Habib Bank AG Zurich

(Incorporated in Switzerland 1967)

Habib Bank AG Zurich

ESG Report 2024

Purely for ease of reading, the masculine form used in this document is intended to refer to both genders.

This consolidated regulatory disclosure report is published in English only.

Due to rounding, the numbers presented in this report may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

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Introduction

Message from the Group CEO

Mohamedali R. Habib
Group CEO

Sustainability is becoming an increasingly vital driver of success for our business, our clients, our employees, and the communities we serve. We are now engaged on a path toward greater transparency, exploring new ways of identifying and understanding the risks associated with the environmental, social, and governance (ESG) impacts of our activities, and seizing emerging opportunities.

In 2024, we published our first ever ESG Report for 2023, and set new standards for our Group-wide reporting on key ESG aspects. Building on commitments made in that report, our newly-established Group ESG Committee brought together 39 ESG plans detailing our action for 2024 and beyond. We took important steps on a long journey by defining targets and implementation plans for the coming years. Specifically, we defined clear goals for reducing our carbon footprint, and for allocating contributions toward health and education initiatives in our communities. We also conducted our first Group-wide employee survey with the aim of identifying areas where we can improve as an employer.

Moreover, we now provide transparency in line with the recommendations issued by the Taskforce on Climate-Related Financial Disclosures (TCFD). This includes assessments of climate-related risks and their impact on our organization as well as on our stakeholders and the communities we serve.

The insights gained during the process of assessments, research and consolidation of our sustainability-related activities in 2024 will help us stay the course. This said, we look forward to further evolving our ESG ambitions and strategies, along with our employees and stakeholders in the years ahead.

History, purpose, and vision

Some banks are built on transactions. Ours is built on generations.

Our purpose, vision, and values are firmly rooted in the Habib family's banking history, which dates back to the establishment of their first bank by Mahomedali Habib in 1941.That legacy flourished, passing from father to son, growing stronger with each generation. In 1967, Mahomedali's son Hyder, carried this vision forward by establishing Habib Bank AG Zurich in Switzerland. Today, the Bank remains privately owned by the founder's descendants, a rarity in modern finance and a testament to the enduring strength of our values.

Nearly sixty years later, the spirit of Mahomedali's vision still defines our Group.It is embraced also by our current Group leadership, among whom Muhammad H. Habib is President and Mohamedali R. Habib serves as Group CEO, both being members of General Management. Other members of the family are actively involved at various levels of the Bank's operation and management, under the Group's organic succession plan.

With a head office and an operation in Zurich, we have branch operations in Kenya and the United Arab Emirates (UAE), and subsidiaries in Canada, Hong Kong SAR, Pakistan, South Africa, and the United Kingdom (UK). Our operations are supported by our own service companies. As of 31 December 2024, we employed a total of 7,904 people in 587 offices worldwide.

Our business model reflects our resolve to be a trusted partner for businesses and individuals globally

Numbers and geography tell only part of the story. We offer not merely financial services – we offer continuity, stability, and a partnership that stands the test of time. The heart lies in the relationships we build.

Our primary client base and target market are family-operated small and medium-sized enterprises (SME), the families who own them, and corporate organizations in selected industries. Many of these clients are part of the South Asian diaspora. Clients in this segment have one key objective in common – to secure the continuity and growth of their family ventures across generations. We see it as our business to accompany and assist them on this journey.

We place a strong emphasis on offering our clients personalized service, with the clear vision of being the most respected financial institution based on trust, service, and commitment.

Our business model is strategically designed to deliver value across diverse markets through a multi-faceted approach. Our international operations span key presence countries where we strategically concentrate on two core business pillars:

- **financing SMEs, family-owned businesses, and selected corporate clients:** we foster economic growth by providing tailored financial solutions for our clients
- **local franchise / private clients:** through local franchises, we establish a strong presence by catering to the unique needs of private clients, offering personalized services to build lasting relationships within the communities we serve.

Within these pillars, our key business lines include:

- **trade finance:** we facilitate international trade through our trade finance services and support worldwide transactions for our clients with enhanced risk sharing and risk mitigation through multilateral agencies
- **Islamic banking:** we offer a range of Islamic banking products to meet the diverse needs of our clients for ethical and Sharia-compliant financial practices
- **wealth management:** operating in Switzerland and the UAE / Dubai International Financial Centre (DIFC), our wealth management services include comprehensive financial solutions designed to preserve and optimize the wealth of our clients.

Our business model and strategy reflect our core values, which guide us in everything we do.

Our values	Description
Trust	Trust is at the heart of everything we do. We prioritize transparency and reliability in our interactions with clients and colleagues, ensuring trust remains the cornerstone of our relationships.
Integrity	Upholding high ethical standards is non-negotiable for us. With honesty and integrity as guiding principles, we always gear our actions and decisions toward protecting the best interests of our clients and the organization.
Respect	We believe in treating everyone with dignity and respect, fostering a culture of inclusivity and understanding. We encourage collaboration and creativity by valuing diverse perspectives and creating a respectful environment.
Responsibility	We take responsibility for the impact of our actions on all stakeholders, from clients to the broader community. By applying responsible business practices, we strive to make a positive difference in the lives of those we serve and the world around us.
Commitment	We are dedicated to excellence and delivering consistent and exceptional service. Our key priority is to meet our clients' needs and exceed their expectations every time.
Teamwork	Collaboration is the key to our success. We promote a strong sense of teamwork, where each individual's unique strengths and expertise contribute to collective achievements, enabling us to overcome challenges together.

Philanthropy

Philanthropy is not just about giving – it is about making a real lasting difference. To us, it is more than a promise, it is part of who we are. With a long tradition of supporting the welfare of others, we have been championing social change long before it became a general object of corporate awareness. Because when generosity meets purpose, the impact speaks for itself.

We believe in a responsibility that extends beyond business – a duty to strengthen the communities we serve.

We allocate up to 1% of our Group profit before taxes to CSR initiatives

Our focus is clear: health, culture, community welfare, humanitarian causes, and disaster relief. In 2024, we reaffirmed this by pledging up to 1% of our annual Group profit before taxes to sustain these vital initiatives. Our conviction is that progress must be inclusive, and that shared work will double through collective effort. The philanthropic projects we backed in 2024 included:

