Climate Report

2021

BCVS

Feel at Home

Table of contents

2 Introduction
2 Climate information
3 Governance
4 Climate strategy
4 Stages of the strategy
5 Integration of risks into the overall management framework
6 Climate change risks and opportunities
8 Risk assessment
10 Climate scenarios
11 Managing climate risks
12 Carbon footprint assessment
12 2024 results
13 Own reduction targets
14 Financed emissions
15 Standards and methodology
16 Partnership for Carbon Accounting Financials (PCAF)
16 Scope and calculation principles
17 Mortgage portfolio
17 Asset class composition
17 Databases and definition of variables
18 Calculation formula
18 Data quality
19 2024 results
20 Coverage ratio
21 Business loans portfolio
21 Asset class composition
21 Databases and definition of variables
22 Calculation formula
23 Data quality
23 2024 results
24 Emitting companies
24 High-carbon sectors
25 Coverage ratio
26 Investment portfolio
26 Asset class composition
26 Databases and definition of variables
27 Calculation formula
27 Data quality
28 2024 results
30 Coverage ratio
31 Transition plan
32 Metrics and targets

Introduction

As a responsible bank, Banque Cantonale du Valais (BCVS) is committed to helping mitigate climate change.

This report describes its commitment to the climate in terms of its own activities, its financing and investment operations and its strategy. It also sets out how the Bank is managing the challenges of climate change, with a particular focus on:

- governance;
- strategy;
- risk management;
- key figures and objectives;
- its proposed transition plan.

This is the second time this report has been produced, and it completes priority area II "Environment" of the Corporate Social Responsibility (CSR) and Sustainability Report 2025. It explains the initiatives taken by the Bank to develop its management of the risks and the opportunities associated with sustainable development. It also presents key figures (2024 base year).

The figures provided in this report are based on public data, information declared by third parties (in particular official bodies such as the Swiss Federal Buildings Office) and information available from financed counterparties. The reliability and completeness of the figures depend on the quality, availability and updating of this information. CO_2 emissions (direct and indirect) are calculated (2024 base year) with the support of specialist external service providers, using internationally recognised methodologies and standards. Aware of these limitations, BCVS is continuing its efforts to gradually improve data collection and the adaptation of its systems in an area outside its traditional banking activity.

Following on from the first document, this report has been drawn up in accordance with the Swiss Federal Council's Ordinance on Climate Disclosures of 23 November 2022. The Ordinance advocates following the recommendations published by the Task Force on Climate-Related Financial Disclosures (TCFD), which has now been disbanded. The TCFD framework is now being further developed by the International Sustainability Standards Board (ISSB), part of the IFRS Foundation, under a new name: IFRS S1 and IFRS S2.

Climate information

The uninterrupted production of greenhouse gases (GHGs), generated by economic activities, is having an impact on the climate, particularly as a result of global warming.

As a mountain canton, the Valais is particularly affected by the consequences of these changes: droughts, heatwaves, violent storms, melting glaciers, winters with little snow, late frosts, new diseases and natural hazards (floods, landslides, debris flows, etc.). Added to this is a considerable loss of biodiversity and agricultural productivity. Furthermore, the rapid rise in temperatures is having a major impact on water and soil.

In its climate policy, the Valais Cantonal Government aims to reduce the risks associated with climate change, protect people, property and natural resources, and increase the capacity of society, the economy and the environment to adapt. It relies on the Climate Act to frame its actions and on a Climate Plan to take action.

As a bank committed to the Valais and its region, BCVS supports the State of Valais's climate ambitions by working at its own level towards a sustainable transition.

Governance

Sustainability is one of the Bank's statutory aims. The nine-member Board of Directors (BoD) is responsible for developing the Bank's strategy for achieving its objectives, including sustainability. Since 2024, on a voluntary basis, it has presented the Corporate Social Responsibility (CSR) & Sustainability Report to the BCVS Annual General Meeting, drawn up in accordance with the provisions of Articles 964a to 964c of the Swiss Code of Obligations (report on non-financial matters).

In 2022, BCVS drew up its CSR and Sustainable Development Charter, which defines the fundamental principles with regard to sustainability. It is reviewed in accordance with the strategic monitoring principles described on the following page. Its strategy is broken down into four priority areas that are based on eight of the 17 UN goals. For each area, the Bank has identified the material topics arising from dialogue with influential stakeholders in terms of CSR. Identifying these topics enables the Bank to ascertain the areas in which it can have an impact and to set sustainability objectives.

The Board validates the CSR and Sustainable Development Charter. This charter forms part of the normative framework for the Bank's projects, for which sustainability has been defined as a strategic priority area encompassing all the other areas.

The Board oversees the implementation of the sustainability strategy and the management of climate-related risks and opportunities. The Bank's Risk Policy and Risk Management Principles, approved annually by the BoD, include the topic of sustainability.

The Executive Board (EB) is responsible for implementing the sustainability strategy defined by the BoD. To this end, it relies on the Chief Sustainability Officer (CSO), who coordinates and implements the actions defined by the Bank. This function works closely with all the entities concerned by this theme, in particular the ESG Asset Management function, which integrates environmental, social and governance (ESG) criteria into the Asset Management (AM) department. The CSR Committee (CSRCO) brings together representatives from each department to maximise cross-functional involvement in CSR initiatives. This structure aims to improve understanding of CSR topics both within and outside the Bank, as well as to support the Chief Sustainability Officer in their work.

An operating diagram illustrating CSR governance is available in the CSR and Sustainable Development Report 2025, as well as in the CSR and Sustainable Development Charter.

Stages of the strategy

BCVS's climate strategy is built around a decarbonisation roadmap and the integration of climate risk into the overall risk management framework. The approach aims to strengthen the Bank's resilience in the face of physical and transitional risks, while helping to align its activities with a low-carbon strategy.

DECARBONISATION ROADMAP
BCVS directly generates GHG emissions through its operational activities. It is also indirectly linked, through its financing and investment activities, to GHG emissions that are implicated in climate change (financed emissions, Scope 3.15).

This year, the Bank carried out its second calculation (2024 base year). At the same time, it been working on its climate strategy, which will enable it to finalise its action plan in 2026.

MEASURE
Define the base year and the scope of the analysis
BCVS uses 2023 as its base year, corresponding to its first-time measurement of financed emissions. The data collected are used to identify emissions generated by the different business sectors (Scope 1, 2 and 3.15).

- The aim is to provide a factual basis that can be compared over time.

IDENTIFY
Identify and prioritise areas for action
This stage involves identifying the priority levers for action and enables it to define a reduction path that is adapted to the business sector and consistent with the Bank's situation.

- The aim is to target high-impact issues and opportunities for decarbonisation.

SET
Define sector-specific and relative objectives
BCVS analyses decarbonisation pathways applicable to its main business sectors on the basis of international climate targets and existing sector benchmarks in keeping with its own resources.

- The aim is to formalise credible commitments in line with best practice in the banking sector.

ACT
Deploy a plan of transition measures
The Bank is in the process of implementing a transition plan, structured around levers such as energy, mobility, responsible digital technology, purchasing and internal awareness-raising. In 2025, it worked on identifying monitoring metrics for the sectors concerned.

- The aim is to reduce emissions through measurable actions.

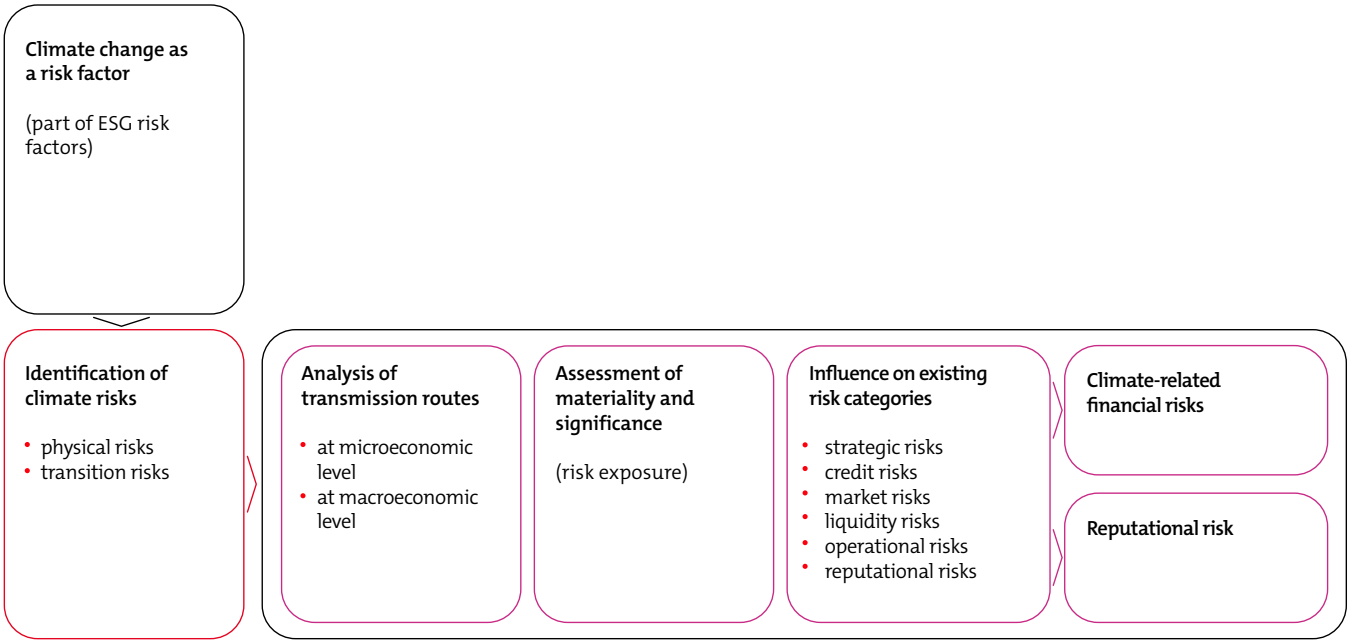
MONITOR
Monitor results and adjust the action plan
Climate results will be monitored annually using the performance metrics identified in 2025. The actions and objectives will be adjusted according to the progress achieved, developments in the sector and the regulations in force.

