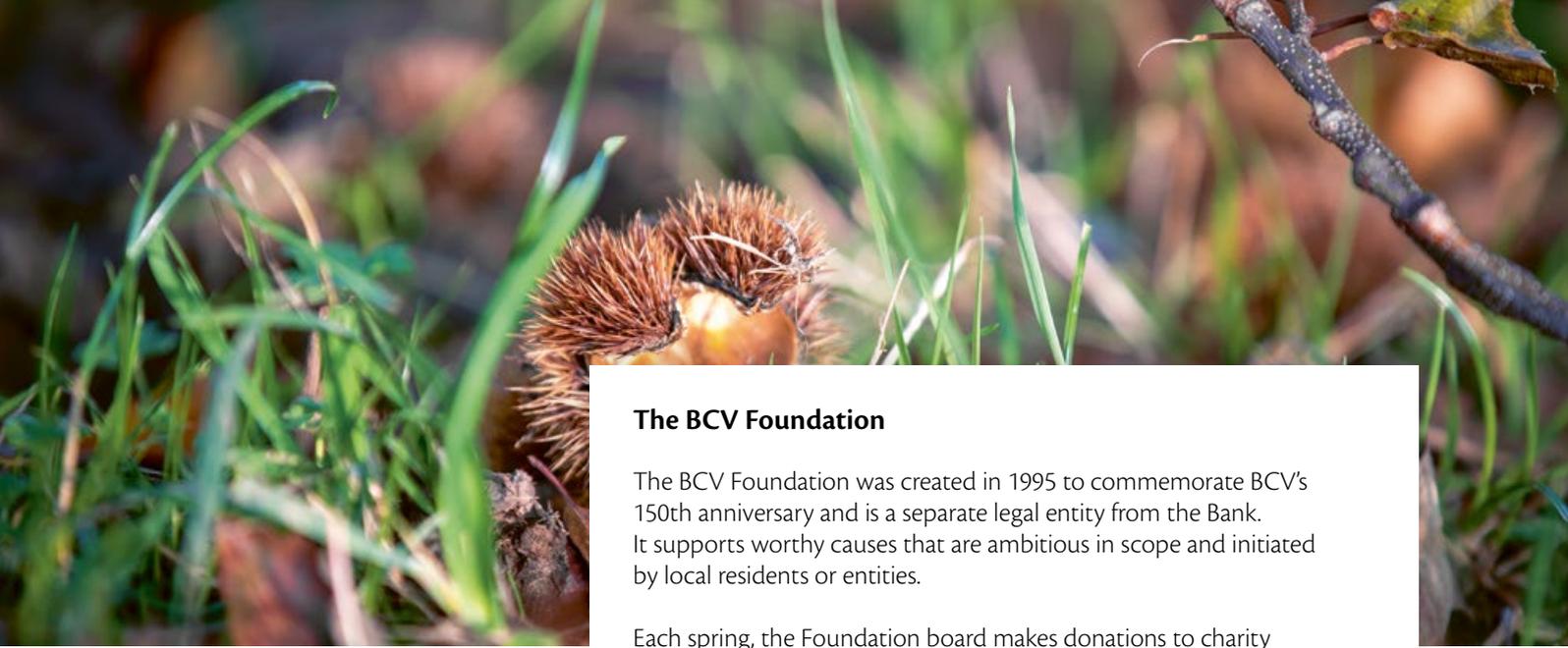
Our charitable giving extends beyond these two programs. Last year, for instance, we supported Don du Sang (a blood-donation program run by the Swiss Red Cross), the sale of oranges by the NGO Terre des Hommes, and the Vaud Red Cross flower-selling initiative Mimosa du Bonheur. Another cause close to 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 2021, these donations totaled CHF 14,000.

Last year, we also made a donation to Fédération vaudoise des Cartons du Cœur, an umbrella organization of volunteer-led charities distributing food and essential household items to people in Switzerland facing hunger or financial hardship.

FinanceMission

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

Last year also saw the launch of jeunesetbudget.ch, an online resource to help parents talk about money matters with their children. The website recognizes the key role parents play in teaching their children how to handle money and features articles on topics ranging from allowances to how the economy works, all explained in easy-to-understand language.



Backing environmental initiatives

Lausanne Climathon

In 2021, BCV participated in the Lausanne Climathon, part of a global movement that brings people together to tackle climate and energy issues through ideathons. At this year's 24-hour event, which took place on 12 and 13 February, we supported a challenge to increase the rate of building renovations. Participants proposed a range of systems, tools, and services geared toward achieving this objective. The winning idea was a pooled procurement platform that lets property owners combine their offers in order to source design, installation, and maintenance services.

Bike to work

In June, we took part in the "bike to work" challenge, which encourages people to adopt healthier lifestyles while helping to reduce CO₂ emissions from employee commuting. In our first year participating in this event, 78 BCV employees formed 22 teams and covered a combined total of nearly 15,000 km by bike.

The BCV Foundation

The BCV Foundation was created in 1995 to commemorate BCV's 150th anniversary and is a separate legal entity from the Bank. It supports worthy causes that are ambitious in scope and initiated by local residents or entities.

Each spring, the Foundation board makes donations to charity organizations, cultural projects, and academic research programs. In 2021, the Foundation awarded CHF 360,000 in funding to three associations in our home region:

- Fondation Inartis, for its "Growth Hacking Lab" program
- Fondation Mère Sofia, which supports vulnerable and disadvantaged families
- Fondation Vevey Ville d'Images, to set up an art gallery in the main hall of Vevey train station that serves as a link between editions of the Images Vevey biennial festival.⁴²

Since its creation, the BCV Foundation has awarded over CHF 10.5m to 99 projects and organizations.