Health

Country	Recipient	Description
Canada	Scarborough Health Network Foundation	Donation to support healthcare programs and community initiatives
Hong Kong SAR	City University of Hong Kong	Sponsorship of academic tuition fees for students to volunteer in underdeveloped countries
Kenya	Beth Mugo Cancer Foundation	Donation
	Faraja Cancer Support Trust – Be Bold Go Gold Race	Charity walk / run for childhood cancer foundation
	Cerebral Palsy Foundation	Donation
	Kenya Association of Opticians – vision screening of primary school children	Donation for vision screening of primary school children
	Algadhir Medical Centre	Donation for medical centres
	Safal MRM Foundation	Donation to support access to health care and education
	Healing Little Hearts	Donation to support cardiac operations for children
Pakistan	Alleviate Addiction Suffering Trust (AAS Trust)	Support for addiction rehabilitation
	Anjuman Behbood-e-Samat-e-Atfal	Support for underprivileged deaf persons
	Bait-ul-Sukoon Cancer Hospital & Hospice	Support for underprivileged cancer patients
	Childlife Foundation	Support for children in emergency wards
	Shaukat Khanum Memorial Trust	Financial support for and gift distribution to cancer patients
	The Kidney Centre Post-Graduate Training institute	Donation for underpriviliged patients
	Zehra Homes	Donation and Eid gift distribution
	Healthcare and Social Welfare Association	Donation to provide artificial hands / limbs for underpriviliged patients
	Memon Health & Education Foundation	Donation for enhancement of hospital premises for a surgical wing
	SIUT Trust	Donation for healthcare equipment related to heart surgery for children
	Women's Empowerment Group (Pink Ribbon)	Donation for the construction of Pakistan's first dedicated breast cancer hospital
	The Indus Hospital & Health Network	Donation and fundraising for the construction of the Family Medicine Building
	Patients' Aid Foundation	Support for underprivileged patients and to improve medical healthcare facilities and systems
	Lady Dufferin Hospital	Donation for underpriviliged patients
	The Health Foundation	Donation for underpriviliged patients
	The Patients' Behbud Society for AKUH	Donation for underpriviliged child patients
	Karwan-e-Hayat (Institute for Mental Health)	Donation for an institute for underprivileged psychiatric patients
	Al-Umeed Rehabilitation Association	Donation for underpriviliged patients
South Africa	The Garden Social Services	Donation of Braille equipment and software to a charity that provides housing, catering, and educational facilities for the blind community in Laudium
United Kingdom	Moorfields Eye Hospital	Charity walk fundraising for eye hospital
	Bowel Cancer Research	Fundraising for bowel cancer research
United Arab Emirates	Care packages for women	Care packages of health and sanitary items for underprivileged women

Education

Country	Recipient	Description
Canada	Anjuman Sadat-e-Amroha Canada	Support for a charitable organization that helps provide education for underprivileged families
Hong Kong SAR	City University of Hong Kong	Scholarships for City University of Hong Kong students and sponsorship of part of their academic fees and volunteering in underdeveloped countries
	The Boys Brigade, Hong Kong (Anchor Run)	Charity runs and walks to raise awareness for the developmental needs of children and teenagers
Kenya	Masomo Foundation	Donation to a foundation engaged in the education of underprivileged children
	Daraja Academy	Donation to a boarding school for underprivileged girls
	Nasserpuria Memon Jamat	Donation to a foundation to support a school project
	Khadija Centre	Donation to a foundation supporting schools for underprivileged children
	CHEPs	Donation to an NGO to support access to education and health
Pakistan	Idara-e-Taleem-o-Aagahi Public Trust	Donation of a mobile library for underprivileged children
	Institute of Business Administration	Sponsorship to support an undergraduate student for four years
	Khoja (Pirhai) Shia Isna Asheri Jamat (KPSIAJ)	Donation for the renovation of a school
	The Citizens Foundation	Educational support for underprivileged students and donation for school construction in Hyderabad
	Family Educational Services Foundation	Donation and fundraising event for a class of 15 students and for underprivileged deaf students
	Habib University Foundation	Donation
	The Hunar Foundation	Donation to support for vocational training for women
	Orange Tree Foundation	Donation for education support
South Africa	Women's Cultural Group	Financial support for female students for higher education
	Isipingo Secondary School and Simla Primary School	Donation of computer labs to schools in disadvantaged areas of Durban
United Kingdom	Habib University Trust UK	Fundraising event for Habib University Trust UK

Donation to the Centres for Health & Education Programmes (CHEPs), Kenya

Community welfare

Country	Recipient	Description
Canada	Food Banks Mississauga	Sponsorship and volunteering to help provide for families in the community experiencing food insecurity
Hong Kong SAR	Run Hong Kong	Charity run to support refugees and asylum seekers
	Hands On HK Ltd	Sponsorship and volunteering for community services and recycling programs
	The Hong Kong Council of Social Service	Participation in the Caring Company Patron's Club for CSR-related and community engagement activities
	Green Power Ltd, Hong Kong	Sponsorship of events to promote environmental awareness and commitment
Kenya	Visa Oshwal Community	Donation to provide food to the underprivileged
	Sukuma Twende Trust	Donation to a charitable trust for tree planting
	Wema Centre	Donation to an NGO to support street-connected children
	Pwani One Community Development	Donation to a charitable organization to support education, poverty relief, healthcare, and environmental sustainanbility
Pakistan	Safaid Posh Dastarkhwan	Support for meal distribution for the underprivileged
	Al-Sayyeda Benevolent Trust	Support for the underpriviliged
	Mohamedali Habib Welfare Trust	Support for the underprivileged
South Africa	Sultan Bahu Centre	Donation for the "SBC Water is Life Borehole" project – the drilling of a borehole in the Soweto community to provide sustainable access to clean drinking water for the community
United Arab Emirates	Ramadan drive	Distribution of food parcels, care packs, and Iftaar meals for the underprivileged

Daraja Academy charity run, Kenya

Humanitarian causes

Country	Recipient	Description
Canada	International Development & Relief Foundation (IDRF)	Sponsorship of a foundation that supports people affected by wars, natural disasters, poverty, injustice, illiteracy, and preventable diseases
Hong Kong SAR	Islamic Community Fund of Hong Kong	Support for iftar arrangement at Kowloon mosque during Ramadan
Kenya	Star of Hope Foundation	Donation to support orphans and the underprivileged
	UNHCR Ramadan Campaign	Donation to support refugee education in Kenya
	World Red Cross Day	Fundraising for the International Red Cross
	Family Care Missions	Donation to a foundation that sponsors schooling medical needs for children and orphans, and food for vulnerable people living with HIV / AIDS, and for single parents and teenage-led households
	Rotary Club solar lamp project	Support to provide solar lamps and electricity to homes and schools in rural underprivileged communities
	Little Sisters of the Poor	Donation to a religious congregation dedicated to serving the elderly poor
Pakistan	Abbas-e-Alamdar Hostel (Ghulaman-e-Abbas School)	Donation to a charitable trust for iftar and Eid gift distribution for underprivileged chidren
	Abdul Sattar Edhi Foundation	Donation to a foundation for the underprivileged
	Dawat-e-Islami Trust	Donation to a charitable trust for the underprivileged
	Saylani Welfare International	Support for an NGO for iftar, meat distribution, and Hajj drives
	The Layton Rahmatulla Benevolent Trust	Support for the underprivileged blind community
	World Wildlife Fund	Donation and employee engagement in tree planting and beach cleaning activities
	NJ Welfare Trust	Donation of sewing machines for women in Sindh and Karachi
	Pakistan Blind Cricket Council	Support for cricket for the blind
	Ida Rieu Welfare Association	Employee initiative of goodie items for blind children
	Panah Trust	Donation for a charitable trust to provide shelter and support to women victims of domestic violence
South Africa	Khanqa e Ziaee Foundation	Donation of 20 large cooking pots for a foundation that provides freshly cooked meals to orphanages and impoverished members of the Lenasia community
Switzerland	Zurich Nomads	Sponsorship of a cricket team whose members consist of asylum seekers

Future focus

Our goal is to drive improvement and track progress, which is part of our approach to ESG management. We strive to enhance the quality of our internal data, ensuring transparency and accountability in our annual reporting. In this regard, the direction we take in achieving our ambitions will be guided by the sustainability data we collect, analyze, and report.

