

Sustainability Policy

May 2025



**Banque Cantonale
de Fribourg**



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1. General information



1.1 Purpose of the Policy

This Sustainability Policy (hereinafter referred to as the “Policy”) sets out the general principles, guidelines and commitments of Banque Cantonale de Fribourg (hereinafter referred to as “**BCF**” or the “**Bank**”) with regard to sustainable development. It outlines how BCF includes environmental, social and governance (ESG) factors in all of its activities, in accordance with its role as a full-service bank operating in the Swiss canton of Fribourg.

1.2 Governance and responsibilities

Pursuant to Article 25 of the Swiss law on the Banque Cantonale de Fribourg (Loi sur la Banque Cantonale de Fribourg or LBCF), the **Board of Directors** is responsible for the Bank’s senior management and general oversight, and determines the general principles of the Bank’s policies.

Therefore, the Board is the management body with ultimate responsibility for the Sustainability Policy. It defines the Bank’s ESG strategy and oversees its implementation. A member of the Board has been appointed specifically as ESG Officer.

Executive Management is responsible for implementing the Bank’s ESG strategy on an operational level, and it also oversees the **ESG Taskforce**, a cross-functional body made up of various representatives within the Bank’s organisation: Board of Directors Assistance, Communications, Credit Risk Management, Finance, Property and Logistics, IT and Digital, Legal, Risk and Compliance, Marketing and Social Commitment, Products and Services, Human Resources.

The ESG Taskforce meets every month and organises subgroups to cover each topic (sustainable products and services, BCF as an employer, social commitment, corporate ecology and climate protection).

The ESG Taskforce is managed by the **Head of CSR**, who ensures that its actions are consistent and effective. The Head of CSR is also responsible for ESG risk analysis, keeping track of regulatory amendments and representing the Bank on various external committees.

The Sustainability Policy is prepared by the ESG Taskforce, led by the Head of CSR. It is approved by Executive Management prior to being submitted to the Board of Directors for final approval.

1.3 Revision process

The implementation of the Policy is subject to regular monitoring and a process of ongoing improvement to ensure that it complies with the changing legal and regulatory framework and meets stakeholders' expectations. The Policy is reviewed each year.