- The aim is to steer the strategy over the long term and guarantee continuous improvement.

Integration of risks into the overall management framework

In addition to its decarbonisation strategy, BCVS is incorporating climate risks into its overall risk management system. Whether physical or transitional, these risks are analysed according to their transmission path (see diagram on page 6), their time horizon and their potential impact on the Bank's activities.

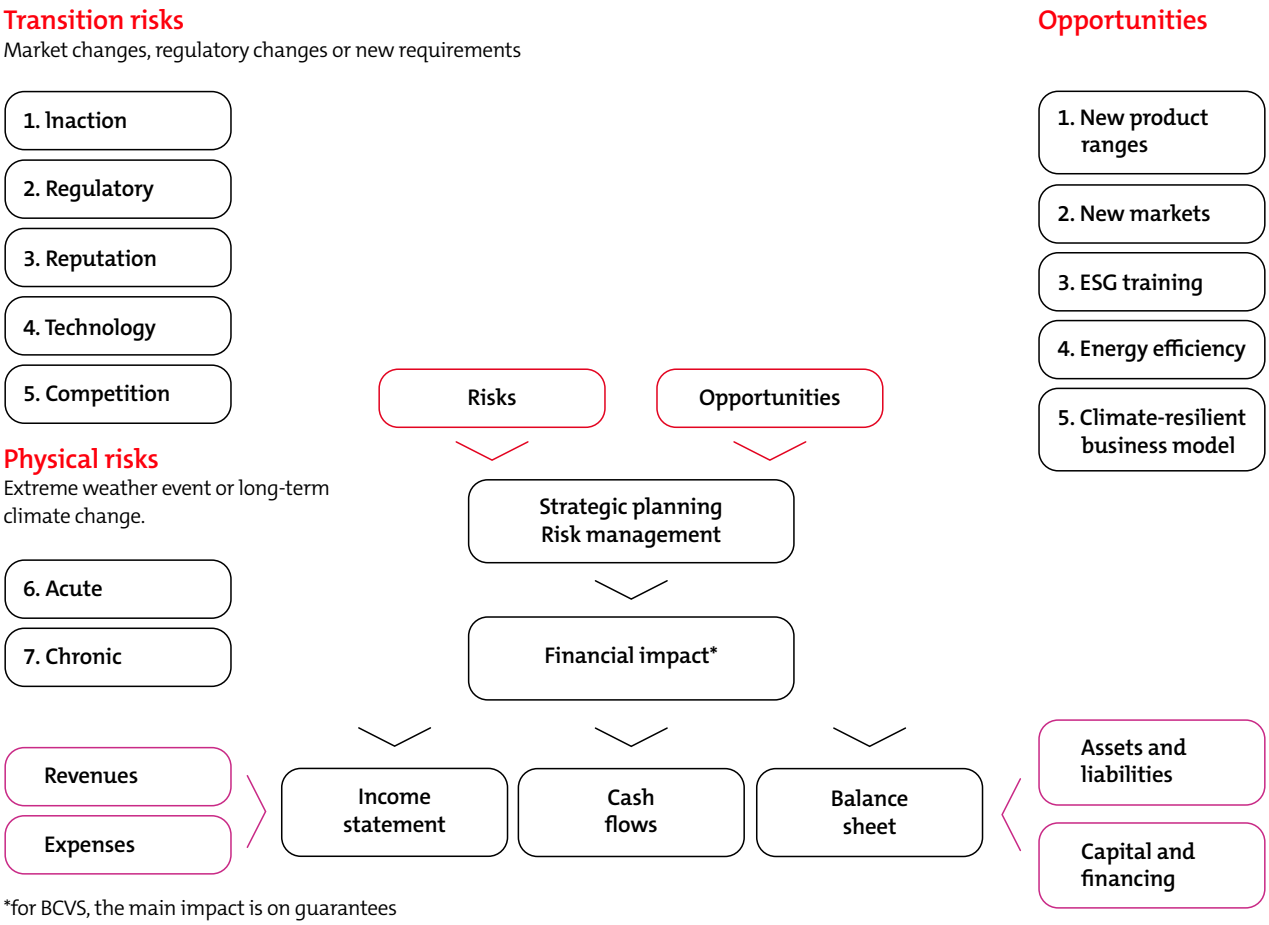
Analysis of climate risks along the cause-effect chain



Climate change risks and opportunities

Developments linked to climate change are transforming the needs of the economy and society, giving rise to new expectations in terms of financing, investment and support. BCVS has identified the effects of climate change specific to its business in order to strategically manage the associated risks and financial opportunities. The majority of the Bank's income comes from its mortgage financing business in the Canton. Climate-related risk factors are also reflected in credit, market and operational risks. Again in line with its activities and business model, development opportunities have been identified in the fields of energy transition, environmental efficiency and sustainable finance.

The diagram below illustrates the transmission routes that climate risks and opportunities can take to have an impact on businesses (Source TCFD).



*for BCVS, the main impact is on guarantees

RISKS

1. Physical risks

Acute and chronic physical risks are risk factors in the credit risk and operational risk category. Credit risk corresponds to the risk of financial losses as a result of the direct impact of climate change on counterparties financed and on assets given as collateral. Operational risk corresponds to the direct impact of climate change on the Bank's own activities: infrastructure, personnel, IT systems, business conduct.

2. Transition risks

Risk of financial losses as a result of the shift towards an economy compatible with climate objectives, affecting the value of assets, counterparties' solvency and business models and market stability. Inaction also constitutes a major transition risk factor. This corresponds to being slow to or failing to adapt to regulatory, technological, economic and social changes caused by the climate transition.

3. Regulatory risks

Regulatory risk is a factor in compliance and credit risks: Environmental regulations may have a direct impact on the Bank's activities (stricter requirements for carbon footprint reporting, environmental risk management, etc.). Regulatory changes may also have an impact on financing (e.g. mortgages), with an effect on credit risk.

4. Reputational risks

Reputational risk is a strategic risk factor. A bank that does not take sufficient account of these concerns could see its image deteriorate and customers favour financial institutions that demonstrate environmentally responsible practices.

5. Technology risks

Technology risk is a strategic risk factor. If BCVS were to miss the opportunity to invest in new technologies or, on the contrary, invest in obsolete technologies or technologies that will be prohibited in the future (because they emit a lot of carbon, for example), this would represent a risk for the Bank.

6. Competition risks

Competition risk is a strategic risk factor. Increased pressure on sustainable products is likely to influence performance. The assessment of financial markets and rating institutions on the Bank's actions in favour of the climate and its management of associated risks may also have an impact.

OPPORTUNITIES

1. New products

BCVS offers products and services that take into account the specific needs and preferences of its customers for their financing and investment projects: the "EcoHome Credit" product has been developed to support customers in their energy transition projects, and the "EcoHome Credit PPE" product has been developed to support financing/renovation projects for condominium ownership properties.

2. New markets and the creation of sustainable products

The Bank contributes to the strengthening and development of the regional economy and aims to continually reinforce its mission as a universal bank. It is positioned as a facilitator of the transition to sustainable development. It analyses opportunities for collaboration with local authorities, businesses and individuals as part of the financing of sustainable and innovative projects.

3. ESG training

The Bank believes that providing added value in advising its customers on financing and investments meets market requirements and sets it apart from the competition. To achieve this objective, it has developed an internal training programme for its employees, which is updated periodically.