During the preparation of our ESG Report 2023, we assessed our ESG impact and activities. As an initial step, in 2023, we introduced standardized Group-wide reporting on energy consumption, GHG emissions, business travel, and water consumption. We also enhanced our existing Group-wide collection of employee-related data and set up a Group ESG Committee. Based on the outcome of our 2023 assessment, in 2024, we defined our ambitions and specific targets, strategies, and measures for the future.

Ambitions

Based on the impact of our business operations, we have identified the following areas as priorities:

- continuously improve environmental performance and take action to address climate change and transition to a low-carbon future
- integrate ESG considerations into our business model in order to develop sustainable finance goals for reducing our carbon footprint in the balance sheet
- give preference to renewable energy procurement in our operations
- reduce waste in order to minimize impact on the environment and protect human health
- drive initiatives for our employees and business to reach their full potential together
- raise awareness and action plans to offer our employees a healthy and inclusive work environment
- embed respect for human rights in all supplier relationships
- continue to uphold good governance and ethical conduct
- continually improve operational resilience and continuity
- embrace digital transformation and foster a culture of innovation

We recognize that there is more to do and we aim to phase in additional ambitions over time.

Targets

Given the diverse scale and scope of our business, achieving some of our sustainability targets may take longer than others. Notably, decarbonization of the global economy, GHG emissions reductions, and the realization of respective targets and ambitions, all depend on a variety of factors, some of which are beyond our direct influence. In 2024, we defined the following targets:

- reduce GHG emissions (Scopes 1 and 2) by 35% by 2030, with 2024 as the base year
- donate up to 1% of Group profit before taxes to CSR initiatives each year
- reduce GHG emissions intensity (GHG emissions coverage: Scopes 1 and 2) per CHF million in our financial investments portfolio (Scope 3 – investments) by 25% by 2030, with 2024 as the base year
- appoint at least one female member to or ensure 20% female representation on all Boards of Directors by 2030
- make 80% of all transactions digital by 2030

Plans

In 2024, we identified 39 separate plans for how we want to achieve steady progress toward realizing our ambitions. These plans span the areas of environmental sustainability, social responsibility, governance, and the climate-related financial disclosure.

Materiality assessment

Topics

ESG materiality is the process of identifying and assessing potential ESG topics that impact our stakeholders and us. We have taken a multidimensional approach to determining the material topics in order to cover the interests of our key stakeholders.

We have identified the following topics as being material:

Material topic	Description	Page(s)
Governance, compliance, and ethics	why robust corporate governance and a clear governance structure are essential for the long-term success of our organization	15–20
Anti-corruption	how we contribute to the fight against corruption, money laundering, and terrorist financing	20–22
Client privacy	how we protect personal data, maintain confidentiality and safeguard privacy, and the mechanism in place to sanction non-compliance with respective laws and regulations	22–25
Digitalization and innovation	what we do to provide offerings across our digital channels, optimize the efficiency of our core banking solutions, and enhance the safety and overall user experience of our digital banking services	25–26
Operational resilience and continuity	how we identify and manage disruption risks that could impact our business and how we make sure our critical operations remain resilient and function reliably under such stress conditions	26–27
Procurement practices and supplier environment	how we monitor and manage environmental responsibility, human rights, labor practices, child labor, ethics, and corruption risks within our organization's supply chain	27–29
Products, services, and financial investments	how we embed ESG considerations in the characteristics of our products / services and in our financial investments to limit risk exposures and to make positive contributions	31–33
Talent management, compensation, and performance management	how we engage and motivate employees, attract new talent, train, and upgrade their skills, and what we do to ensure that our compensation and performance management approach is fair, consistent, and competitive	35–36
Diversity, equal opportunity, and inclusion	what we do to promote a culture of equity and fairness, prevent discrimination, and embrace every individual irrespective of their personal characteristics, such as gender or ethnic origin	36–37
Climate change and decarbonization	how we can minimize our environmental impact and counteract the effects that our business operations have on the environment	37–39

Assessment

We have identified the topics that are relevant for the non-financial reporting requirements set forth in the Swiss Code of Obligations (CO) and the Global Reporting Initiative (GRI) Standards and Sustainability Accounting Standards Board Standards. Then, we analyzed topics that are generally relevant for financial institutions similar to our organization and identified additional topics based on our core values, as well as our strategic plan, business model, and stakeholders. As a final step, we categorized and grouped all the potential topics.

This list of potential topics was evaluated against two criteria: relevance of our business activities' impacts on sustainable development – i.e., impact materiality – and on the long-term success of our organization – i.e., financial materiality. This double materiality was the basis for our ESG Report. The evaluation process involved Group support functions and all Country Managers of branches, CEOs of subsidiaries, and General Management, along with representatives of our shareholders and the Habib family.

The outcome was a list of 10 material topics in these areas:
- governance and business practices
- products, services, and financial investments
- people and planet.

The material topics were previously reviewed and approved by our Board of Directors (Board) in 2023.

In 2024, the 10 material topics were reviewed and evaluated by the Group ESG Committee and the same stakeholders and against the same criteria as in the prior year. They were subsequently re-approved by our Board.

Stakeholder engagement

We sought to define the key stakeholder groups who are either contributing to the success of our organization and / or are influenced by it. In a next step, we assessed their relevance to our business and the nature of our engagement with them.

Stakeholder group	Example of engagement
Clients	clients are served by dedicated relationship managers. They have regular personal access to our client relationship officers and key account managers. We have a comprehensive client complaint process to help us maintain good relationships and manage any errors appropriately to avoid any detrimental impact on clients. In 2024, our operations in Pakistan, Kenya, and the United Kingdom conducted client surveys which will be reiterated annually
Shareholders	representatives of our shareholders and executive management exchange views regularly. Such dialogs are welcome avenues for sharing thoughts and experiences, and to agree on planned actions. When necessary, external experts or consultants may be invited to join these discussions
Employees	employees receive regular updates on business developments and changes through several channels, including (digital) events such as town halls, e-mail announcements, newsletters, and intranet. In 2024, we conducted a Group-wide survey to strengthen employee engagement
Regulators	we engage regularly with our regulators in the course of business, to provide updates and to meet our notification and reporting obligations to the regulatory bodies in our jurisdictions
Internal and external audit	the Board Audit Committee works closely with our internal and external auditors to ensure the adequacy and effectiveness of our internal control system. The Chairman of the Board Audit Committee and the lead partner of the external auditor convene at least once a year. The external auditor has direct access to the Board Audit Committee at all times

Governance and business practices

Governance, compliance, and ethics

We understand that good governance protects the interests of all our stakeholders. Good governance and ethical conduct are enshrined in our code of conduct and necessitate compliance with applicable laws and regulations and transparent relationships with supervisory authorities.