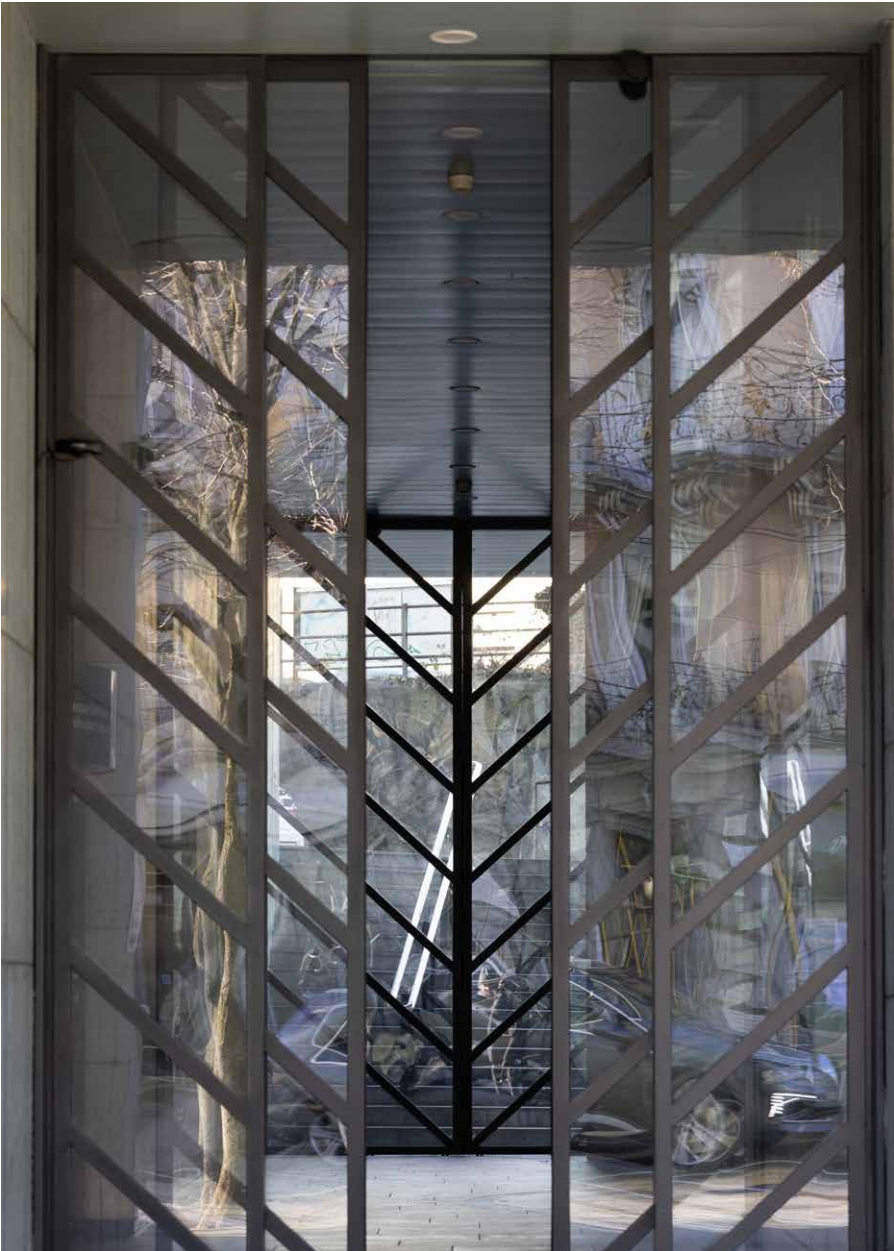
1.4 Scope of application

The Policy covers all of the Bank's activities and takes account of its main ESG impacts and risks: responsible governance, protecting the environment, developing the local economy, equal opportunities and working conditions, and providing responsible financial products and services. It is based in particular on the United Nations Sustainable Development Goals (SDGs), the GRI Standards and Swiss Bankers Association (SBA/SwissBanking) guidelines.

The Policy applies to all of the Bank's employees.

The Policy is supplemented and substantiated by the following documents:

- The Bank's **Risk Policy** (internal document), defining the Bank's risk appetite and risk management approach. Climate risks will be included in accordance with the regulations currently in force.
- The Bank's **Lending Policy** (internal document), setting out the principles, guidelines and standards governing its lending activities, credit risk management and risk appetite. The purpose of this Policy is to provide a standard reference framework to ensure consistent implementation within the Bank. It sets out the roles and responsibilities required to ensure strict management of credit risk in accordance with the Swiss law on the Banque Cantonale de Fribourg (LBCF) and the Bank's overall strategy. The Lending Policy includes exclusion criteria relating to credit risk, as well as environmental, social and governance risks and impacts. This applies to counterparties whose main business corresponds to a non-sustainable sector.
- The Bank's **Investment Policy** (public document, available on the BCF website: <https://www.bcf.ch/sites/default/files/medias/documents/bcf-preferences-esg.pdf>), the purpose of which is to provide a summary of the characteristics and risks of investments that include ESG criteria to varying degrees, and to formally set out the main principles applied by BCF in relation to sustainable investment.



2. Sustainability at BCF



BCF has published its Sustainable Development Report each year since 2021 and sustainability is now one of the Bank's strategic priorities. BCF's commitment to sustainability is reflected in the following measures:

- The adoption of a 2024-2027 Sustainable Development Charter setting out the guiding principles in relation to sustainability and the Bank's objectives;
- Development of responsible products such as the "Eco Mortgage", the "Eco Renovation Mortgage" and ESG investments;
- Helping customers to make the transition towards more environmentally friendly energy sources by providing personalised advice and targeted financing, in order to respond in particular to the guidelines of the Swiss Bankers Association (SBA/ SwissBanking);
- Helping customers to determine their ESG preferences and allocating suitable financial products in accordance with the relevant SBA/SwissBanking guidelines.

Regular dialogue with stakeholders (customers, employees, authorities, partners) determines how the measures are prioritised.

3. Aims and strategy



Following an analysis by the ESG Taskforce, BCF has identified five priority issues that shape its strategy:

- **Ensuring the integrity of ESG commitments:** Ensure that communications and products reflect the reality of environmental, social and governance commitments, and avoid greenwashing.
- **Promoting transparency:** Provide information that complies with accepted standards (GRI, FINMA) and ensure that investors can access relevant information easily.
- **Anticipating climate risk:** Identify and map out the physical risks in relation to climate change relating to the loan portfolio.
- **Supporting businesses in the energy transition:** Help local businesses to comply with regulatory and technological changes relating to the reduction in carbon emissions.
- **Measuring and monitoring performance:** Establish key performance indicators (KPIs) for each strategic priority in order to track the annual progress achieved in meeting ESG targets.