4. Increasing energy efficiency and renewable energies

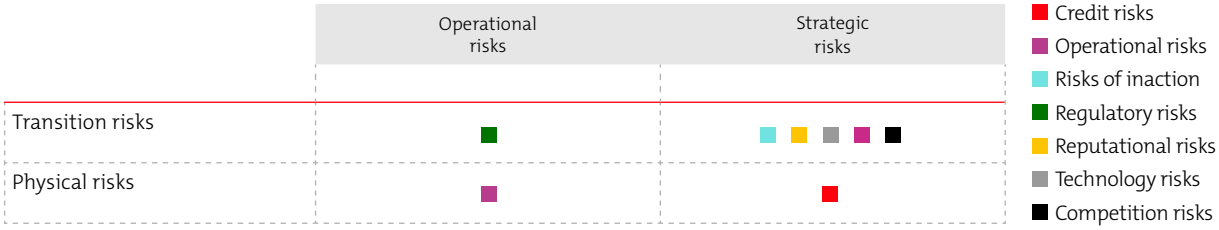
BCVS has been concerned about the impact of its operations for several years. It has been calculating its operational carbon footprint since 2010 and is investing in improving the energy efficiency of its buildings and monitoring energies to reduce resource consumption.

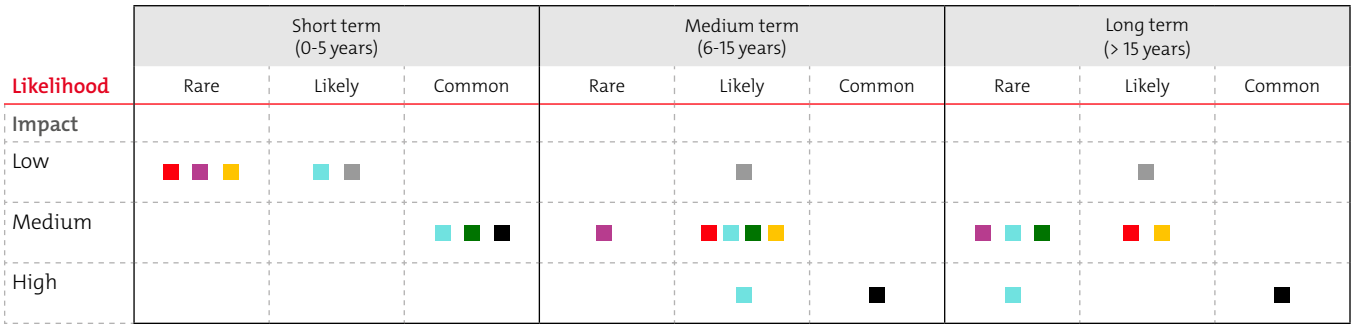
5. A future-proof, diversified and climate-resilient business model

BCVS identifies, assesses and manages the risks and opportunities associated with climate change to ensure that the Bank can remain true to its mission of contributing to the harmonious and sustainable development of the Valais economy.

Risk assessment

Risk assessment is carried out by the CSR Officer in cooperation with the Credit Risk Officer. Following on from the work begun in 2024, this approach aims to clearly identify the material nature-related financial risks; In other words, the potential direct or indirect negative financial consequences in the short, medium and long term resulting from exposure to this type of risk. Appropriate categorisation ensures effective management. Each risk is also assessed in terms of its potential impact (slight, medium or severe) and its probability of occurrence (rare, probable, frequent).





Impact levels

Low	Limited and controllable effects, with little or no additional cost and no significant impact on operations or profitability.
Medium	Effects likely to generate moderate costs, disrupt certain activities or require additional risk management measures.
High	Significant effects that could affect business continuity, profitability, financial exposure or the ability to meet regulatory requirements.

Likelihood of occurrence

Rare	Exceptional or unlikely event in the short term (less than once every 20 to 30 years).
Likely	An event that may occur as a result of climate, market or regulatory changes (every 5 to 20 years).
Common	Expected or recurring event under current or future climatic or economic conditions (at least once every 1 to 5 years).

In the short term, strategic risk factors (competition risk and risk of inaction) and regulatory risks (particularly in relation to credits) have been identified as priorities, in view of their frequent level of probability and their medium impact. The risk factors highlighted by this analysis are being given greater attention by the Bank. If these factors change, additional measures may be taken.

In the medium term, the strategic risk factor (competition risk) was identified as the most material, followed by the transition risk factor. This assessment underlines the importance of keeping abreast of market trends, particularly in terms of sustainability, in order to remain competitive.

In the long term, BCVS still assesses the strategic risk factor (competition risk) as central. This assessment needs to be qualified in view of the long time horizon; it does, however, enable the Bank to anticipate any new climate risks by updating its analysis of the risks and opportunities associated with climate change on an annual basis.

In 2025, a major effort was made to measure exposure to nature-related financial risks. For 2026, the focus will be on the methodology and documentation for identifying nature-related financial risks and determining their materiality.

Climate scenarios

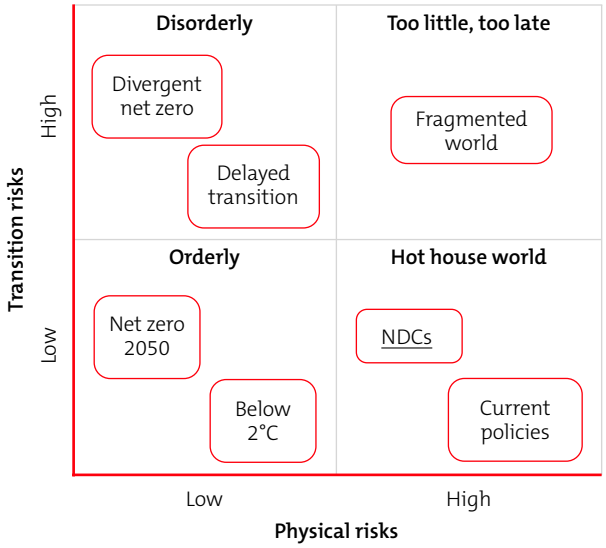
Continuous emissions of greenhouse gases since the Industrial Revolution have led to global warming of around 1.2°C. Although this increase may seem small, current temperatures are unprecedented and are affecting living conditions in many parts of the world.

To explore how the global economy and financial system might evolve under different levels of climate policy ambition and physical climate impacts over the course of the 21st century, climate scenarios have been developed by an expert group of climate scientists and economists.

Originally developed to advise policymakers on the risks associated with climate change and identify possible solutions, they have been adapted to help central banks and supervisory authorities analyse the potential impacts on the economy and the financial since 2020.

These scenarios provide a common, up-to-date reference point for understanding how climate change (physical risk) and trends in climate policies and technologies (transition risk) could evolve in different futures. Each scenario has been designed to illustrate a range of risk outcomes, from the highest to the lowest.

THE SEVEN NGFS SCENARIOS WITH DIFFERENT PHYSICAL AND TRANSITION RISKS



CLIMATE SCENARIOS ACCORDING TO THE NETWORK FOR GREENING THE FINANCIAL SYSTEM (NGFS)

The NGFS forecasts seven climate scenarios classified according to the following four approaches:

- Two orderly scenarios are based on the assumption that climate protection policy is put in place at an early stage and gradually strengthened. Both the physical risks and the transition risks are relatively low;
- Two disorderly scenarios predicts a higher transition risk, as climate protection policy is implemented late or diverges between countries and sectors;
- Two hot house scenarios assume that some climate policy measures are implemented in certain countries, but that global efforts are not sufficient to curb significant global warming. The scenarios entail serious physical risks, including irreversible consequences such as rising sea levels;
- One scenario foresees high transition risks and, at the same time, high physical risks, because climate measures are being implemented too little, too late and are therefore not effective enough.

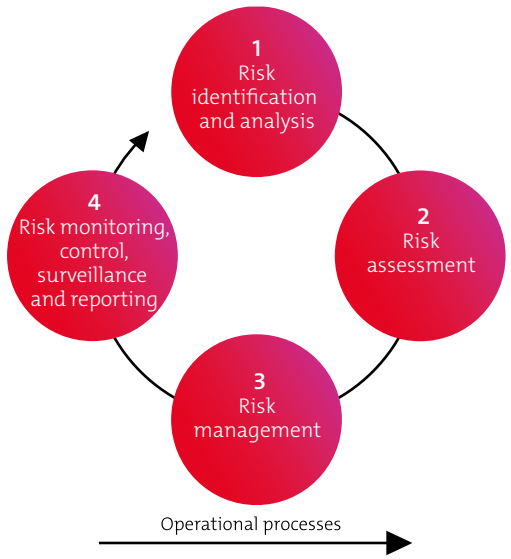
In 2025, BCVS carried out an exploratory exercise at macroeconomic level. This work forms the basis for the development in 2026 of scenario analyses in accordance with FINMA's future requirements regarding nature-related financial risks (circular 26/1).

Managing climate risks

The effects of climate change and the accompanying regulatory developments are gradually changing the environment in which financial institutions operate. These transformations generate risks that can affect the banking business (exposure to economic activities sensitive to climatic events, increased demands for transparency or changes in customer and market expectations). For BCVS, this means integrating climate issues into its analysis, risk management and governance processes, in order to maintain the stability of its activities and contribute to the resilience of the Valais economy.

The Bank applies uniform risk management principles to all types of risk, including the risks related to climate change. The key elements of BCVS's risk management are as follows:

- A "Risk Policy and Risk Management Principles" ("Risk Policy") covering all business sectors;
- Application of recognised risk measurement and management principles;
- Definition of risk tolerance subject to monitoring and reporting;
- Appropriate reporting system, covering all risks;
- Allocating sufficient financial and human resources to risk control functions;
- Encouraging a culture of risk prevention at all levels of management.