Board of Directors

Good corporate governance, facilitated by an effective Board, is essential in order to provide shareholder value and protection of shareholder rights. It provides clear objectives, strategies, and a sense of purpose for our employees. Moreover, it promotes fair treatment of employees and creates a positive working environment, thereby enhancing work satisfaction and loyalty. Transparency builds trust among clients and enhances our reputation, cultivates stable relationships with suppliers, and promotes fair and ethical business practices. An effective Board considers the impact of decisions on communities and strives to meet our social responsibilities, such as environmental sustainability, philanthropy, and community development. Adherence to good governance principles entails complying with legal and regulatory requirements, which reduces the risk of litigation and fines. Furthermore, they help build community trust in the organization and maintain good relations with public agencies.

Good governance protects the interests of all stakeholders

Poor governance and unethical Board conduct present significant risks. Reputational damage is a critical concern, as a lack of ethical practices erodes trust among clients, investors, and the broader community. Regulatory scrutiny and penalties may follow, exposing our organization to legal action and financial losses. Shareholder value is at risk due to the potential for financial mismanagement and fraud associated with weak governance structures. The impact extends to employees, making disengagement and talent drain likely, and stifling competitiveness and adaptability. Addressing these governance challenges is imperative to safeguard our reputation, regulatory compliance, and overall stakeholder trust.

Our Board consists of five Directors who oversee operations, protect the interests of stakeholders, approve our goals, strategies, and policies, monitor the performance of business units, and provide guidance to General Management. An overview of all members and their profiles is provided in our Annual Report 2024.

The composition is reviewed every three years. The requirements for the selection, nomination, and re-election of Directors are stipulated in our internal policy. Any candidate for nomination or election as a Director must be acknowledged by FINMA. All five members are non-executive Directors of which none has an employment contract or significant business connection with our organization or any of its subsidiaries or affiliated legal entities. Our Articles of Association require at least one-third of the members to be independent. In 2024, our Board fulfilled the standards of independence defined by FINMA.

Our Board is competent in the areas of strategic planning, corporate governance, finance, audit, accounting, risk management, ESG-related matters, compliance, and information technology. Directors take training to keep their knowledge and qualifications commensurate with the needs of our organization. The members engage regularly with subject matter experts and senior management on specialist topics. They also seek advice from independent external professionals when required.

Directors and members of General Management report to the Board any external engagements they may hold, so the Board is satisfied that such engagements do not conflict with their duties, or determine appropriate measures to minimize the respective risks. Details of transactions in which a Director or other related parties might have an interest are subject to the Board's prior approval. A Director who is an interested party is barred from participating in discussions or voting on such matters.

The remuneration for Directors is approved at the General Meeting of Shareholders and is structured in a manner to avoid incentivizing unethical behavior. Directors are not eligible for any additional allowances, salaries, fees, bonuses, long-term or other incentive schemes and are not entitled to any pension benefits above and beyond the customary pension schemes.

The Board oversees and approves the remuneration of General Management.

In 2024, the Board had two permanent committees:
- Risk & Control Committee
- Audit Committee.

Membership in these committees is based on qualification suitability, so each committee has an adequate combination of skills, experience, and knowledge to be able to discharge its duties effectively. The Board regularly receives detailed information regarding the activities of its committees and about business developments. The composition of these committees is reviewed simultaneously with the composition of the Board. The Board and its committees met 12 times in 2024.

The Board and its committees complete formal annual self-assessment questionnaires with a view to constructively identifying achievements and areas of improvement. Board committees are evaluated on the effectiveness in discharging their responsibilities, diligence, and responsiveness. Effectiveness is assessed by evaluating performance against the duties and responsibilities stipulated in the Articles of Association, organizational regulations, Board responsibility charter, and against special focus points for the year ahead. The evaluation is based on a self-assessment questionnaire that is approved by the Board.

ESG governance

Effective governance is the foundation of our climate risk management and sustainability strategy. We recognize that robust governance structures are essential for integrating climate-related risks and opportunities into our global business model. Without strong ESG governance, we would face a range of adverse consequences, including higher risks related to sustainability issues, loss of reputation which might lead to erosion of client loyalty, legal and financial penalties, and diminished ability to meet evolving ESG expectations.

By embedding climate considerations into our long-term strategy, decision-making, and risk management, we enhance our financial resilience and we reinforce our dedication to maintain sustainable growth, stakeholder trust, and regulatory compliance. The following table highlights the Board's key duties and responsibilities, as well as other functions that support General Management in managing and monitoring our climate risk and implementing our sustainability strategy.

Board of Directors

Has ultimate responsibility for the strategy and the success of our organization and for delivering sustainable shareholder value.
Oversees overall direction, supervision, and control of our organization and its management and supervises regulatory and legal compliance.
Approves and monitors ESG strategy and approves and submits our ESG Report to the General Meeting of Shareholders.

Risk & Control Committee (RCC)

Supports the Board in fulfilling its duty through the respective responsibilities and authorities pertaining to ESG matters.
Oversees risk management in the context of ESG.

Audit Committee (AC)

Supports the Board in fulfilling its duty through the respective responsibilities and authorities pertaining to ESG matters.
Oversees the control framework underpinning ESG metrics and reviews ESG disclosures.

General Management

Develops the Group strategy and supports the Board in fulfilling its oversight duties with respect to ESG strategy, ambitions, and effectiveness, and is responsible for day-to-day operational management in the context of ESG.
Manages our full risk profile and is responsible overall for establishing and implementing Group-wide risk management and control.
Reviews progress against strategy and the associated targets at least once per year.

Group ESG Committee

Defines our sustainability and impact strategy and develops objectives in agreement with General Management.
Supervises and supports all ESG-related matters such as strategy, risk assessments, and disclosures.
Assesses the sustainability of our business and oversees the preparation of the ESG Report.

Group Chief Risk Officer

Oversees ESG risk drivers across all risk classes.

Group Financial Control

Compiles data and reports on metrics that help assess ESG performance.
Supports ESG disclosure.

Group Governance & Communication

Compiles the Group ESG Report.

Branch Country Managers, Subsidiary CEOs, and Group Support Functions

Drive and execute the sustainability strategy.
Provide information necessary for the Group ESG Report.

Group Sustainability Officer

Main point of contact at Group level for all technical matters related to ESG.

ESG Champions

Main point of contact at local entity level for all technical questions relating to GRI Standards.
Help identify and review material topics and monitor progress on ESG objectives.
Monitor ESG-related external developments relevant for their jurisdiction and oversee the local collection of ESG-related data.