FONDATION BCV
créée à Lausanne en 1995



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



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

⁴² BCV Foundation press release, 6 October 2021

Printemps d'abeilles

In 2021, BCV lent its support to Printemps d'abeilles, a local association working to raise awareness about the importance of bees and to restore pollinator habitats. By sponsoring two beehives at La Ferme des Huttins in Écublens, we helped this organization carry out its vital work.

Webeelong

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

Direct environmental impact

At BCV, we've long recognized that being a sustainable business means being a greener business. That's why, as part of our approach to corporate social responsibility (CSR), we are working hard to shrink our carbon footprint and use resources more efficiently across our operations. In 2019, we teamed up with Swiss Climate, a sustainability consultancy, to help us offset our greenhouse gas (GHG) emissions by supporting

projects that take a holistic, long-term view of sustainability.

Our 2021 carbon-footprint assessment showed that we emitted 4,721 metric tons of CO₂ equivalent (tCO₂e). That's equal to the average annual emissions of 858 people in Switzerland – or the population of Vufflens-le-Château, a municipality in the Canton of Vaud.

Certified CO₂ Neutral by Swiss Climate

In 2021, BCV received the Certified CO₂ Neutral label from Swiss Climate for the second consecutive year. The certification is only awarded to businesses that take a holistic approach to climate issues, assessing their carbon emissions and taking measures to reduce them as part of a comprehensive strategy.

The Swiss Foundation for Practical Environmental Protection (PUSCH) has recognized the Swiss Climate CO₂ Neutral label as the best of its kind in Switzerland. And because the certification program includes independent audits and adheres to international standards (ISO 14064-1 and the Greenhouse Gas Protocol), it sets a high benchmark for verifiability and transparency.

Qualifying criteria

In order to be awarded the Swiss Climate CO₂ Neutral label, businesses must:

- have a climate strategy;
- calculate their CO₂ footprint in accordance with ISO 14064-1 and the Greenhouse Gas Protocol;
- develop and implement measures to reduce their emissions, both internally and across the entire value chain;
- inform and educate employees and external stakeholders;
- identify climate change-related opportunities and risks for their organization;
- understand their main sources of emissions and what action they can take;
- set an emissions-reduction target;
- offset their emissions by financing high-quality climate-related projects through CO₂ certificates (see pages 97 and 98 for details).



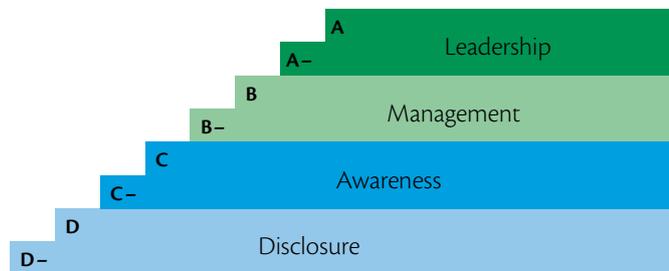
BCV earns a B grade in the CDP survey

Since 2011, the Bank has taken part in the CDP survey, an international initiative to encourage companies to disclose their environmental impact and reduce their greenhouse gas emissions. 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. This was a significant improvement on our 2016 score, even though the criteria have become more demanding over the years.

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



Measuring our carbon footprint

The majority of our GHG emissions come from employee commuting and heating, which account for 44% and 34% of our total footprint, respectively. Overall, our emissions were down last year relative to 2020, with marked reductions in the following areas:

- employee commuting (down by 508 metric tons of CO₂, or 20%), as many staff worked from home in line with Swiss federal rules and guidance to prevent the spread of Covid-19
- business travel (down by 27 metric tons, or 20%), as the ongoing pandemic, coupled with in-house efforts to encourage videoconferencing, led to a sharp decrease in air travel last year
- heating (down by 203 metric tons, or 11%), as we saw the benefits of modernization, efficiency, and heat-saving measures, as well as warmer weather
- electricity (down by 115 metric tons, or 30%), as our energy-saving efforts yielded results and changes in calculation methods took effect
- waste (down by 9 metric tons, or 27%), as more remote working meant there were fewer people in our offices

Assessing our carbon footprint in line with ISO 14064-1

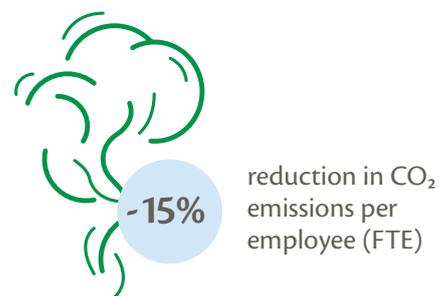
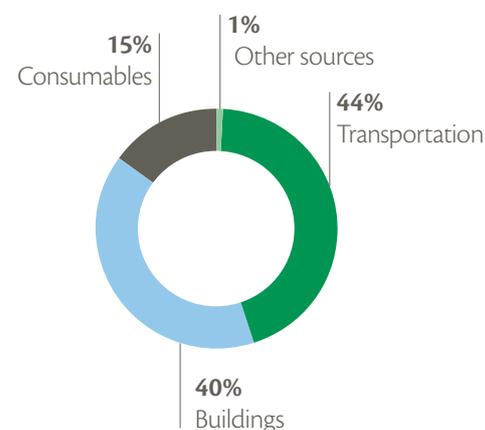
Every year since 2008, we have measured our greenhouse gas (GHG) emissions and assessed our overall carbon footprint. The information gives us a broad picture of how we are impacting the environment, how our impact is changing, and what we can do to reduce it. The assessment, known as a GHG inventory, 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:

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

To be certified CO₂ Neutral by Swiss Climate, companies are required to commission an audit of the data, conversion factors, and calculations used in our GHG inventory. For the second year running, we entrusted this task to true&fair.expert, an independent sustainability auditing firm that works to the internationally recognized and CDP-approved AA1000 AccountAbility Assurance Standard.