4. Initiatives and partnerships



BCF is a member of the Swiss Bankers Association (SBA/SwissBanking) and applies its stringent guidelines in relation to sustainable finance, namely:

- Guidelines for mortgage providers on improving the energy efficiency of buildings.
- Guidelines for financial service providers on integrating ESG preferences and risks and preventing greenwashing in investment advice and portfolio management.

BCF is a member of the Association of Swiss Cantonal Banks, the role of which is to coordinate and represent Cantonal Banks as well as to provide an impetus for their sustainability strategies. It provides a shared platform for supporting the inclusion of environmental, social and governance (ESG) issues in banking activities. In this context, BCF works in particular with Cantonal Banks in the French-speaking regions of Switzerland to promote sustainable finance standards.

BCF is the founding member of the Carbon Fri Foundation, which partners with projects to reduce carbon emissions. Each year, it invests in accredited regional projects such as energy efficiency projects by skilled trades businesses, reforestation and shared electric mobility.

5. Core topics of the Sustainability Policy



5.1 Environment

Greenhouse gas (GHG) emissions associated with the Bank's operations

BCF supplies all of its sites with 100% renewable electricity certified Hydro Fribourg by Groupe E SA. An energy efficiency plan is in place to gradually reduce emissions associated with buildings, business travel and IT equipment. GHG emissions generated by the Bank's activities primarily include those related to buildings, business travel and commuting, as well as procurement. BCF measures its carbon footprint each year, which helps it to obtain an overview of its impacts, track its carbon footprint over time and implement mitigation measures.

Procurement

BCF gives preference to local suppliers and routinely assesses their social and environmental practices. By giving priority to service providers based in the canton of Fribourg or in Switzerland, it ensures that it complies with the country's high environmental protection standards, particularly with regard to preventing the risk of pollution.

It buys FSC-certified paper and all of its IT services are outsourced to Swisscom, which is recognised for its high sustainability standards.

5.2 Social

Supply chain and human rights

BCF is keenly aware of its social responsibility and pays particular attention to internationally recognised human rights, in particular the International Labour Organization's core labour standards, and to assessing the social impact of the services it procures.

As a responsible member of the services sector in Switzerland, the Bank is committed to working primarily with local service providers. This strategic decision helps to reduce its carbon footprint, strengthen its presence in the canton of Fribourg and promote sustainable economic development on a regional level.

All service providers are required to uphold human rights and core standards. Contractual clauses require the payment of social security charges, workplace safety, responsible waste management and accident insurance.

Involvement in the local community

Each year, BCF supports cultural, sporting and social initiatives across the entire canton, as well as financial education projects. It sponsors and makes donations to charities and cultural, sporting, economic, social and environmental events spanning the various regions of Fribourg. It also partners major events and public gatherings. In addition, BCF invests several million Swiss francs in orders placed with local SMEs, thereby supporting the local economy.

BCF is one of four pillars supporting the Fribourg economy (4P) alongside the building insurance provider Etablissement Cantonal d'Assurance des Bâtiments (ECAB), energy supplier Groupe E and transport provider Transports publics fri-

bourgeois (TPF) (<https://www.4p-fr.ch/fr>). The 4Ps have joined forces to back large-scale projects with a sustainable objective in a variety of areas such as culture, healthcare, social services and sport, thereby contributing to the development of the canton of Fribourg.

The core values of the 4Ps are set out as follows in the 4P charter:

- **Local presence:** “We are close to our customers, regardless of whether they are public authorities, businesses or private individuals. Our goal is to provide attractive services. Our commitment is based on the principles of efficiency, competitiveness and solidarity.”
- **Sustainability:** “We work in the interests of the people of Fribourg. Sustainability is the foundation of any successful long-term business that needs to combine environmental, economic and social responsibility.”
- **Prosperity:** “As partners, we provide a number of services: we insure your buildings and improve your safety, we supply you with energy and offer comprehensive energy solutions, we handle your financial affairs and make it easier for you to get around. The services we provide for the economy and the people of Fribourg are our priority and we aim to build on these in the future.”

- **Reliability:** "Our collaboration is based on a long tradition of service. We are reliable partners thanks primarily to the quality of the innovative services we provide. We not only aim to meet your expectations, but even better, to anticipate them in order to provide you with the greater security, performance and trust you have the right to expect from us in an ever-changing environment."

Leading employer

As a major provider of jobs in the canton of Fribourg, BCF has obtained Fair-ON-Pay Advanced certification for equal pay. The Bank offers flexible working arrangements, a broad CPD training programme as well as occupational health and wellbeing programmes. A Young People's Council collects suggestions from employees on how to enhance workplace organisation and wellbeing.