We initially established a Group ESG governance structure in 2023. In 2024, our Group ESG Committee met eight times. In particular, the Group ESG Committee identified ESG plans – most of them based on commitments we made in our ESG Report 2023 – and put into place detailed action plans to be implemented in 2024 and the following years. These plans have been approved by the Board. Moreover, each of the plans is supported by an owner at Group level who sees to its implementation at Group or entity level, monitors the progress against targets, and reports to the Group ESG Committee. ESG Champions were designated at the local level with adequate expertise in ESG reporting and GRI Standards. A new internal policy governing ESG reporting was published in 2024 in order to standardize Group-wide ESG reporting on energy consumption, greenhouse gas (GHG) emissions, water consumption, and employee data.

Our Group's ESG strategy, including the climate strategy, is defined by the Board. Its responsibility charter envisages that all relevant ESG matters be part of the Board meeting agenda and monitoring. The Board follows up on the progress against the defined ESG objectives annually.

The Board delegates implementation of the business strategy, the ESG strategy, and the climate risk management framework to the General Management, which reports back to the Board at least once a year. The General Management oversees its implementation in accordance with guidance received from the Board and formally submits key ESG decisions to the Board for review and approval.

The ESG objectives, which are non-financial by nature, are derived from the materiality assessment and may typically, although not exclusively, cover climate-related objectives.

ESG topics are generally presented to the Board during the September meeting, unless circumstances require differently. Any key sustainability and climate-related elements with a strategic component are submitted to the Board, reviewed, and finally approved by this body.

Additionally, every year in April, the Board approves the ESG Report within the scope of our overall annual reporting process before it is submitted to the General Meeting of Shareholders for approval and published on our Group website along with the financial disclosures.

The Board is supported by its RCC and AC, which assume the tasks and responsibilities specified in the table above.

The General Management assumes the duties and responsibilities as presented in the table above and delegates tasks and competencies to the Group ESG Committee where the majority of General Management are members in order to form a quorum. Other functions within the Group are allocated specific duties and responsibilities as outlined in an internal policy, and support the General Management and the Group ESG Committee in fulfilling their duties and responsibilities.

The Group ESG Committee's composition is shown in the table below:

Function	Role	Voting rights
Head of Shared Services [1]	Chairman	Yes
Group Chief Risk Officer [1]	Member & Deputy Chairman	Yes
Group CEO [1]	Member	Yes
Head of Asian Markets & Canada [1]	Member	Yes
Head of Group Financial Control	Member	Yes
Head of Group Governance & Communication	Member	Yes
Group Chief Operating Officer	Member	Yes
Head of Group Human Resources	Member	Yes
Group Sustainability Officer	Secretary	No

[1] Member of General Management

The Group ESG Committee supervises and supports all ESG-related matters, such as strategy, risk assessments, and disclosures. Its primary tasks are to assess the sustainability of our business and to oversee the preparation of the ESG Report. The terms of reference for the Group ESG Committee are set out in an internal policy that details its composition, roles, and responsibilities. The Group ESG Committee generally convenes at least four times a year. In 2024, it held eight meetings.

In 2024, we further developed our ESG governance principles and embedded them throughout the organization. The tasks and responsibilities of individual functions and organizational units were defined more closely. One designated member of the Board takes care that ESG considerations are integrated into the Board's oversight, assists in monitoring and evaluating the Group's ESG strategy and initiatives, oversees ESG-related risk drivers and compliance, reports progress and issues to the Board, and takes specialized ESG training as needed, and participates in at least one Group ESG Committee meeting every year as a guest.

Two members of the General Management were assigned ESG-related tasks and responsibilities. The Head of Shared Services serves as the Chairman of the Group ESG Committee and is responsible for monitoring day-to-day operational management in the context of ESG and the progress against all Group-wide ESG initiatives. The Group Chief Risk Officer defines the processes for identifying, assessing, and managing ESG-related risk drivers across all risk classes, and how these processes are integrated into our overall risk management framework. Moreover, he proposes objectives and the risk appetite for the Group with regard to managing the ESG risk drivers. The Group Chief Risk Officer serves as the Deputy Chairman of the Group ESG Committee.

Responsibilities for the implementation of our ESG initiatives are assigned to specific functions at Group level. The holders of these functions report to the Group ESG Committee on the progress against the objectives defined in the individual ESG initiatives through a specified process. They coordinate the implementation with their counterparts at regional level.

Our Group Financial Control and Group Human Resources units provide high-quality and increasingly granular quantitative information in our non-financial reporting. The Group Sustainability Officer supports these functions and acts as key point of reference at Group level on all matters related to ESG, including GRI Standards and the recommendations issued by the TCFD. Similarly, the designated ESG Champions perform this role on a local level in our regional branches and subsidiaries.

All of the aforementioned functions foster the integration of sustainability practices into our core operations. This will help us manage our risks, as it allows us to address challenges proactively and adapt to evolving industry standards. In this ESG Report 2024, we provide insights into our ESG initiatives and performance.

Workplace conduct

In our corporate culture, employees are expected to maintain a professional, civil, and respectful demeanor at all times. We provide a safe workplace and a conducive working environment that is free from bias, discrimination, harassment, and violence and where all employees treat each other in accordance with our core values. We have a comprehensive framework of human resources policies in place that govern workplace conduct and promote a wholesome working environment. Strong workplace governance fosters productivity, morale, team spirit and collaboration, and our reputation as an employer. On the other hand, poor governance can negatively impact all of these things as well as expose our employees, Directors, and organization to legal and financial liabilities.

We assess the effectiveness of various aspects of our workplace governance annually in all jurisdictions through our automated internal control system. The assessment includes controls for workplace conduct, compliance with local health and safety regulations, and confidentiality of employee information.

Code of conduct

Our code of conduct is derived from and founded on our core values of trust, integrity, respect, responsibility, commitment, and teamwork. It defines the principles and practices that are binding on all employees. It requires compliance with laws and regulations, fairness in business dealings, managing conflicts of interest, fighting financial crime, prohibiting all forms of bribery and insider trading, maintaining confidentiality and good client relationships, fairness in dealings, good teamwork, collaboration and communication, and social and environmental responsibility. These requirements are further enshrined in our framework of policies. All new employees who joined in 2024 formally acknowledged in writing their intent to comply with our code of conduct and internal policies.

Conflicts of interest

We take necessary precautions to prevent conflicts of interest in our business and manage those that cannot be avoided. We oblige our employees to ensure that their personal interests do not conflict with their responsibilities toward the organization and its clients. In particular, they must fully disclose and seek executive management approval before entering into a work-related transaction, negotiation, or contract that involves an entity in which they or persons closely associated with them have an interest. This is regulated in our internal policies, including our code of conduct and anti-bribery and corruption policy. Conflicts of interest are identified in the recruitment process, selection of service providers, in the process of providing advice to clients and in market conduct. In 2024, there were no unresolved conflicts of interest on record within the Group.

We had no unresolved conflicts of interest on record

Grievance management

We maintain a safe work environment that is free from discrimination and harassment. Employees are encouraged to report instances of misconduct and are supported by human resources officers who are trained to treat such matters with sensitivity and discretion. We have a formal grievance management procedure in all countries of operation and employees are encouraged to bring material grievances to the attention of the human resources officer in charge and their respective branch Country Manager or subsidiary CEO, where appropriate.