We offset 100% of the greenhouse gas emissions from our operations by financing three projects with Swiss Climate (see pages 97 and 98 for details).

Main sources of CO₂ emissions



CO₂ emissions by source

Emissions (metric tons of CO ₂)	2018	2019	2020	2021	Change (vs. 2020)
Employee commuting	2,699	2,718	2,515	2,007	-20.2%
Heating	2,272	2,218	1,832	1,629	-11.1%
Computer hardware	348	322	322	363	+12.6%
Paper and printed materials	358	349	326	321	-1.6%
Electricity	415	409	382	267	-30.1%
Business travel	485	386	137	110	-20.3%
Waste	39	40	34	25	-27.2%
Refrigerants	0	0	0	0	n/a
Total	6,618	6,442	5,549	4,721	-14.9%
Employees (FTE)	1,753	1,776	1,760	1,766	+0.4%
Emissions/employee (FTE)	3.8	3.6	3.2	2.7	-15.2%

Last year, the Bank went above and beyond the required measures in order to keep its employees safe during the pandemic. With over 70% of our staff working from home at least part time, the number of people on site at any given time was around half normal levels. Having fewer employees in the office reduced the Bank's emissions from sources including transportation, waste, paper, and electricity. We also introduced social-distancing rules and internal directives to enhance safety, for instance by placing limits on in-person meetings.

We have set a target of cutting our direct CO₂ emissions by 35% by 2030, in line with the targets set by the federal government and the Canton of Vaud. We arrived at this figure after reviewing all our emissions sources to see where we could reduce our footprint and by how much, based on established best practice.

We have already cut our carbon footprint by nearly 27% since

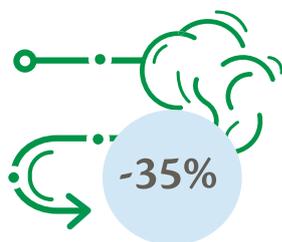
2019, which is the baseline year for measuring progress toward our 2030 target. Our emissions are likely to rise again due to reduced remote working as the pandemic subsides. However, the impact of that trend could be counteracted in the medium term by the measures in our new employee commuting and business travel plan, which we began developing in 2021 (see page 95 for more details).

Breakdown of emissions by source

Transportation (employee commuting and business travel) accounts for around 44% of our GHG emissions. Two other sources – buildings (heating and electricity) and consumables (paper, printed materials, computer hardware, and waste) – make up 40% and 15%, 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 2021.

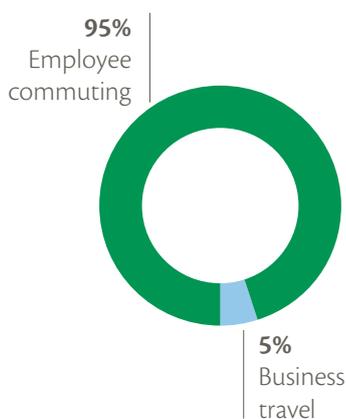
“Transportation accounts for around 44% of our GHG emissions. Two other sources – buildings and consumables – make up 40% and 15%, respectively.”



Our 2030 target for cutting CO₂ emissions

**Transportation
(approx. 44% of total emissions)**

The majority (95%) of our transportation-related emissions comes from employee commuting which, at 44%, is the largest single contributor to our total carbon footprint. Commuting emissions were 20% lower last year than in 2020.



In keeping with our policy of encouraging our people to travel more sustainably, we give all employees who don't apply for a parking space for their car CHF 30 month toward transportation costs. Over 1,500 staff members received this allowance last year. We have also installed a

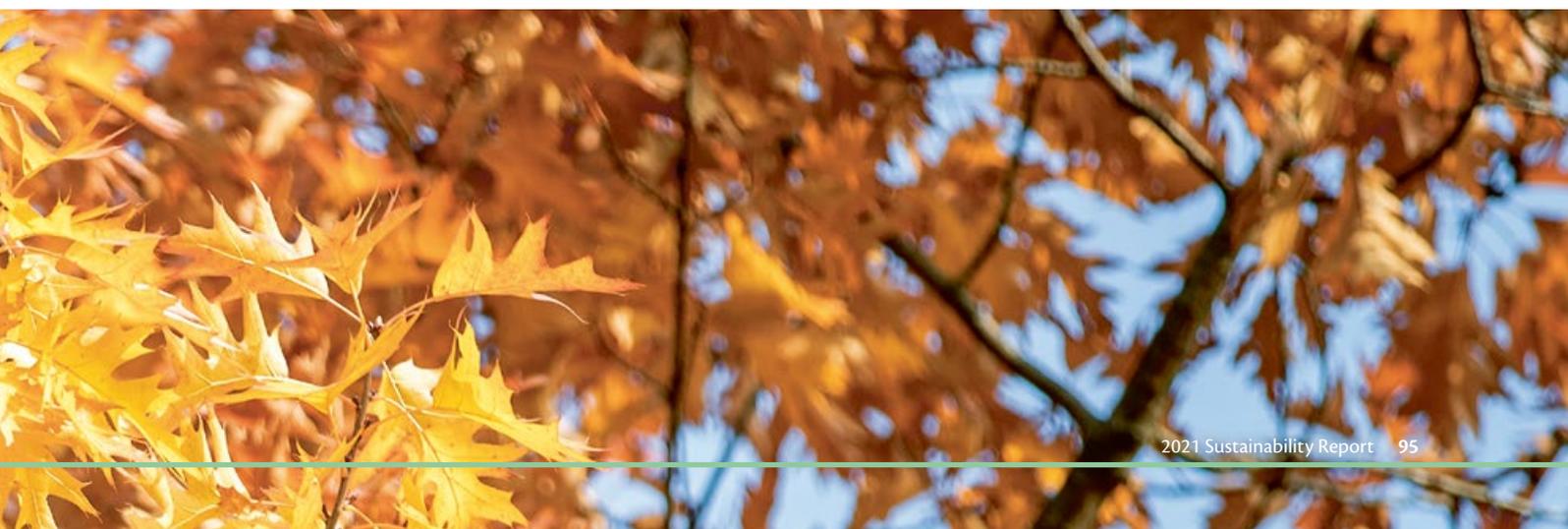
secure bike park at our main sites and electric vehicle charging points at our Administrative Center in Prilly. Our emissions in this subcategory have also fallen during the Covid-19 pandemic, when many more of the Bank's employees have worked from home than in the past.