RISK ASSESSMENT

The CSR Committee (CSRCO), in collaboration with the Chief Sustainability Officer (CSO), is responsible for identifying the main CSR impacts and risks (including the risks and opportunities associated with climate change).

The Board of Directors approves the "Risk Policy" and defines the principles, the measurement as well as the management of risks. It monitors compliance with and implementation of the Risk Policy, and is supported in this by the work of its Audit and Risk Committee. The Executive Board is responsible for implementation of the guidelines promulgated by the Board of Directors. It ensures that risk management is properly organised and that appropriate monitoring systems are in place. The Executive Board uses standing committees or commissions for this purpose.

The sustainable development function is integrated into the Risk Policy as a dedicated management function. The Bank incorporates climate risks into its existing risk categories, specifically credit, market and operational risks. It keeps a particularly close eye on regulatory developments to ensure that it meets the expected requirements, and is continuing to transpose the requirements of FINMA circular 2026/1 on nature-related financial risks.

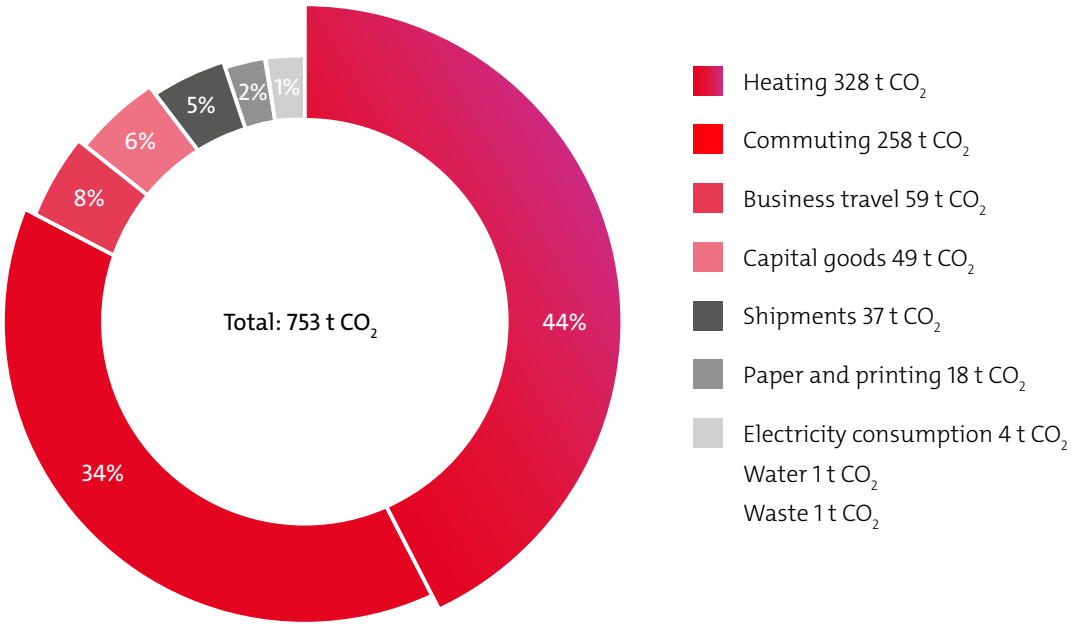
2024 results

The Bank calculates its environmental footprint in accordance with standard industry practice. Greenhouse gas emissions are expressed in CO_2 equivalent.

The environmental footprint covers BCVS as a whole (100% of employees), including Scope 1, 2 and 3*. It has been produced in accordance with the Swiss Climate label for 2024. The audit is carried out by independent external audit firm Société Générale de Surveillance SA (SGS).

BCVS's total emissions for 2024 were 753 t CO_2. This represents an increase of 0,6% (+4 t CO_2) compared with 2023. Compared with the base year, this represents a reduction of 36% (-421 t CO_2). Swiss Climate certifies that the company has reduced its emissions and that it is making ongoing efforts and investments to do so, in accordance with the ISO 14064-1 standard and the guidelines of the Greenhouse Gas Protocol. Swiss Climate ensures that the Bank's targets are compatible with climate protection, using the principles of Science Based Targets (SBTi).

CARBON FOOTPRINT

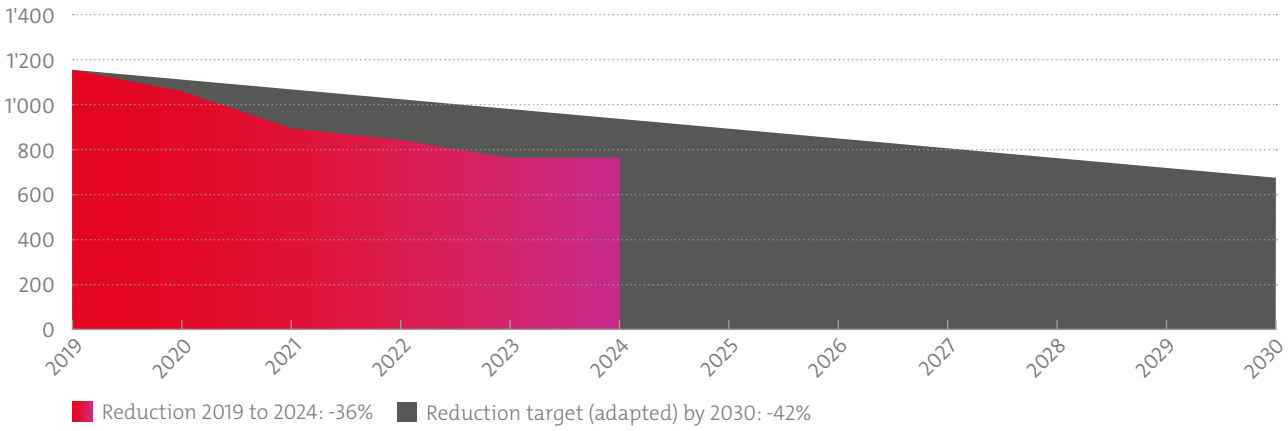


*Scope 1 covers direct emissions, for example from the BCVS vehicle fleet.
Scope 2 covers indirect emissions, such as electricity production imported or bought.
Scope 3 covers a wide range of indirect emissions across the Bank's value chain, including raw materials, logistics, business travel, employee commuting and more (excluding category 3.15).
For reasons of legibility, the "water" and "waste" categories in the "electricity consumption" item, for which emissions are less than 1 t CO_2, have been represented with a value rounded to 1 t CO_2 each.