Whistleblowing program

Employees are encouraged to report – immediately and without fear of retaliation – any conduct which they reasonably believe may involve a violation of regulations or ethical and professional standards. The identity of the reporting employee is kept strictly confidential. Confidentiality is guaranteed for all legitimate whistleblowers throughout the inquiry period and afterward (if more actions need to be taken).

Our whistleblowing framework is designed for employees to feel free to speak up and draw management attention to their concerns. This allows us to detect any patterns, make improvements, and address any conduct issues to prevent future problems. It also helps management identify where additional resources need to be deployed to mitigate risks. Our whistleblowing framework – which includes a clearly defined reporting process and channels, and consists of policies at both Group and regional level – enshrines this governance and is built on the principle of protecting employees who state their concerns in good faith.

Anti-corruption

Anti-bribery and corruption

Our anti-bribery and corruption policy promotes integrity, transparency, and compliance with legal and ethical standards. Bribery and corruption can have serious impacts on the social and economic development of countries, as well as for other businesses that do not engage in such crimes. Bribery and corruption affect the perception of our business, which would erode stakeholder trust, and can result in large fines and reputational damage to our organization. The positive impacts of a strong anti-bribery framework include stronger client and business partner relationships, mitigation of risks to our shareholder from association with financial crimes, protection of client interests by managing their assets with fairness and integrity, and employee engagement and productivity amid a sound organizational culture. Moreover, anti-bribery and corruption initiatives can indirectly contribute to favorable social and economic developments by fostering a transparent and ethical banking environment.

We strive to operate with fairness, respect, and integrity. In this vein, we do not tolerate any form of bribery or corruption and are committed to being a trusted financial institution in the markets we serve. The reputational and financial risks of being involved in bribery and corruption are risks that we take very seriously and make efforts to mitigate. In 2024, two employees of Habib Metropolitan Bank Ltd., in Pakistan, violated the code of conduct by demanding and receiving financial assistance while processing routine services related to trade transactions, and they were sanctioned for this.

96% of designated employees completed the anti-bribery and anti-corruption training

We have various policies in place that outline our approach in such matters, including our code of conduct and our anti-bribery and corruption, and whistleblowing policies. Our employees are prohibited from offering or paying bribes, accepting or soliciting bribes from others, authorizing or instructing other parties to engage in any of these practices. As such, we expect our employees to be mindful of their integrity and due diligence in the course of their professional duties.

We have identified specific areas of higher corruption risks – namely, jurisdictions which have weak anti-corruption governance, certain types of trade finance transactions where employees may feel induced to accept bribes to carry them out, third-party providers or intermediaries who make payments in return for business mandates, service providers who offer gifts, entertainment, and hospitality in exchange for business, and recruiting candidates that bear the risk of favoritism and discrimination against more capable talents. We specifically abstain from any political donations due to high corruption risk.

Every year, our employees are required to complete an anti-bribery and corruption e-learning module. In 2024, 96% of employees completed this training – the remaining 4% are attributable to employee departures, retirements, maternity leaves, and other legitimate reasons.

Internal controls in each of our jurisdictions help significantly reduce the risk of corruption throughout our organization. These controls include approvals for accepting gifts, four-eye principle when signing contracts with suppliers, assessment of legal contracts by independent specialists, or the centralization of critical processes. Sanctions for employees liable for bribery include reporting to local authorities and severe disciplinary actions.

In 2024, we assessed Group-wide bribery and corruption risk based on data provided by our entities. Our assessment focuses on the aforementioned significant risk areas as well as other areas with less exposure, such as public officials or changes in business activities that may increase corruption risk. We assess our bribery and corruption risk annually, and we regularly monitor and review the effectiveness of our anti-corruption measures. In doing so, we take guidance from standards established by independent organizations, such as the Wolfsberg Group, OECD, and Transparency International. Given the nature of our business activities and internal governance, the residual risk of bribery and corruption is low.

Anti-money laundering and combatting the financing of terrorism

The governance of anti-money laundering (AML) and combatting the financing of terrorism (CFT) involves the establishment and implementation of policies, procedures, and controls aimed at preventing illicit activities – such as money laundering and terrorist financing – within the financial system.

> We recognize that a sound AML / CFT framework is critical to maintaining the trust of all our stakeholders

Positive impacts of a strong AML / CFT framework include that it promotes compliance with regulatory requirements, facilitates risk management and enhanced transparency and accountability, and helps protect the integrity of the financial system in general. Whereas engaging in money laundering and terrorist financing can have far-reaching negative impacts that extend beyond the financial sector to encompass broader societal, economic, and general safety challenges. Weak governance in this realm can undermine the integrity of the financial system, facilitate organized crime and acts of terrorism, erode tax revenues, exacerbate social inequality, compromise national security, and foster corruption and political instability. It can also distort economic activity by channeling illicit funds into legitimate sectors of the economy and artificially inflate asset prices, distort market competition, and create unfair advantages for individuals and businesses who engage in criminal activities.

Even though governance of AML / CFT plays a crucial role in safeguarding the integrity and stability of the financial system, we must carefully balance regulatory compliance with operational efficiency and cost considerations. By adopting a risk-based approach and investing in robust governance frameworks, we can adequately mitigate the risks associated with money laundering and terrorist financing while maintaining the trust and confidence of our stakeholders.

Our low risk tolerance related to money laundering and terrorist financing reflects our stern approach to preventing financial crime, requiring strict regulatory compliance from all our internal and external stakeholders, and safeguarding the integrity of the financial system. We recognize that a sound AML / CFT framework is critical to maintaining the trust of our clients, employees, shareholders and regulators.

We maintain a framework of AML / CFT policies at Group and regional level that define the minimal requirements for our organization. Within our AML / CFT risk management framework, we have policies in place to define client due diligence requirements, criteria for higher risk clients and higher risk transactions, and controls for transaction monitoring and adherence to global financial sanctions.

In accordance with our 2024 audit strategy submitted to FINMA, an audit was performed of our AML program. AML topics were covered from a single-entity and a consolidated supervision perspective as part of our risk assessment. In 2024, we paid particular attention to files of high-risk clients and politically exposed persons. We reviewed sample-based files and transaction alerts for our subsidiaries and branches. Our continued focus on AML and know-your-client processes was affirmed by auditors in 2024. Overall, with these Group-wide efforts we supported the ongoing improvement of compliance, harmonization of AML processes, and improved oversight and governance of our subsidiaries and branches.

We are legally required to detect and report any suspicious transactions and any cases of money laundering to regulatory authorities. Failure to report suspicions of money laundering is a criminal offense in all jurisdictions where we operate. We identify, monitor, and seek to mitigate the legal and reputational risks associated with money laundering and terrorist financing in all of our operations. Using our internal control system, we have implemented a set of risk-based controls targeting money laundering and sanctions-related topics. By continually running these controls, our compliance units ensure that we meet the global requirements defined in our AML / CFT policy framework. Examples of our quarterly AML-related internal controls include client due diligence sample checks, monthly turnover limits for professional banknote dealers, compliance monitor threshold adequacy review, review of compliance monitor configuration, trade finance AML quality checks, and review of outstanding transactional monitoring alerts. Other assessments of effectiveness include half-yearly reviews of new correspondent and network banking relationships and annual reviews of relationships with enhanced due diligence clients and politically exposed persons.