To further promote greener commuting, we have teamed up with specialized consulting firm *mobilidée*⁴³ to develop an employee commuting and business travel plan. We want to make it easier for BCV staff to use low-carbon transport (e.g., carpooling, park and ride, walking, biking, and public transportation) while respecting employees' freedom of choice. As part of this process, we will ask all BCV staff how they currently travel to and from work as well as what their needs and expectations are going forward. Based on that survey, an action plan will be drawn up by the Bank's CSR Committee and submitted to the Executive Board in 2022.

Business travel – journeys specifically taken for work purposes, such as meeting customers or

traveling between two places of work – accounts for just 5% of transportation-related emissions. Last year, emissions in this subcategory were 20% lower than in 2020 and 72% down on 2019 levels because travel was restricted during the pandemic and we held more customer appointments by videoconference.

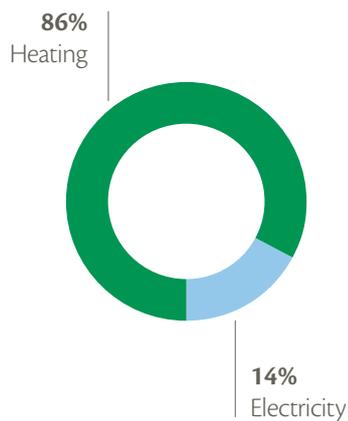
⁴³ <https://mobilidee.ch/en>



Buildings

(approx. 40% of total emissions)

This category captures emissions from fossil fuels used to heat and power the Bank's buildings.



Our heating-related emissions were 11% lower last year than in 2020. Our efforts in this area included pressing ahead with work to install new windows at our branch office at Place Chauderon and our head office at Place Saint-François, as well as upgrading systems and equipment and making energy-efficiency improvements at our other sites. We are also planning to connect three of our buildings – including our head office and our Administrative Center in Prilly – to district heating networks, with a long-term goal of phasing out gas-fired boilers at these sites.

Computer hardware accounts for the bulk of our electricity consumption, which represents 14% of carbon emissions from our buildings. Our two biggest sites – our head office at Place Saint-François and our Administrative Center in Prilly – are

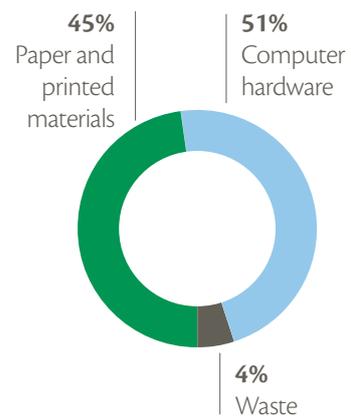
powered exclusively by renewable energy from Swiss hydroelectric plants. And thanks to measures we've taken through Vaud's energy transition program, we have reduced energy consumption across our business by 32% in seven years – 8,660 MWh in 2021, down from 12,684 MWh in 2014. One way we've achieved this is by phasing out older systems and equipment, such as replacing elevator motors with new, less power-hungry models (we installed eight of these new motors last year). We have an automated system to switch all our computers off at night, and we have produced a series of short videos to encourage employees to adopt energy-saving habits.

Under the terms of the energy-efficiency agreement we signed with the Canton of Vaud and the federal government, we are taking broader steps 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 2021, for instance, we further upgraded our systems and installed more LED lighting, at a total cost of around CHF 950,000. As things stand, we are on course to achieve our targets for reducing electricity consumption by 2028.

Consumables

(approx. 15% of total emissions)

Consumables (computer hardware, printed materials, paper, and waste) represent 15% of BCV's total GHG emissions.



The periodic replacement of IT equipment (computers and monitors) accounts for about 51% of our emissions in this category – mostly from the manufacture and end-of-life disposal phases. In the past two years, these emissions have trended above historical levels because we had to purchase more hardware – especially laptop computers and monitors – for employees who were working from home.

Paper and printed materials account for 45% of BCV's emissions from consumables. Last year, we achieved a 1.6% year-on-year reduction in paper-related GHG emissions by decreasing the amount of paper we use, as more customers switch to online banking and as we shift to electronic versions of documents for use inside the Bank. We also cut Back

Office printing volumes by 12% in 2021 by moving to digital interbank communications. That change, which we introduced toward the end of last year, will show up more fully in our 2022 GHG emissions results. We plan to digitize more of our processes in 2022.

Since 2020, we have taken further steps to reduce paper consumption – for instance, we introduced double-sided printing for all customer documents. Moreover, all the paper we do use is Ecolabel or Forest Stewardship Council (FSC) certified. Last year, we decided to use recycled paper for all our printed materials, and we will be phasing out the use of non-recycled paper in 2022. We also started charging customers a fee to receive hard-copy documents last year. This measure will further reduce our emissions from paper, printing, and delivery.