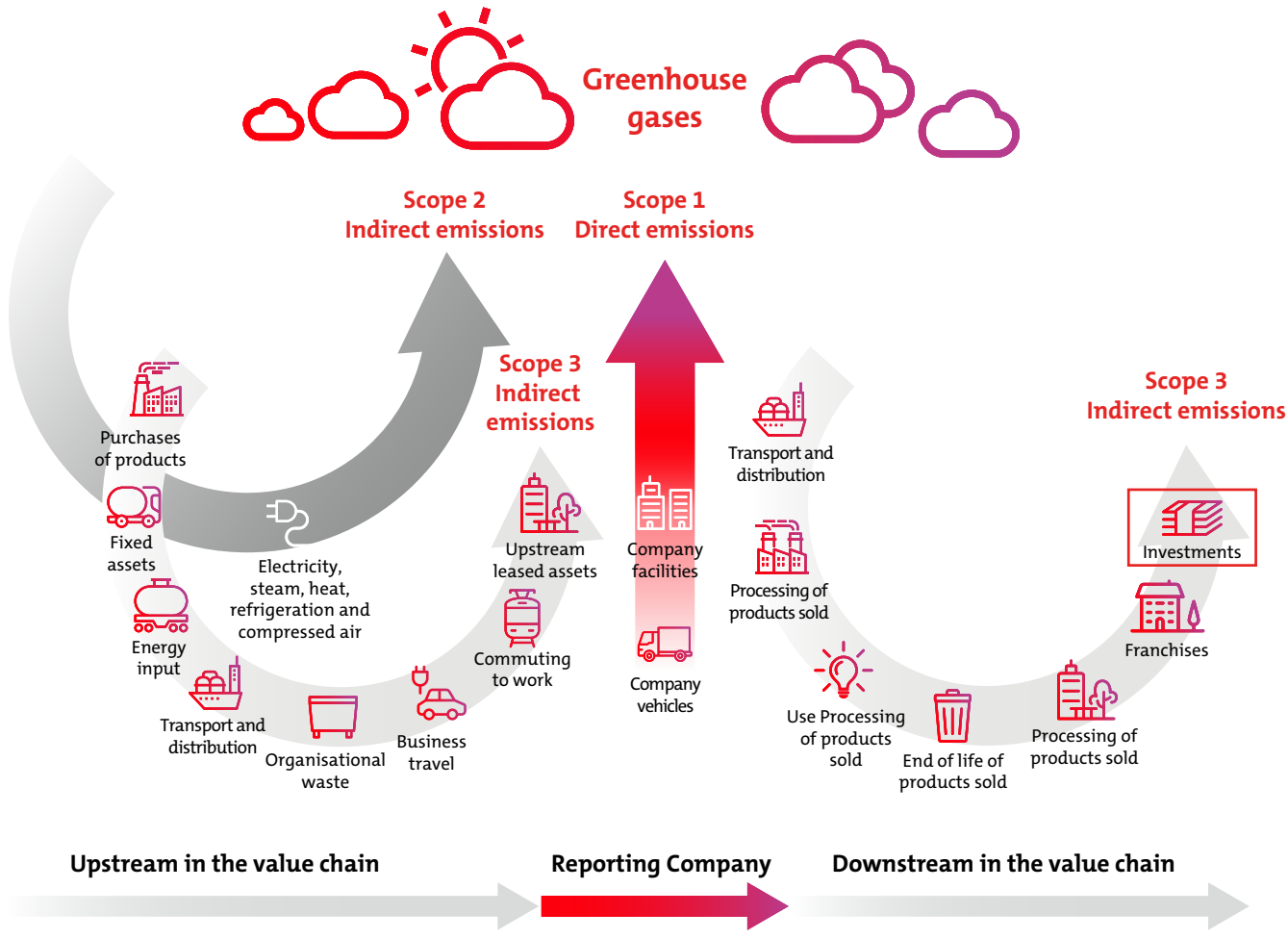
Own reduction targets

During the 2021–2025 strategic cycle and for the target period (2019–2030), BCVS set itself the target of a 35% reduction in total greenhouse gas emissions (excluding Scope 3.15). As this target has been reached since the 2023 reporting year, BCVS has reviewed and adapted its strategy by setting a new target of a 42% reduction in emissions by 2030 (reduction milestone under SBti). The illustration below shows the adaptation of the 2030 target and the actual emissions reductions achieved to date. BCVS's actual emissions are currently below the reduction target set. Between 2019 and 2024, the Bank managed to reduce its emissions by almost 36%. The Swiss Climate label (Swiss Climate Bronze Certificate) certifies that the company has reduced its emissions and that it is making ongoing efforts and investments to do so. Swiss Climate also guarantees that the Bank's objectives are compatible with respect for the climate. BCVS has been awarded the Swiss Climate CO_2 Optimised label for thirteen consecutive years. The reduction target has been adjusted to a 42% reduction by 2030.

ADAPTED REDUCTION TARGET AND CHANGES IN SCOPE 1–3 EMISSIONS



Financed emissions refer to GHG emissions associated with the investment and lending activities made by an organisation. They are also known as indirect emissions. They fall within Scope 3 (3.15) downstream of the value creation chain.



Scope 1 : direct GHG emissions (heating, company vehicles).
Scope 2 : indirect GHG emissions (consumption of electricity, heat or cooling purchased, business travel (including company-owned vehicles). Physically, Scope 2 emissions are generated at the place of production and not at the place of consumption.

Scope 3 : all indirect GHG emissions generated in the company's value creation chain. A distinction is made between upstream and downstream emissions in the value chain (including 3.15 indirect emissions).

Standards and methodology

This report describes the procedure for carrying out a GHG assessment of financed emissions in accordance with the accounting principles of the Greenhouse Gas Protocol (GHG Protocol) and the requirements of the Partnership for Carbon Accounting Financials (PCAF). The report also contains the results of the calculations for the base year 2024.
For the sake of simplicity, this report refers only to CO_2 emissions. However, all results include all "Kyoto greenhouse gases" (CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3) and are reported accordingly in $CO_2$0F[1].
Financial institutions cover the absolute emissions linked to the energy use of the property financed by the mortgage. These are emissions from heating. Energy use includes energy consumed by building occupants and common facilities.
The calculation methodology is based on the study[2] developed jointly by the FOEN, Wüest Partner and the PACTA initiative[3].

Calculation principles
The data is converted into t CO_2 using emission factors. All emission sources are converted to CO_2 emissions using the corresponding emission factor. This differs depending on the asset class concerned. All data is described in the methodological report provided by Swiss Climate SA.

As part of this second calculation, the Bank's objective is still to adopt a transparent approach to the valuation of financed emissions. However, it is important to specify that the data is based on constantly evolving methodologies. The Bank is committed to a process of continuous improvement to enhance the accuracy and reliability of estimates. Certain limitations inherent in the data sources influence the assessment. For example, the quality of data relating to mortgage portfolios depends on building registers and information provided by customers. These data may be incomplete, out of date or subject to approximation. The Bank also relies on the information available on companies and their activities, which is often limited because these structures do not necessarily have detailed reports on their carbon footprint. In many cases, the Bank has to use sector estimates. Furthermore, the Bank also does not control the composition of its institutional clients' portfolios, which also limits its ability to assess carbon impact.

Information on the values presented
The CO_2 emissions shown as a total should be considered as abstract absolute values that increase or decrease with the size of the portfolio. Changes in portfolio assets, for example due to subscriptions or redemptions of investments, have a decisive influence on the CO_2 emissions shown. It is therefore not possible to place these absolute values in a comparative context, i.e. they cannot be related historically or to each other.

The five principles of the GHG Protocol Corporate Standard
The GHG assessment of financed emissions is carried out by Swiss Climate SA. In addition to the recommendations of ISO 14064-1, the Swiss Climate assessments also take into account the guidelines of the Greenhouse Gas Protocol Corporate Standard (GHG Protocol), the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD). According to the GHG Protocol and the PCAF, the calculation and reporting of an organisation's CO_2 emissions or its financed emissions must comply with the following five principles:

1. **Relevance:** it is guaranteed that the CO_2 assessment adequately reflects the organisation's greenhouse gas emissions and serves as an appropriate basis for providing information to both internal and external stakeholders.
2. **Completeness :** CO_2 emissions are recorded in full, as far as possible, on the basis of existing measurements, data or standard values.
3. **Consistency :** consistent methods are chosen so that meaningful comparisons can be made over time. Changes in data, inventory boundary, methods or other relevant factors are documented.
4. **Transparency :** definitions are understandable and relevant assumptions are published. The methods and databases used are mentioned where appropriate.
5. **Accuracy :** uncertainties must be reduced as far as practicable. CO_2 emissions should not be systematically underestimated or overestimated.

[1] *In this report, the term "CO_2" is used as a synonym for "CO_2e" and refers to the sum of carbon dioxide emissions and other emissions (e.g. methane (CH_4), nitrous oxide (N_2O).*
[2] *Wüest Partner (2020), methodological report on the model for measuring the climate compatibility of real estate investments (CO_2 calculator).*
[3] *Paris Agreement Capital Transition Assessment (PACTA), Federal Office for the Environment of Switzerland (FOEN), and Wüest Partner (2022). PACTA CLIMATE TEST SWITZERLAND.*

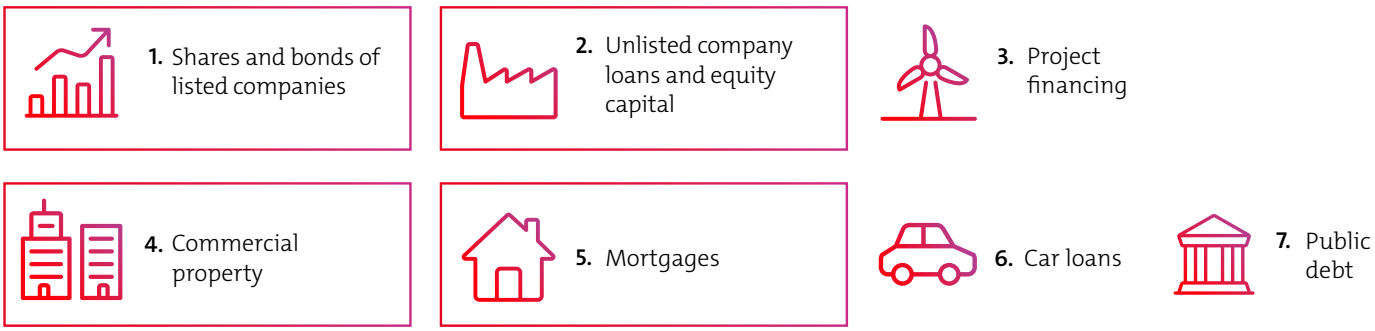
Partnership for Carbon Accounting Financials (PCAF)

PCAF is an industry-led initiative to help financial institutions measure and reduce their carbon footprint. PCAF mainly helps to assess and publish greenhouse gas emissions from credits and investments ("financed emissions"). Measuring financed emissions enables financial institutions to provide transparent information on their greenhouse gas emissions, to identify climate-related transition risks and opportunities, and to calculate emissions as a basis for setting targets in line with the Paris Agreement.

In response to industry demand for a global, standardised approach to GHG accounting, the PCAF has developed the Global GHG Accounting and Reporting Standard for the Financial Sector (second edition 2022). In 2020, the GHG Protocol reviewed and approved the PCAF methodology for the following categories: listed company shares and bonds, business loans and unlisted shares, project financing, commercial real estate, mortgages and motor vehicle loans. These methods comply with the requirements defined in the Corporate Value Chain (Scope 3) Accounting and Reporting Standard for category 15 investment activities.