All control results are reported to Group Legal & Compliance for assessment, challenge, and approval. In addition, all subsidiaries and branches are inspected by Group Legal & Compliance on an annual basis to review AML / CFT controls, including on-site sample checks of individual client relationships.

Our employees are required to complete a mandatory AML / CFT e-learning module once every year. In 2024, 96% of employees completed this training; the remaining 4% were attributable to employee departures, retirements, maternity leaves, and other legitimate reasons.

Overall, for 2024, the effectiveness of our measures for AML / CFT was satisfactory and we are confident that with these measures in place we will remain on the right path. Looking ahead at 2025, we intend to further enhance this score with the implementation of an automated vessel container tracking system for trade finance-based AML / CFT.

Client privacy

Our client privacy governance framework encompasses elements such as banking secrecy, data protection, and cybersecurity, and is designed to protect sensitive information and the privacy rights of our stakeholders. The positive impacts of this framework include the protection of sensitive information (including personal as well as financial information), enhanced trust and confidence, improved data security, risk management, and integrity and reputation of the banking sector.

Inadequate banking secrecy, data protection, and cybersecurity measures can have significant negative impacts on our clients, employees, shareholders, business partners, operations, society, and reputation. These impacts include data breaches, loss of trust and reputation, financial fraud and identity theft, regulatory fines and penalties, legal and compliance risks, loss of intellectual property and trade secrets, and social and psychological impacts. Consequently, we take particular care to have appropriate privacy and cybersecurity measures in place to protect sensitive information, preserve trust and confidence, and mitigate the negative impacts of privacy breaches and security incidents.

Banking secrecy

Our organization has its head office in Switzerland and is subject to the banking secrecy requirements set forth in the Swiss Federal Act on Banks and Savings Banks. Banking secrecy requirements are also key financial sector pillars in many of our other jurisdictions. Recent international legislative developments – such as the Foreign Account Tax Compliance Act and the Common Reporting Standard – and their adaptations in Switzerland and in many other countries around the globe have put into perspective the implications of banking secrecy requirements in the wider context of tax evasion and illegitimate tax avoidance. As a result of these developments, it is now a fundamental principle of the Swiss banking sector to combat tax evasion and improve tax compliance standards.

Nevertheless, the core elements of the banking secrecy requirements remain valid and relevant. Our employees are bound by a contractual and legal duty of confidentiality and accordingly keep confidential all information entrusted to them by clients, except when disclosure is authorized by the latter or legally required. We uphold client confidentiality and to protect client information in accordance with specific data security standards and procedures in order to prevent any unauthorized access, use, modification or destruction. Internally, client information is shared with appropriate discretion and on a need-to-know basis.

The assessment of effectiveness of banking secrecy is contained in sections "Personal data protection" and "Information security".

Personal data protection

The impact of a data breach can have severe consequences for our clients, employees, shareholders, and business partners. Data breaches can harm clients through financial loss, emotional distress, identity theft, service disruption, and negative impacts on credit scores. Therefore, we attach the highest importance to establishing and maintaining the security and confidentiality of personal data. Accordingly, our procedures and controls are designed to make certain we meet all regulatory and legal data protection requirements. The aim of these measures is to uphold the protection of personal data and to minimize the risk of personal data breaches.

97% of employees were formally trained on data privacy and protection

Overall, our personal data protection program is subject to continuous review and annual upgrades.

We have adequate policies that govern data protection, including a personal data framework policy and a data breach incident policy. We review these policies at least every three years. In 2024, we established a new policy to outline the process and governance for the electronic data obfuscation (EDO) of structured data, and we fully implemented the EDO program for structured data in our proprietary core banking system (hPLUS).

We have separate personal data inventories for each jurisdiction, which maps the lifecycle of all personal data under their authority. These are prepared by data protection working groups consisting of key organizational unit representatives.

Our employees complete an e-learning module in data protection every year. In 2024, 97% of employees completed data protection training – the remaining 3% are attributable to employee departures, retirements, maternity leaves, and other legitimate reasons.

Data privacy notices for clients are available from our websites. Employee privacy notices are available for employees on our intranet. Privacy notices set forth data subject rights, accountability requirements, international data transfers, and contact information for data privacy matters.

We have appointed data protection officers in all of our jurisdictions that have data protection laws. In addition, we have a Group Data Protection Officer who is IAPP certified (CIPP / E, CIPP / C, CIPT, CIPM, and FIP).

We have reviewed and updated our third-party data processing agreements to ascertain they meet the regulatory data protection requirements in all jurisdictions. We require all third-party service providers by contract to take adequate technical security measures, meet data breach notification requirements, and ensure that the same data protection standards are applied to any potential sub-processing.

All potential agreements that involve processing of personal data are subject to privacy impact assessments (PIA). These assessments are critical for the identification and mitigation of privacy risks, embedding privacy into design processes, and to satisfy global regulatory requirements.

Some of these measures are supported by our internal control system to assess effectiveness, including annual controls for PIAs, data subject access requests, third-party data processing agreements and EDO annual maintenance, and bi-annual reviews and updates of all personal data inventories.

In 2024, we experienced no reportable incidents of personal data breaches, loss, or theft and no such incidents had to be reported to a data protection authority. The branch in Kenya was subject to a routine data protection audit in accordance with the Kenya Data Protection Act and there were no material findings from the Office of the Data Protection Commissioner. None of our other Group entities were subject to inquiry or investigation by a data protection authority.

By focusing on awareness, education, and engagement early and regularly, we aim to foster a data privacy culture where data protection becomes a natural part of our employees' mindset.

Information security

Information security threats may originate from various sources, such as computer-assisted fraud, industrial espionage, sabotage, vandalism, and cyberattacks. When communicating through a digital network, we face threats such as computer viruses, unethical hacking, and distributed denial of service (DDoS), all of which can result in service outages, personal data theft and misappropriation of assets, and thereby adversely affect our clients, employees, and business partners.

From an organizational perspective, Group Information & Technology Risk is responsible for overseeing our information security program. We are subject to numerous information security and privacy laws and regulations in various jurisdictions where we operate, such as FINMA Circular 2023 / 1 "Operational risks and resilience – banks". We prioritize information security as a critical measure for mitigating operational risks, aiming to safeguard information assets from various security threats. All personal and other sensitive data we hold is protected by a multi-level security system. The core objective of these controls is to identify, assess, and mitigate threat vectors within the digital architecture.

We have adopted a combination of effective measures targeted at mitigating information security risk against specific threat vectors.

ISO 27001 is a certification for information security management systems that includes governance, technical, physical, and legal controls involved in our organization's information risk management processes (i.e., information security, cybersecurity, and privacy protection). In 2024, Group Information Technology and Group Information & Technology Risk complied with the new ISO 27001:2022 standard.