Waste accounts for just 4% of the Bank's GHG emissions in this category because we sort and recycle the majority (68%) of the waste we produce.



In 2021, 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 – such as switching to water-free cooling systems – helped us cut water use by 45% between 2009 and 2018.

Carbon offsetting projects

At BCV, we offset any emissions we can't avoid by financing carbon reduction and sequestration projects in our Canton and outside Switzerland. Below are examples of the projects we supported last year.

On-farm biogas plant, Vaud

Farms generate vast quantities of manure which, as it ferments, releases methane – a greenhouse gas more potent than carbon dioxide. With an on-farm biogas plant of the type installed in this project, the fermentation process is carefully controlled. The resulting methane is collected and piped to a cogeneration plant to produce both heat and electricity.

The 1.1 million kilowatt-hours (kWh) of electricity generated by this Vaud-based project each year – enough to power 280 households – is fed into the grid. And each year, around 360,000 kWh of residual heat is used on the farm and in apartments. Annually, this project saves around 495 metric tons of CO₂ emissions in Vaud Canton. Because on-farm biogas plants provide a year-

round source of renewable energy, they help reduce the dependency of Swiss farmers on imported fossil fuels while actively supporting sustainable development in the region.

Wind farms, India

This project, based in the southern Indian state of Karnataka, promotes the use of wind turbines as a way to generate renewable electricity and to partially replace fossil fuels in the local energy mix, thereby helping to reduce carbon emissions while at the same time supporting sustainable economic growth in the region. The project has already delivered tangible social and environmental benefits by creating many new jobs, improving people's livelihoods, and saving 128,410 metric tons of CO₂ emissions each year.

Energy-efficient stoves, Mozambique

Providing low-income families in Mozambique with energy-efficient stoves dramatically reduces the amount of wood people burn, helping to slow the pace of deforestation and prevent various respiratory diseases. Unlike traditional models, these improved stoves feature a ceramic-insulated combustion chamber that cooks food faster and reduces fuel consumption by 60%. What's more, the combustion process produces less smoke, reducing household exposure to toxic fumes.

As well as supporting sustainable development in the region, this project also saves 24,000 metric tons of CO₂ emissions each year.



4,721 metric tons of
CO₂ offset last year

Responsible, local sourcing

At BCV, we source locally as a matter of policy. We choose whenever possible to work with companies in our Canton – that's both good for the local economy and limits our impact on the environment. For instance, the catering suppliers for our two biggest sites both have responsible sourcing policies:

- Novae Restauration, which runs the cafeteria at our head office at Place Saint-François in Lausanne, has a policy of working with trusted local suppliers and producers. It sources from a network of over 100 artisans, growers, and farmers, all of whom are based in Switzerland or are part of carefully selected supply chains. The company prioritizes partnerships with small-scale producers within 50 kilometers of each of its restaurants, and 51% of the ingredients and produce (by weight) used are of Swiss origin. By 2025, the firm aims to increase its direct sourcing from local producers and artisans by 50% compared with 2020 levels. And in its drive to cut its emissions, over 85% of its fresh fruits and vegetables are seasonal and grown without heated greenhouses. For coffee and similar products that are not available locally, Novae buys Fairtrade or organic produce wherever possible. For instance, 100% of the bananas served in its restaurants are certified Fairtrade, organic, or both. In 2020, the

company became triple-ISO-certified (ISO 9001, 14001, and 45001) and, in 2021, it received a gold medal from EcoVadis,⁴⁴ which assesses the sustainability performance of suppliers.

- SV Group, the catering supplier for our Administrative Center in Prilly, also has a longstanding policy of buying from local producers and suppliers, with 80% of its products originating from Switzerland. The company uses short supply chains: air-freight imports represent just 0.2% of its sourcing. SV Group manages its energy use in line with ISO 14001 and has also developed an efficient logistics process in conjunction with its main supplier, Pistor. The process, in which food from various producers is delivered to its restaurants in a single truck, has reduced the carbon footprint associated with SV Group's logistics operations by 30%.⁴⁵ On top of that, vegetarian and vegan options account for half of its weekly menus, and the company uses seasonal fruits and vegetables wherever possible (for instance, it only serves strawberries and asparagus grown in Switzerland). In 2021, SV Group received a silver medal from EcoVadis⁴⁶ for its commitment to sustainable, locally focused, transparent food supply chains.
- We are working with our suppliers to identify ways to reduce waste from takeout food and beverages. Together, we agreed to introduce

⁴⁴ Novae Restauration SA, *2021 Sustainable Development Report*, pp. 7–10

⁴⁵ SV Group, "Une gestion efficace des déchets et de l'énergie," accessed on 15 February 2022

⁴⁶ This paragraph is based on information from various pages of the SV Group website (www.sv-group.ch) (accessed on 15 February 2022)

the reCIRCLE system of washable, sealable, and recyclable containers in our cafeterias.

We have also incorporated sustainability criteria into our supplier selection procedures and tender specifications for consumables, construction services, and other procurement categories. We give priority to suppliers that hold ISO or EcoEntreprise certification, and we take into account whether companies have:

- a documented sustainability policy, explaining how they incorporate environmental and labor standards into their sourcing practices;
- a performance monitoring system, including indicators to measure the social and environmental impact of their efforts;
- a strategy for reducing and recycling waste;
- a program or measures to help those who want to get back into the workforce.

These criteria are based in part on the short version of the *Guide to Responsible Professional Purchasing*⁴⁷ developed by the Canton of Vaud.