Scope and calculation principles

PCAF divides financed emissions into seven asset classes:



This report covers emissions from the Bank's following asset classes:

- Mortgage portfolio (4. and 5.): residential and commercial property
- Business loans portfolio (2.)
- Investment portfolio (1.)

Calculation of CO_2 emissions:

- The data is converted into t CO_2 using emission factors
- All emission sources are converted to CO_2 emissions using the corresponding emission factor, as described in the reference framework used.

Asset class composition

Residential property

This category includes mortgages recorded on the balance sheet for specific consumer purposes, i.e. for the purchase and refinancing of residential properties, including single-family homes and apartment blocks with few residential units.

Commercial property

This category includes on-balance sheet mortgages for specific commercial purposes, namely the purchase and refinancing of commercial property, and on-balance sheet investments in commercial property where the financial institution does not have operational control over the property. Examples are retail, hotels, offices and large residential buildings. In all cases, the owner uses the property for income-generating activities.

Databases and definition of variables

This methodology applies to on-balance sheet mortgages. Off-balance sheet mortgages are not taken into account under the PCAF methodology. BCVS is supported by Swiss Climate in calculating the emissions from its mortgage portfolio.

A great deal of information is required to calculate the CO_2 emissions of buildings in the mortgage portfolio. In cases where this information is missing, BCVS data is then enhanced by the databases of the Swiss Federal Register of Buildings and Dwellings and the geodata platform of the Swiss Confederation.

The variables used for the calculation are as follows:

- mortgage balance: actual use of credit;
- mortgage limit: amount of lending granted by the Bank (maximum exposure limit). In most cases, the limit is greater than or equal to the balance. However, it is possible for the balance to exceed the limit. This is the case, for example, if the repayment scheduled for 31.12.2024 has not yet been made by the customer;
- share: surface area of the building held via the Bank's mortgage;
- net floor area excludes the walls of an apartment, while gross floor area includes the walls of an apartment. This methodology is based on the "Standard method for calculating surface areas" document available at Uspi Vaud;
- special features for condominium ownership (PPE): when the mortgage is coded as "condominium ownership" and the bank finances only one apartment in the building, financed emissions calculated cover only that apartment.

Calculation formula

$$\text{Financed emissions}_b = \sum_b \text{Attribution factor}_b \times \text{Property emissions}_b$$

b = Property

$$\text{Attribution factor}_b = \sum_b \frac{\text{Balance}_b}{\text{Value when mortgage was taken out}_b}$$

Value of the property: *as the value of the property when the mortgage was taken out is updated by the Bank in various situations (renovation, necessary revaluation due to changes in market indicators, etc.), the Bank has made available the current market value of the property financed.*

Calculating the property's emissions: *the Swiss Climate CO_2 Calculator tool is used. It follows a structured methodology designed to accurately identify buildings associated with mortgages, collect the data required for emissions calculations and process this data to obtain the desired results.*

PCAF distinguishes between three different options for calculating emissions from buildings (by property):

Option 1	Option 2	Option 3
Estimated actual emissions based on the actual energy consumption of the property concerned.	Estimated emissions based on floor area (estimated energy demand per m^2).	Estimated emissions based on the number of properties financed (statistical energy demand per building).

Based on the information provided by the Bank, options 2 and 3 were used. Option 3 was used for 17% of the mortgage portfolio.

Data quality

For cases in the analysed mortgage portfolio for which no information on the type of heating was available, a conservative assumption is applied. This approach follows the methodology of Wüest Partner, commissioned by the Swiss Federal Office for the Environment (FOEN).

In addition, the accuracy of some of the data used in the calculation has been improved, in particular by taking more precise account of the quotas actually financed in condominiums.

2024 results

The results are reported in the two units of measurement below, which are recommended by the Science Based Target Initiative using the Sector Decarbonization Approach calculation method and correspond to the units of measurement used for reduction targets in the building sector. The absolute quantity of emissions is given in t CO_2. In line with the PCAF methodology, Scope 3 emissions are not calculated for mortgages, due to the poor quality of the data available on the market.

- Emissions intensity in kg CO_2 / m^2 / year;
- Financed emissions in t CO_2 / million CHF / year.

These units of measurement are also recommended by FINMA and are used by financial market operators to report on the carbon footprint of their mortgage portfolios.

- Total emissions from the mortgage portfolio amount to **92,418 t CO_2**.
- This represents a reduction of 21% compared with 2023.

RESIDENTIAL PROPERTY

Metric	Amount
Total energy surface area (m^2)	5'581'977
Financed emissions (t CO_2)	78'353
Emissions intensity (kg CO_2 / m^2)	**29.1**
Emissions intensity (t CO_2 / CHF million)	**8.3**

COMMERCIAL PROPERTY

Metric	Amount
Total energy surface area (m^2)	689'907
Financed emissions (t CO_2)	14'065
Emissions intensity (kg CO_2 / m^2)	**31.8**
Emissions intensity (t CO_2 / CHF million)	**15.5**

COMPARISON OF EMISSIONS IN 2024 COMPARED WITH 2023

Mortgage portfolio	Financed emissions in absolute terms		
	Scope 1 + 2 (t CO_2e)	Scope 1 + 2 (t CO_2e)	Δ previous year*
Year	2024	2023	
Residential	78'353	102'133	-23%
Commercial	14'065	13'927	+1%
Total portfolio	**92'418**	**116'600**	**-21%**

** Percentage figures have been rounded*

Mortgage portfolio	Financed emissions in relative terms					
	Kg CO_2 / m²	Kg CO_2 / m²	Δ previous year	t CO_2 / mio. CHF	t CO_2 / mio. CHF	Δ previous year*
Year	2024	2023		2024	2023	
Residential	29.1	29.2	-0,3%	8.3	11.7	-29%
Commercial	31.8	31.2	+1,9%	15.5	25.1	-38%

** Percentage figures have been rounded*

The results show a reduction in t CO_2 per million CHF invested of 29% for residential property between 2023 and 2024 and of 38% for commercial property.

Coverage ratio

For the 2024 financial year, it has been possible to estimate CO_2 emissions for around 79% of the mortgage loan portfolio, based on the data available and the validation processes in place. The coverage ratio reflects the ratio between the number of mortgages with complete data and the total number of mortgages on the Bank's balance sheet.
The results show an improvement of 7% compared with 2023.

Asset class composition

Business loans

This category includes business loans. According to PCAF, they include all loans and credit lines recorded in the balance sheet at 31.12.2024 granted to companies, non-profit organisations and any other organisational structure, which are not traded on a market, and which are used for general business purposes (i.e. the use of which is not known within the meaning of the GHG Protocol).

Loans to governments, cantons and municipalities are excluded from this asset class (NOGA 84). According to PCAF, a methodology on this subject will be developed at a later date. Loans to private households (NOGA 97) and loans whose use is known are also excluded. These are part of the PCAF "project finance" category.

Databases and definition of variables

The variables used for the calculation are as follows:

- NOGA code;
- credit limits;
- equity, liabilities and turnover, if available.

In the case of negative equity, the value assigned is set to zero for the calculation, in accordance with the PCAF methodology. In certain cases, the application of the attribution factor formula can lead to a rate of 100%. This situation is explained by the fact that the amount of lending used exceeds the sum of the company's value (equity and liabilities). To avoid overestimating the emissions attributed, the factor is then set manually at 100% (conservative method).

Calculation formula

The PCAF formula for calculating business loans is as follows:

$$\textit{Business loans emissions} = \sum_{c} \textit{Attribution factor}_c \times \textit{Company emissions}_c$$

$c = \textit{Company}$

$$\textit{Attribution factor}_c = \sum_{c} \frac{\textit{Credit used}_c}{\textit{Own funds}_c + \textit{Third-party funds}_c}$$

$$\textit{Company emissions}_c = \textit{Turnover}_c \times \textit{Emissions factor}_c$$

PCAF distinguishes between three different options for calculating financed emissions from business loans (depending on the emissions data used):

Option 1	Option 2	Option 3
Emissions by companies for which the borrower's emissions are collected directly (e.g. borrower's sustainability report) and then attributed to the Bank using the attribution factor.	**Emissions based** on **physical activities,** where emissions are estimated by the Bank on the basis of primary data from the borrower (e.g. MWh of natural gas consumed or tonnes of steel produced), and then attributed to the Bank using the attribution factor. Emission data must be calculated using an appropriate calculation method or tool, with verified emission factors per physical activity (e.g. t CO_2 / MWh or t CO_2 / tonne of steel).	**Emissions linked** to the borrower's **economic activity** (e.g. CHF of turnover or CHF of assets), then attributed to the Bank using the attribution factor. Emissions data must be estimated using official statistical data or recognised EEIO1 databases, which indicate average emission factors per sector of activity specific to a region or sector (e.g. t CO_2 / CHF of turnover).