Each year, BCF appoints an independent third party to assess employee satisfaction. This anonymous survey enables it to gather precise information on working conditions and the working environment, quality of management and the level of engagement and involvement of its employees. Employee satisfaction is also monitored as part of annual performance appraisals, which provide a structured way for employees to express their feelings about the previous year.

5.3 Governance

Business ethics

Business ethics are at the heart of the Bank's commitments and it strives to ensure the transparency, integrity and compliance of all its activities. Employees are given clear internal guidelines on how to prevent conflicts of interest and to ensure that they behave responsibly and with integrity. Regular training is provided in order to foster a culture of ethical conduct and compliance. This approach is part of the Bank's determination to build a relationship of trust with all of its stakeholders.

Compliance

BCF allocates considerable resources to combating money laundering, the financing of terrorism, corruption and tax fraud. ESG risks are included in its risk management and lending policies.

Compliance is an essential part of the Bank's governance strategy. The Compliance department ensures that all of the Bank's operations, both nationally and internationally, comply with laws, regulations and internal standards. A dedicated team of experts is responsible for keeping track of regulations and takes the necessary measures to anticipate any changes. Regular monitoring and internal audits help to identify risks and allow for swift and appropriate responses to be made. The Bank also promotes a culture of compliance by training its employees and has put whistleblowing mechanisms in place. This commitment makes the Bank more resilient and protects the interests of its customers and various partners. By fully including compliance in its procedures, the Bank acts in a responsible and sustainable way.

Data protection

BCF attaches great importance to protecting personal data in accordance with Swiss law (in particular the Federal Act on Data Protection) and banking industry standards. It is committed to ensuring that the data of its customers, partners and employees is processed in such a way that is lawful, transparent, secure and proportionate.

The Bank applies strict principles such as specified purpose, data minimisation, accuracy, limitation of the period for which data can be kept and robust security measures. An internal governance system is in place, including a data protection officer (DPO), who is responsible for compliance.

Confidentiality is ensured by means of restricted access and contractual obligations, including for external service providers. Data is protected by means of technical measures such as encryption, logging, secure backups and security tests. This protection is reinforced by ongoing training for staff, who are subject to the highest banking secrecy requirements. Data subjects may exercise their right of access, right to rectification, right to erasure and right to object. In the event of an incident, rapid response procedures are triggered including an impact analysis and notification of the authorities.

The Bank regularly assesses the risks associated with data processing. Any complaints can be sent to the DPO or to the Federal Data Protection Commissioner. A privacy notice (link: <https://www.bcf.ch/fr/la-bcf/propos-de-nous/informations-juridiques/protection-des-donnees>), available on the Bank's website, sets out how data is processed and data subjects' rights.

Cyber risk

Cyber risk management is an integral part of BCF's general risk management framework. A surveillance centre analyses security logs in real time and triggers a rapid response in the event of an incident. The Bank performs regular intrusion tests and external audits, applies FINMA standards and outsources all its IT services to Swisscom, which is ISO 27001-certified and was voted the world's most sustainable telecommunications company by World Finance magazine in 2020. Mandatory training courses are organised each year for all staff – both full time and part time – to reduce the risk related to human error.

5.4 Products and services

Environmental impact of financing

In line with the Bank's Lending Policy, BCF includes environmental issues in its lending and investment activities by systematically assessing ESG risks complying with a strict legal framework and applying exclusion criteria for sectors that do not meet its sustainability requirements.

For mortgage loans, the Bank relies primarily on specific calculation tools – such as the renovation and carbon calculator – to measure buildings' carbon footprint and energy efficiency. The sustainability principles and criteria set out in its Lending Policy help guide decisions towards more sustainable solutions.

BCF aims to promote responsible financing, reduce the carbon footprint of its operations and financing, and support the energy transition, primarily by means of specialised products such as its "Eco Mortgage" and "Eco Renovation Mortgage".

The Bank takes part in measurement and alignment exercises – such as Wüest Partner AG's annual real estate portfolio valuation and the PACTA Climate Test – in order to evaluate its progress and measure the environmental impact of its financing.

Employees receive regular training on ESG criteria, real estate sustainability evaluations and financing solutions to safeguard buildings' long-term value and make them more energy efficient. With their enhanced skills, employees can better support customers and advance projects that protect the environment. These training courses enable the Bank to comply with the relevant SBA/SwissBanking guidelines.