We met with the Vaud Federation of Entrepreneurs (FVE) in 2020 to discuss our plans to require anyone working for a supplier in our buildings to carry a special card certifying that their pay and working conditions are in line with collective bargaining agreements and

comply with regulatory requirements on workplace health and safety as well as social security. Although the demands of responding to the Covid-19 pandemic occupied the teams in charge of this objective last year, we remain committed to implementing this requirement.

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, as in 2020, Swiss companies accounted for 91% of our procurement spend.



We work with over
600
suppliers based in
Vaud Canton

⁴⁷ Canton of Vaud, Guide des achats professionnels responsables (short version), 2015

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 102)	
Organizational profile	
102-1 Name of the organization	SR21, p. 4
102-2 Activities, brands, products, and services	SR21, p. 4 and AR21, pp. 10-12
102-3 Location of headquarters	SR21, p. 4
102-4 Location of operations	SR21, p. 4 and AR21, p. 208
102-5 Ownership and legal form	AR21, pp. 76-79
102-6 Markets served	AR21, pp. 10-12 and 48-55
102-7 Scale of the organization	AR21, pp. 1 and 77
102-8 Information on employees and other workers	SR21, pp. 78-79 All data are from BCV's bank-wide employee management system.
102-9 Supply chain	SR21, pp. 98-99
102-10 Significant changes to the organization and its supply chain	No significant changes in 2021
102-11 Precautionary Principle or approach	SR21, pp. 35, 64, and 69
102-12 External initiatives	SR21, p. 21
102-13 Membership of associations	SR21, pp. 21 and 33
Strategy	
102-14 Statement from senior decision-maker	SR21, pp. 2-3
Ethics and integrity	
102-16 Values, principles, standards, and norms of behavior	SR21, pp. 32-33
Governance	
102-18 Governance structure	SR21, pp. 19 and 33
102-19 Delegating authority	SR21, pp. 19-20
102-20 Executive-level responsibility for economic, environmental, and social topics	SR21, pp. 19-20 The Executive Board is responsible for economic, environmental, and social topics.
102-21 Consulting stakeholders on economic, environmental, and social topics	SR21, pp. 14-16
102-22 Composition of the highest governance body and its committees	AR21, pp. 80-91
102-23 Chair of the highest governance body	AR21, p. 33
102-24 Nominating and selecting the highest governance body	AR21, pp. 80 and 86
102-25 Conflicts of interest	AR21, pp. 80-97 and Code of Professional Conduct, p. 6
102-26 Role of highest governance body in setting purpose, values, and strategy	LBCV, Article 4 ⁴⁸ AR21, pp. 89-90 and SR21, pp. 18-20 BCV's strategy, and specifically its values and CSR approach, are under the Board of Directors' responsibility.
102-30 Effectiveness of risk management processes	AR21, pp. 59-60 and 86-87
102-31 Review of economic, environmental, and social topics	AR21, pp. 86-89 and SR21, pp. 15-16
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	AR21, pp. 98-105
102-36 Process for determining remuneration	AR21, pp. 98-105
102-37 Stakeholders' involvement in remuneration	AR21, pp. 89 and 104 The outcomes of the Annual Shareholders' Meeting are published on bcv.ch/en/ag .

⁴⁸ Cantonal Act Governing the Organization of Banque Cantonale Vaudoise (LBCV)

GRI Standard

Location, commentary, and explanation for omissions

Stakeholder engagement

102-40	List of stakeholder groups	SR21, p. 14
102-41	Collective bargaining agreements	SR21, p. 81
102-42	Identifying and selecting stakeholders	SR21, p. 14
102-43	Approach to stakeholder engagement	SR21, p. 17
102-44	Key topics and concerns raised	SR21, pp. 12–16
102-45	Entities included in the consolidated financial statements	SR21 disclosures are limited to BCV as the parent company (see p. 5 in the "About this report" chapter). AR21 contains the financial statements of the parent company and group. See p. 143 of AR21 for more details on parent company holdings.
102-46	Defining report content and topic boundaries	SR21, p. 5
102-47	List of material topics	SR21, p. 15
102-48	Restatements of information	<ul style="list-style-type: none"> - Service quality, Net Promoter Score (SR20, p. 40): for reasons of comparability, the 2019 and 2020 figures were recalculated following a change in method in 2021. - G4-FS8, Mortgage loans (SR20, p. 45): for reasons of comparability, the 2019 and 2020 figures were recalculated following a change in method in 2021. - 102-39, Change in annual total compensation ratio (SR20, p. 67): for reasons of comparability, the 2019 and 2020 figures were recalculated following a change in method in 2021. - 405-1, Diversity of governance bodies and employees (SR20, p. 65): as of SR21, the term "managers" refers to employees in categories B, C, D, and E, while "other employees" refers to category A staff and trainees. This is a change in method. The 2020 and 2019 figures were recalculated to reflect this definition.
102-49	Changes in reporting	None
102-50	Reporting period	SR21, p. 5
102-51	Date of most recent report	SR21, p. 5
102-52	Reporting cycle	SR21, p. 5
102-53	Contact point for questions regarding the report	SR21, p. 5
102-54	Claims of reporting in accordance with the GRI Standards	SR21, p. 5
102-55	GRI content index	SR21, pp. 100–103
102-56	External assurance	In SR21, only the data relating to the Bank's environmental impact were externally audited (see the Direct environmental impact section on p. 93 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	SR21, pp. 14–15
103-2	The management approach and its components	SR21, p. 17
103-3	Evaluation of the management approach	SR21, p. 17