Based on the information provided by the Bank, option 3 was chosen for the calculation. This approach is based on sectoral emission factors, expressed per economic unit, which make it possible to estimate the emissions associated with the activity of borrowers. The emission factors used come from the EEIO Exobase database, recommended by the PCAF, and are applied by branch of activity on the basis of NOGA codes. Emissions are then attributed to the Bank using the attribution factor principle, in accordance with the methodological recommendations.

Data quality

The future objective is to gradually move towards option 1 or 2 data, in order to increase granularity and improve the databases. The emission factors currently used are average values for each sector. Company-specific emissions data should be collected in the future, at least for large borrowers or companies accounting for a significant proportion of total emissions. The number of companies for which total emissions data is available should increase each year, so that the calculation can be based more on PCAF option 1.

2024 results

- Total emissions from business loans amounted to **171,468 tonnes of CO_2**.
- Emissions per CHF of lending granted amount to **147 t CO_2 / CHF million of lending**.
- Scope 3 emissions account for the largest share of emissions (81%), followed by Scope 1 (16%) and Scope 2 (3%).

BUSINESS LOANS

Absolute figures	Unit	Scope 1 and 2	Scope 3	Total financed emissions
Business loans	t CO_2	32'821	139'145	171 '468

Intensity measurements	Unit	Value (Scope 1-3)
Business loans	t CO_2 / CHF million of lending	147

Metric	2024	2023	Δ previous year
Financed emissions in absolute terms (Scope 1, 2, 3) (t CO_2)	171'468	164'000	+5%
Financed emissions in relative terms (t CO_2 / CHF million)	147	144	+2%

In 2024, the volume of business loans rose by 2%, while financed emissions in absolute terms increased by 5%. Intensity in t CO_2 / Mio. CHF also increased by 2% compared with 2023. As a result, the business loans portfolio has become slightly more CO_2 intensive, which is to be expected given the increase in volume.

Emitting companies

According to the results, fifteen companies represented below emit 50% of total emissions. In addition, one company, active in the aluminium sector, contributes almost 20% of total emissions.

NOGA in 4 figures	NOGA* designation	Financed emissions (Scope 1, 2, 3) in t CO_2	Share as a % of total financed emissions
2442	Aluminium production	33'579	19,58%
3821	Materials recovery	6'826	3,98%
3522	Distribution of gaseous fuels through mains	5'670	3,31%
8610	Hospital activities	4'463	2,60%
3513	Transmission of electricity	4'259	2,48%
5121	Air freight transport	4'255	2,48%
3513	Transmission of electricity	4'176	2,44%
3513	Transmission of electricity	3'835	2,24%
3513	Transmission of electricity	3'579	2,09%
2051	Manufacture of liquid biofuels	3'155	1,84%
7010	Activities of head offices	2'982	1,74%
3513	Transmission of electricity	2'760	1,61%
4939	Other passenger land transport not classified elsewhere	2'566	1,50%
7010	Activities of head offices	2'445	1,43%
3511	Production of electricity from non-renewable sources	2'257	1,32%

** NOGA: General Classification of Economic Activities (Nomenclature Générale des Activités économiques): allows for the classification of business and institution statistical units according to their economic activity and their aggregation in coherent groups. It takes account of the framework conditions provided by the statistical classification of economic activities in the European Community (NACE, rev. 2) and the needs of the various interest groups in Switzerland.*

High-carbon sectors

CO_2-intensive sectors account for 36% of loans granted and 45% of total emissions. The aluminium sector (20%), followed by the energy production sector (10%) are the sectors that emit the most CO_2 in absolute terms.

This is due to the volume of financing allocated. However, on a global scale, the aluminium sector (although aluminium is the most carbon-intensive metal produced, with around 15 tonnes of CO_2 per tonne of metal) only accounts for around 2% to 3% of global greenhouse gas emissions. In relative terms, the intensity of each CHF million of lending is higher for the oil and gas sector (576 t CO_2 CHF million of credit), which can be explained by the carbon-intensive nature of the sector's business model, directly dependent on fossil assets.

In concrete terms, aluminium is extremely energy-intensive (it consumes a huge amount of electricity for electrolysis), but this does not mean that it emits the most in absolute terms.

The energy production sector (electricity and heat) is the world's largest emitter, accounting for around 25% to 30% of global greenhouse gas (GHG) emissions, due to the massive use of coal and gas.

Sector	Share of loan as % of loan portfolio	Scope 1	Scope 2	Scope 3	Total financed emissions in t CO_2e (Scope 1, 2, 3)	Share of financed emissions as a % of total emissions in t CO_2e	t CO_2e / CHF million used
Agriculture (01-03)	1%	1'514	26	1'435	2'975	2%	321
Aluminium (0729, 2442, 2453, 2732)	9%	3'079	1'049	29'451	33'579	20%	336
Cement (2059, 2320, 2351, 2352, 2361, 2363, 2364, 2365, 2369, 4673)	1%	235	24	1'639	1'898	1%	285
Coal (see Oil & gas)							
Iron and steel (0710, 24, 25, 4672, 4752)	0%	67	10	1'977	2'054	1%	380
Oil and gas (NOGA 05-09, 19, 20, 4730, 4671)	1%	1'262	31	3'925	5'218	3%	576
Power generation (NOGA 3511)	20%	6'823	0	10'997	17'820	10%	76
Transport (49, 50, 51, 53)	9%	3'937	92	8'849	12'879	8%	128
Total carbon-intensive sectors	36%	16'917	1'232	58'273	76'423	45%	164

**CO_2-intensive sectors also include private and commercial mortgages, which are included in mortgage transactions.*

Coverage ratio

For the 2024 financial year, CO_2 emissions estimates were calculated for approximately 91% of the corporate loan portfolio based on available data and existing validation processes. The results show a decline in the coverage ratio compared with 2023 (99,9%). This is due to a change in methodology on the part of Swiss Climate: in 2023, certain missing data were supplemented with substitute data from external statistical sources. As these were significantly higher than the observed values, Swiss Climate discarded them. The coverage ratio has therefore fallen, but this improves the representativeness of the results.

Asset class composition

This asset class includes assets under management (listed corporate bonds on the balance sheet and all listed equities on the balance sheet that are traded on a market and are intended for general corporate purposes, all types of corporate bonds for general corporate purposes, ordinary shares, preference shares). For indirect investments (e.g. investments in funds) that include listed equities and bonds, the methodological approach is the same, provided that information on the individual holdings is available.

BCVS products

This category includes **six certificates and seven investment funds that are BCVS products.**

Discretionary mandates

This category includes discretionary mandates (funds and individual securities) for private, corporate and institutional clients.

Green bonds, sovereign debt and financial derivatives (e.g. futures, options, swaps) are not covered by this asset class. The same applies to short and long positions and special cases of underwriting, such as an IPO. The guidelines for these financial products are still being developed and will be published in subsequent editions of the standard on financed emissions.

Assets held for the short term and designated as held for sale do not fall within the scope of application. These assets may include, but are not limited to, trading account assets and debt securities carried at fair value.

Investments in shares in private companies are not covered by this asset class, as they are a form of financing that is not traded on a market. For more information on private equity investments, please refer to the business loans and unlisted equity asset class.

Databases and definition of variables

The data is provided by MSCI and LSEG, which use reported data wherever possible. For the 2024 calculation, the Bank was assisted by Forvis Mazars.

Calculation formula

Financed emissions for a loan or investment in a company are calculated by multiplying the attribution factor by the emissions of the borrower or participating company concerned. The total financed emissions of a portfolio of listed equities and corporate bonds are calculated as follows, using the PCAF11 "Listed equity and corporate bonds" method:

$$Financed\ emissions = \sum_{c} Attribution\ factor_c \times Company\ emissions_c$$

$$Attribution\ factor_c = \sum_{c} \frac{Outstanding_c}{Own\ funds_c + Third\text{-}party\ funds_c} \times Company\ emissions_c$$

where c = Company owned

Data quality

PCAF has a specific way of analysing the quality of data relating to the shares and bonds of listed companies. PCAF distinguishes between three options:

Option 1	Option 2	Option 3
Company emissions based on the reported emissions of the company concerned. Either directly through the sustainability report, or indirectly through verified third-party data providers.	Emissions based on the physical activities of the borrower concerned, for example via the megawatt-hours of natural gas consumed.	Emissions linked to economic activity, using the average emissions of the borrower's sector.