Access to financing

In its capacity as a cantonal bank and in accordance with the Swiss law on the Banque Cantonale de Fribourg (LBCF), BCF aims to:

- a) contribute to the canton's economic development;
- b) meet the financial needs of the local population and provide a secure place for people to invest their savings and capital;
- c) provide financial resources for the canton.

BCF is committed to ensuring fair, transparent and responsible access to financing for everyone living in the canton and all stakeholders in the canton's economy – individuals, businesses, non-profits, institutions and public law entities. As a full-service bank, it offers a wide range of services from basic banking services to lending, investment and pension solutions, adapting its offerings to each customer's specific needs.

Staying true to its purpose, BCF helps people have access to financial services thanks to its extensive regional coverage, with 26 branches across the canton, a broad network of counters and cash dispensers, as well as specific places for depositing cash. In addition, the FRiBenk online platform (<https://fribenk.ch/fr/external?0=>) enables customers to access mortgages quickly and easily.

The Bank ensures that the terms it offers are fair and guarantees a transparent approach, supporting projects with a positive impact on the canton. This approach clearly attests to its social commitment, local roots and contribution to the canton's sustainable development.

Responsible financing

With its responsible lending policy, BCF plays a key role in ensuring the prosperity of the local economy and a stable supply chain. Loans are a major component of BCF's business model. On a geographical level, it focuses primarily on the canton of Fribourg and neighbouring regions.

BCF offers sustainable mortgage products such as the "Eco Mortgage" and the "Eco Renovation Mortgage", targeted at homeowners that meet certain energy standards when buying or building a property, or when renovating or extending residential, rental, commercial, trade or industrial property. In addition to personalised advisory service from the first time they contact BCF, customers benefit from a discount on the medium- and long-term fixed interest rate.

Loans for SMEs and the local economy

The Bank plays a key role in supporting the economy in the canton by helping small and medium-sized enterprises (SMEs) and public law entities – which form the backbone of the local economy – to access financing. In accordance with its purpose and commitment to sustainability, BCF focuses its lending activities on promoting a balanced, resilient and environmentally friendly economic development. At BCF, granting loans goes hand in hand with integrity, upholding ethical principles and sustainable development criteria.

BCF offers a wide range of financing solutions tailored to the needs of SMEs, covering the entire business life cycle, including start-up, development, growth, succession and even the environmental transition.

It places particular emphasis on businesses in the canton with a focus on innovation, specific skilled trades, farming or industry, as well as projects that create local jobs.



The Bank's advisors – who are located throughout the canton – provide local, personalised support based on their in-depth knowledge of the local economy.

In accordance with its Lending Policy, BCF has included ESG risk criteria in its loan applications.

Responsible investment

BCF includes environmental, social and governance (ESG) criteria in its investment strategy and applies Swiss Bankers Association (SBA/SwissBanking) guidelines, while also promoting transparency and clarity in its ESG communications. Customers are classified according to their ESG preferences (neutral, interested or very interested), which helps determine the make-up of their investment portfolios. In this context, funds and investment management mandates meet the expectations of customers who are "interested" in the ESG characteristics of their investments by applying exclusion criteria and a best-in-class approach using MSCI data.

In addition, BCF also takes an active shareholder approach when it comes to investments in Swiss equities. For investors who are "very interested" in the ESG characteristics of their investments, the selection process includes two additional approaches: topic-based investing and impact-based investing.

The entire process is based on reliable external data and regular adjustments to the investment policy. This approach aims to align financial performance with long-term social responsibility.

Fairtrade and traceable gold

With the exception of its old ingots, BCF only purchases and sells gold that is Fairtrade-certified or traceable.

The Fairtrade Max Havelaar label is used for ingots of 1 to 20 grams, as a guarantee of better protection of the people and environment in places where gold is mined. The Fairtrade code allows for gold to be traced back to the mine.

The designation “traceable” is now used for ingots of over 20 grams and ensures the traceability of the gold’s origin.

Customer protection

BCF has rigorous processes in place to protect its customers at each stage of their banking experience, from opening an account to managing loans and investments. To protect against any errors in processing customer transactions, the dual verification (cross-checking) principle is applied.

BCF also ensures digital inclusion by offering services that are suitable for people who are less familiar with technology.

If they have a problem, customers can contact their advisor or make a complaint via various channels. Complaints are routinely monitored in order to continually improve services and provide high-quality services for customers.

Customers have the option of contacting the Swiss Banking Ombudsman, an independent mediator, free of charge at any time to report their grievances and find a solution that is satisfactory to all parties.

Further information is available at: <https://bankingombudsman.ch/en/>

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