Long-term value creation, solidity, and financial performance

103-1	Explanation of the material topic and its boundary	SR21, p. 24
103-2	The management approach and its components	SR21, p. 24
103-3	Evaluation of the management approach	SR21, p. 24
201-1	Direct economic value generated and distributed (parent company)	AR21, parent company financial statements, p. 176 and SR21, p. 24 - Direct economic value generated: CHF 741.3m (operating profit, personnel costs, and extraordinary income and expenses) - Direct economic value distributed: CHF 684.8m (personnel costs, taxes, and dividends) - Economic value allocated to reserves: CHF 56.5m (allocation to optional retained earnings)
201-3	Defined benefit plan obligations and other retirement plans	SR21, p. 82
201-4	Financial assistance received from government	BCV does not receive financial assistance from the government. AR21, 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	SR21, p. 25
103-2	The management approach and its components	SR21, pp. 25–29
103-3	Evaluation of the management approach	SR21, pp. 25, 27, and 28
203-2	Significant indirect economic impacts	SR21, p. 25

Ethics and corporate governance

103-1	Explanation of the material topic and its boundary	SR21, pp. 32–33
103-2	The management approach and its components	SR21, pp. 32–35 and 40–41
103-3	Evaluation of the management approach	SR21, pp. 32–35 and 40
415-1	Political contributions	SR21, p. 33
419-1	Non-compliance with laws and regulations in the social and economic area	None identified in 2021

Responsible selling

417-2	Incidents of non-compliance concerning product and service information and labeling	None identified in 2021
417-3	Incidents of non-compliance concerning marketing communications	None identified in 2021

GRI Standard
Location, commentary, and explanation for omissions

Climate-related risks		
103-1	Explanation of the material topic and its boundary	SR21, pp. 38–39
103-2	The management approach and its components	SR21, pp. 38–39
103-3	Evaluation of the management approach	AR21, pp. 69–72 and SR21, pp. 39, 58, and 68
Reliability: Combating cybercrime, ensuring transaction security, and protecting data		
103-1	Explanation of the material topic and its boundary	SR21, pp. 36 and 37
103-2	The management approach and its components	SR21, pp. 36–38
103-3	Evaluation of the management approach	SR21, pp. 36 and 38
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	SR21, p. 36
Close ties and accessible services		
103-1	Explanation of the material topic and its boundary	SR21, p. 44
103-2	The management approach and its components	SR21, p. 44
103-3	Evaluation of the management approach	SR21, p. 44
G4-FS13	Access points in low-populated or economically disadvantaged areas by type	SR21, pp. 4 and 40 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	SR21, p. 45
103-2	The management approach and its components	SR21, pp. 45–47
103-3	Evaluation of the management approach	SR21, pp. 45–47
Individual indicator	Set of indicators	SR21, pp. 45–47
High service quality		
103-1	Explanation of the material topic and its boundary	SR21, p. 48
103-2	The management approach and its components	SR21, p. 48
103-3	Evaluation of the management approach	SR21, pp. 48–49
Individual indicator	Customer satisfaction, Net Promoter Score	SR21, p. 49
Socially responsible investing		
103-1	Explanation of the material topic and its boundary	SR21, p. 52
103-2	The management approach and its components	SR21, pp. 52–59
103-3	Evaluation of the management approach	SR21, pp. 55 and 59
G4-FS8	Monetary value of investments with an environmental benefit	SR21, p. 57
G4-FS10	Number of companies in BCV's portfolio with which it has consulted on environmental or social issues	SR21, p. 54
G4-FS11	Percentage of products integrating ESG criteria	SR21, pp. 60–61
Environmental and social criteria in lending decisions		
103-1	Explanation of the material topic and its boundary	SR21, p. 64
103-2	The management approach and its components	SR21, pp. 64–71
103-3	Evaluation of the management approach	SR21, pp. 65–71
G4-FS8	Monetary value of loans with an environmental benefit	SR21, p. 66
Focus on training		
103-1	Explanation of the material topic and its boundary	SR21, p. 74
103-2	The management approach and its components	SR21, pp. 74–76
103-3	Evaluation of the management approach	SR21, pp. 75–76
404-1	Average hours of training per year per employee	SR21, p. 75
404-2	Programs for upgrading employee skills and transition assistance programs	SR21, p. 76
404-3	Percentage of employees receiving regular performance and career development reviews	100%, excluding cases such as employees who join or leave the Bank during the year.
Diversity and equal opportunity		
103-1	Explanation of the material topic and its boundary	SR21, p. 77
103-2	The management approach and its components	SR21, pp. 74 and 77–78
103-3	Evaluation of the management approach	SR21, pp. 78–79
401-1	New employee hires and employee turnover	SR21, p. 77
405-1	Diversity of governance bodies and employees	SR21, p. 78
405-2	Equal pay	SR21, p. 82
Retirement, compensation, and other employee benefits		
103-1	Explanation of the material topic and its boundary	SR21, p. 82
103-2	The management approach and its components	SR21, p. 82 and AR21, pp. 98–105
103-3	Evaluation of the management approach	SR21, pp. 82–83
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	SR21, p. 79 Employees on a permanent contract (working at least half time) receive all standard employee benefits. Employees outside this scope receive benefits according to their status.
102-38	Annual total compensation ratio	SR21, p. 82
102-39	Percentage increase in annual total compensation ratio	SR21, p. 81