2024 results

INVESTMENT PORTFOLIO KEY FIGURES – DISCRETIONARY MANDATES

Scope	Emissions (TCO_2e)	BCVS TCO_2e emissions per CHF 1'000'000
Scope 1	51'465.76	34.16
Total Scope 1	51'465.76	34.16
Scope 2	8'371.13	5.56
Total Scope 2	8'371.13	5.56
Scope 3	345'063.99	229.01
Total Scope 3	345'063.99	229.01
Scope 1	59'836.89	39.71
Total Scope 1 + 2	59'836.89	39.71
Scope 1 + 2 + 3	404'900.88	268.72
All emissions (Scope 1 + Scope 2 + Scope 3)	**404'900.88**	**268.72**

Other calculations	Unit
WACI*	75.54
Data coverage	96%

** WACI (Weighted average carbon intensity) of the portfolio includes only Scope 1 and 2 emissions. It is used to measure the weighted average carbon intensity of the portfolio.*

INVESTMENT PORTFOLIO KEY FIGURES – BCVS PRODUCTS

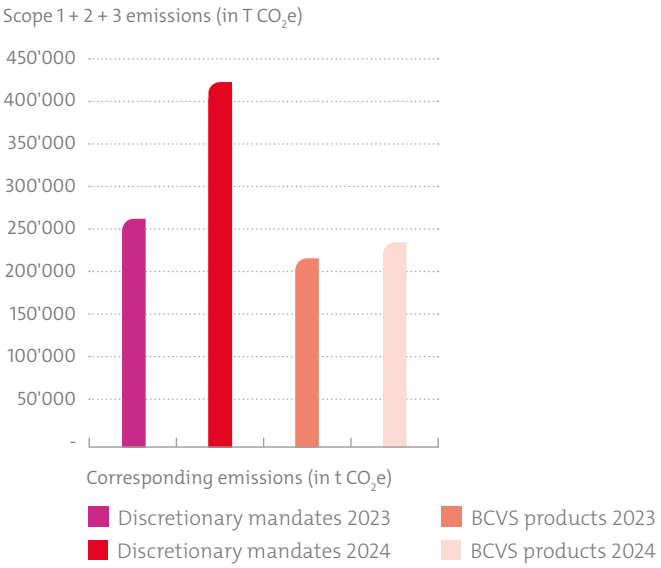
Scope	Emissions (TCO_2e)	BCVS TCO_2e emissions per CHF 1'000'000
Scope 1	28'515.46	27.20
Total Scope 1	28'515.46	
Scope 2	5'421.27	5.17
Total Scope 2	5'421.27	
Scope 3	200'223.24	190.98
Total Scope 3	200'223.24	
Financed emissions (Scope 1 + Scope 2)	**33'936.73**	**32.37**
All emissions (Scope 1 + Scope 2 + Scope 3)	234'159.97	223.36

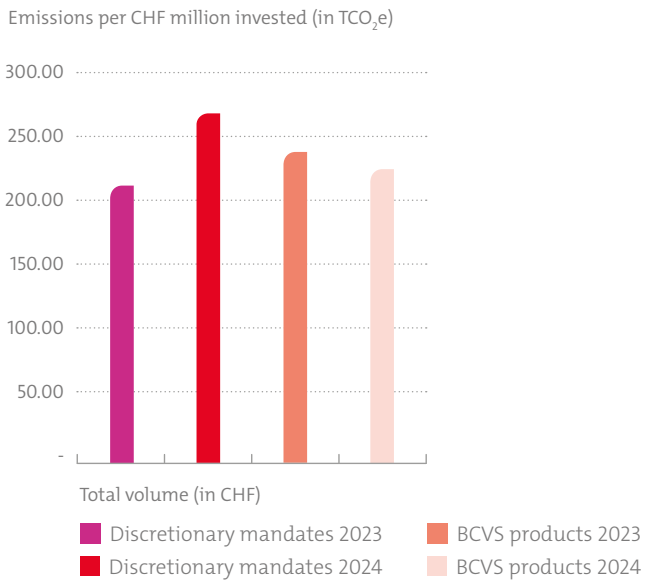
Other calculations	Unit
WACI*	75.88
Data coverage	100%

** WACI (Weighted average carbon intensity) of the portfolio includes only Scope 1 and 2 emissions. It is used to measure the weighted average carbon intensity of the portfolio.*

COMPARISON OF 2024 TRENDS WITH 2023 RESULTS

The volume invested increased, leading to a rise in total financed emissions. The improvement in Scope 3 data in the MSCI database also helped to increase the proportion of financed emissions in relation to the amount invested in 2024.





INTERPRETATION OF RESULTS
The increase in emissions is due to the increased availability of data (see information on the coverage ratio) and the increase in the volume of the portfolio.

The WACI has changed little compared with the portfolio: the intensity of Scope 1 and 2 emissions has remained stable overall, or even fallen slightly, despite the increase in the value of investments and the rise in total emissions.

The increase in total emissions could be influenced mainly by Scope 3 emissions.

Coverage ratio

Overall coverage ratios are satisfactory and rising, with a rate of 96% for discretionary mandates in 2024 compared with 76% in 2023, and a rate of 100% for BCVS products in 2024 compared with 90% in 2023.

Transition plan

The climate transition plan is a direct extension of the Bank's climate roadmap. The approach adopted is based on a gradual, structured development in several stages, from measuring and defining the reference framework to setting objectives and then implementing concrete measures that will be monitored over time.

2025 was a key stage in structuring the transition plan. With the support of Forvis Mazars at this stage, the Bank has established the baselines and strategic orientations needed to draw up a plan that is consistent with its size, resources and the nature of its activities.

The work carried out in 2025 enabled it to:

- define the scope of the analysis and the reference years, in line with recognised standards (Scope 1, 2 and 3, including financed emissions);
- clarify the different types of targets that can be used, distinguishing between absolute targets aligned with the Paris Agreement and Science-Based Targets (SBTi), sectoral targets based on the Sectoral Decarbonization Approach (SDA) and relative targets based on the carbon intensity of portfolios;
- evaluate possible trajectories, including sectoral objectives, and draw up initial proposals for certain key sectors, to serve as a working basis for the validation phase.

The Bank also carried out benchmarking of market practices, in particular with Swiss banks, in order to position itself in relation to the announced trajectories (Net Zero 2050, intermediate milestones, scope covered). In this way, it has been able to identify trends and the main levers for action in its activities.

At the end of this phase, the Bank also identified monitoring metrics, which will eventually enable progress to be steered in a structured, comparable and traceable way over time.

2026 will therefore mark the transition from the structuring phase to the operational translation phase, aimed at transforming these proposals into concrete objectives that will be validated as part of the climate roadmap.

Metrics and targets

The Bank publishes its climate objectives in its CSR and Sustainability Report under the priority area Environment. At this stage, these objectives mainly concern the reduction of greenhouse gas emissions linked to its own operations (Scope 1 and 2, and partially Scope 3), as well as the reduction of energy consumption, with an annual reduction target.

At the same time, since 2024 the Bank has been engaged in a broader process of reflection aimed at structuring a coherent system of climate metrics, linked to the identification of ESG risks and opportunities and to the work carried out as part of the transition plan.

Existing metrics and operational monitoring
As part of the analysis of CSR risks and opportunities carried out in 2024, an initial set of monitoring metrics was defined and implemented. These metrics include:

- energy savings from optimisation measures (renovations, optimisation of electricity consumption) in kilowatt hours;
- certain products with an environmental component, such as energy-efficient mortgages (e.g. EcoHome), monitored using volume or relative share metrics;
- training metrics, designed to monitor efforts to raise employee awareness of ESG issues.

These metrics continue to be monitored and used for CSR management purposes. However, they have been defined from an ESG perspective and do not yet constitute a system specifically calibrated to manage the climate transition plan. In particular, certain metrics – especially those relating to training – cover broader dimensions than just the climate issue and are subject to evolving monitoring methods.

Proposed metrics as part of the transition plan
The work carried out in 2025 as part of the transition plan has made it possible to draw up a structured proposal for monitoring metrics, covering all the levers identified and forming part of a more comprehensive climate management approach.

The proposed metrics include:

- clean operations, by monitoring greenhouse gas emissions and associated intensities;
- financial portfolios, via carbon intensity metrics and alignment with reference climate trajectories;
- property financed, including metrics of energy performance and dependence on fossil fuels;
- business customers, through metrics of commitment, dialogue and the gradual integration of climate criteria into financing;
- sustainable products and financing, measured in particular by volumes and relative shares in portfolios;
- awareness-raising and reporting, linked to the development of team skills and the quality of published information.

At this stage, these metrics constitute an advanced working basis, intended to structure the future steering system for the transition plan. They have not yet all been validated or integrated into operational processes, and will be further refined to ensure their relevance, feasibility and consistency with existing monitoring systems.

Gradual integration and 2026 outlook
2026 will mark a key stage in the consolidation and integration of climate metrics, in conjunction with the finalisation of the climate roadmap and the validation of transition targets.

To this end, the Bank plans to:

- clarify the scope and use of metrics specifically dedicated to climate management;
- prioritise key metrics to ensure effective monitoring in proportion to its size and resources;
- gradually link existing metrics with those of the transition plan, to ensure continuity and consistency.

This gradual approach is designed to ensure a robust, credible and operational set of metrics capable of supporting the implementation of the transition plan over time.

Imprint

PUBLICATION AND EDITORIAL MANAGER
Géraldine Varone, BCVS

COMMUNICATION AND MARKETING COORDINATION
Virginie Pastore-Mayor, BCVS

COMPOSITION
Sasha Ricciardi, BCVS

ENGLISH TRANSLATION
SwissGlobal Language Services AG

PHOTOGRAPHY
BCVS

March 2026

Banque Cantonale du Valais
Place des Cèdres 8, 1950 Sion

bcvs.ch