GRI Standard		Location, commentary, and explanation for omissions
Working conditions		
103-1	Explanation of the material topic and its boundary	SR21, p. 81
103-2	The management approach and its components	SR21, p. 81
103-3	Evaluation of the management approach	SR21, pp. 83-85
401-3	Parental leave	SR21, p. 80
403-1	Occupational health and safety management system	SR21, pp. 83-85 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.
403-2	Hazard identification, risk assessment, and incident investigation	SR21, pp. 83-85
403-9	Work-related injuries	SR21, p. 85
Playing an active role in the community and supporting local projects and organizations		
103-1	Explanation of the material topic and its boundary	SR21, pp. 28 and 88
103-2	The management approach and its components	SR21, pp. 28-29 and 88-91
103-3	Evaluation of the management approach	SR21, pp. 28-29 and 88-91
203-1	Infrastructure investments and services supported	SR21, pp. 28 and 88
413-1	Operations with local community engagement, impact assessments, and development programs	SR21, pp. 28-29 and 88-91
Direct environmental impact		
103-1	Explanation of the material topic and its boundary	SR21, pp. 91-93
103-2	The management approach and its components	SR21, pp. 91-94
103-3	Evaluation of the management approach	SR21, pp. 94-98
305-1	Direct (Scope 1) GHG emissions ⁽¹⁾	1,300 t CO ₂ e - 1,299 t CO ₂ e heating - 1.5 t CO ₂ e gas vehicles - 0 t CO ₂ e refrigerants
305-2	Energy indirect (Scope 2) GHG emissions ⁽²⁾	166 t CO ₂ e - 162 t CO ₂ e electricity - 4.5 t CO ₂ e district heating
305-3	Other indirect (Scope 3) GHG emissions ⁽³⁾	3,254 t CO ₂ e - 431 t CO ₂ e energy supply - 108 t CO ₂ e business travel - 2,007 t CO ₂ e employee commuting - 363 t CO ₂ e computer hardware - 221 t CO ₂ e paper and printed materials - 25 t CO ₂ e waste
305-4	GHG emissions intensity per employee	2.7 t CO ₂ e/FTE
302-1	Energy consumption within the organization: electricity (including sources) and heating	54,780,829 MJ - 23,377,021 MJ heating - 204,768 MJ district heating - 31,177,552 MJ electricity - 21,488 MJ gas vehicles
302-3	Energy intensity per employee	31,020 MJ/FTE
306-2	Waste by type and disposal method	142,047 kg - 93,390 kg recycled waste - 48,657 kg incinerated waste
301-1	Materials used by weight or volume (For BCV, this concerns mainly paper consumption.)	269,431 kg paper and printed materials
307-1	Non-compliance with environmental laws and regulations	None
Responsible, local sourcing		
103-1	Explanation of the material topic and its boundary	SR21, p. 98
103-2	The management approach and its components	SR21, pp. 98-99
103-3	Evaluation of the management approach	SR21, pp. 98-99
204-1	Proportion of spending on local suppliers	SR21, p. 99
408-1	Operations and suppliers at significant risk for incidents of child labor	SR21, p. 99 In addition, BCV does not grant loans to companies or for projects that violate human rights or lead to forced labor or child labor.
414-1	New suppliers that were screened using social criteria	SR21, pp. 56 and 99

List of abbreviations

AR21: 2021 Annual Report

SR21: 2021 Sustainability Report

CO₂e: CO₂ equivalent

⁽¹⁾ Scope 1: Ecoinvent (V3.7); BAFU/BFE (2019), Faktenblatt CO₂-Emissionsfaktoren des Treibhausgasinventars der Schweiz

⁽²⁾ Scope 2: Messmer, Frischknecht, Treeze (2021), Umweltbilanz Strommix Schweiz 2018; Frischknecht, Itten, Treeze (2014), Primärenergiefaktoren von Energiesystemen

⁽³⁾ Scope 3: mobitool (V2.0, 2016; V2.0.2: 2017); Ecoinvent (V3.7.1, V3.8); Climatop (2013), Toilettenpapier factsheet; La Poste France (2017)

Impressum

Project management

BCV

Design and creation

www.taz-communication.ch

Photographs

Blaise Schalbetter

Spurring

Printing

PCL Presses Centrales SA

English translations and adaptations

BCV Translations Team, with the collaboration of the following freelance translators:

Claire Bessant

Martin Hemmings

Christopher Scala

Sylvia Smith

Rosie Wells

BCV would like to thank everyone involved in preparing this report.

The photographs at the beginning of each chapter were taken in different places in our Canton, including the Pléiades region and around the Hongrin Dam. The girl in the pictures, Victoria, lives near Echallens.

This document is an English translation of the original French text entitled "Rapport de responsabilité sociale d'entreprise 2021."

Only the French text is authoritative.



Sources mixtes

Groupe de produits provenant de forêts bien
 gérées et d'autres sources contrôlées
 www.fsc.org Cert no. SGS-COC-004348
 © 1996 Forest Stewardship Council

Printed on 100% recycled,
Blue Angel-certified paper

This report is available on BCV's website

www.bcv.ch



Waiver of liability

While we make every reasonable effort to use reliable information, we make no representation or warranty of any kind that all the information contained in this document is accurate or complete. We disclaim all liability or responsibility for any loss, damage, or injury that may result directly or indirectly from this information. The information and opinions contained herein may be changed at any time without notice.

No offer or recommendation

This document is for information purposes only; it does not constitute book building, an offer to buy or sell, or a personalized investment recommendation.

Distribution restrictions

The distribution of this document may be prohibited or subject to restrictions for people under jurisdictions other than Switzerland (such as the UK, the EU, and the USA), and for US persons. The distribution of this document is only authorized to the extent allowed by applicable law.

Trademarks and copyright

The BCV logo and trademark are protected. This document is protected by copyright and may not be reproduced unless the reproduction mentions its author, copyright, and all the legal information it contains. Prior written authorization from BCV is required to use this document for public or commercial purposes.

© BCV, April 2022

Head Office

Place Saint-François 14
Case postale 300
1001 Lausanne
Switzerland

Phone: 0844 228 228
Swift code: BCVLCH2L
Clearing: 767
www.bcv.ch
info@bcv.ch