Payment card industry data security standard (PCI DSS) is a certification required by banks issuing and processing credit cards. This certification is renewed annually, and it provides assurance that data related to such cards is processed securely in our environment. In 2024, all jurisdictions having card operations and data centers were certified with the new PCI DSS v4.0 standard.

Group Information & Technology Risk team member certifications include Certified Information Systems Security Professional (CISSP), Certified Information Security Manager (CISM), ISO 27001 Lead Implementer, Offensive Security Certified Professional (OSCP), and Certified Forcepoint DLP Administrator.

There were no successful attacks on our online banking in 2024

DDoS protection services are subscribed in order to identify and mitigate DDoS attacks. The core function of these services is to analyze and assess any suspicious inbound traffic. The purpose of deploying web application and next-generation firewalls is to provide comprehensive protection for web applications against DDoS attacks.

Security assessment of infrastructure is performed annually which involves vulnerability assessments, penetration testing (internal and external), and red teaming for critical infrastructure (i.e., testing our security by mimicking the tools and techniques used by real-world hackers).

We have ongoing security monitoring for malicious attacks breaching our security controls for online banking. In 2024, there were no successful attacks on our online banking.

Social media and phishing websites are monitored through a service that conducts scanning over the surface web and deep web for any unauthorized data presence. Reported sites are immediately eliminated. In 2024, all reported phishing websites were removed within our KPI limits. Phishing simulation exercises were also performed.

Our cybersecurity posture was significantly enhanced with the implementation of a renowned threat protection solution

Our data protection infrastructure is updated on a regular basis to keep our databases safe from external or internal cyberattacks. All of our premises are protected by personal access controls. System access is authorized on a need-to-know basis. We have 24 / 7 security operations centers and security operations teams that proactively identify and confronts potential threats. In 2024, our cybersecurity posture was significantly enhanced with the implementation of a renowned threat protection solutions.

We foster a culture of vigilance and accountability in order to strengthen our defenses against cyber threats and uphold the trust placed in us by our clients. Employee cybersecurity awareness is provided through our e-learning modules related to information and cybersecurity. Our emphasis on training underscores our belief that safeguarding our systems and data is a collective responsibility shared by all employees. Employees are required to complete this e-learning module annually. In 2024, 96% of all employees completed this training (the remaining 4% are attributable to employee departures, retirements, maternity leaves, and other legitimate reasons). In addition, we regularly run awareness campaigns on social engineering, phishing, etc.

Digitalization and innovation

Digitalization and innovation have brought about significant changes in the financial industry, transforming how financial institutions operate, deliver services, and interact with clients.

The positive impacts include enhanced client experience, wider market reach and accessibility, advanced product development, and improved risk management and compliance.

Our targeted drive toward digitalization and innovation is not merely about improving cost efficiency and operational effectiveness. It also brings meaningful benefits to a wide range of stakeholders, including clients, employees, shareholders, business partners, and society at large. For our clients, this can include easier and safer access to digital channels for account management, transactions and client support, resulting in higher client satisfaction, as this may offer them new opportunities to benefit from our organization's innovative financial products and services tailored to their needs and preferences. For our employees, this could reduce their workload, enhance their productivity and create opportunities for professional growth and skill development. For shareholders, this can result in better higher profitability and brighter growth prospects, a positive impact on shareholder value and returns on investment, and securing the long-term viability and competitiveness of our organization.

Conversely, a lack of attention to digitalization and innovation, would not only erase the aforementioned benefits, but actually turn each of them into a risk and liability. Sub-standard digitalization and innovation would:

- drive clients away or at least limit their interest in our products
- have a negative impact on our employees' productivity and job satisfaction, diminish their professional growth and leave their skill potential unleveraged
- impact our shareholders' return on their investment and bring into question the very future of our organization's business.

Moreover, regulators might have increased concerns about systemic risks and vulnerabilities associated with an outdated technology infrastructure and resulting regulatory scrutiny and enforcement actions due to compliance deficiencies. This may also limit our opportunities with our business partners on innovative projects, or pose challenges in meeting the evolving needs and expectations of our stakeholders and adapting to changing market dynamics.

Embracing digital transformation and fostering a culture of innovation is therefore essential for our organization to remain competitive, drive growth, and deliver value to stakeholders in today's digital economy.

Our target is to achieve 80% digital transactions by 2030

In every digitalization project, we seek to identify the key stakeholders, determine their needs, and take them into account at an early stage. Our digitalization and innovation initiatives are primarily aimed at providing our clients with all the functionality, convenience and safety of modern-day banking technology, as well as meeting our regulatory obligations in all our jurisdictions. As part of our digitalization strategy, we have delivered numerous projects aimed at enhancing the capabilities that we are providing to our clients. These requirements are based on client needs, standard banking products being offered, and our own needs for enhancing our efficiency and streamlining internal processes.

Our organization relies on hPLUS for the entire Group and we outsource only what is not essential to our core system. Therefore, we concentrate mostly on the ongoing development and improvement of hPLUS in order to best serve all stakeholders. Our work is primarily based on three pillars:

- **enhancing client experience by enhancing functionality and convenience:** this included redesigning our websites, upgrading our online banking and app, and automating internal tasks and processes to enable straight-through processing
- **enabling hPLUS to connect faster and easier to external systems:** this included connectivity to payment gateways, third-party service providers, and integration with client systems for smooth digital interaction
- **continually adapting hPLUS to support evolving regulatory requirements:** this involves, among other things, updating our systems for name searches, transaction monitoring, sanctions lists and vessel tracking, etc.

In addition to hPLUS, we also have a dedicated digital platform for our wealth management business to ensure compliance with strict regulatory requirements and to provide a high quality and efficient service offering for our valued clients.

In 2024, we implemented a number of solutions and made significant progress on our digitalization plans.

Intranet upgrade: a thoroughly redesigned, user-friendly intranet platform was launched in mid-2024. The upgrade is geared toward fostering information flow and enhancing cross-departmental collaboration, increasing employee engagement, and centralizing resource access to corporate documentation, policies, manuals and forms. It is the central platform for Group-wide as well as local entity-specific announcements, in text and video formats, which are also aligned with our social media campaigns. Group-wide employee engagement is tracked monthly to understand and drive more active participation. The platform is also subject to regular upgrades and releases with new features and functionalities.

Website redesign: the new Group and regional websites with substantially improved design, structure, and functionality went live in late 2024. The new framework allows local entities to keep their sites updated autonomously while adhering to the same communication standards across the Group.

Microsoft 365 Copilot migration: we migrated and converted the Group to 365 Copilot, which includes built-in functionality for AI-based tools.

Pesalink upgrade to ISO 20022: the migration of the digital payments solution Pesalink in Kenya to the ISO 20022 standard has enhanced our online banking services and our mobile client app with better structured and more granular data in payment messages and a faster and more efficient payment option.

Enhancement to e-banking security: enhanced security measures across online banking platforms (web / mobile) were implemented in Hong Kong in line with recommendations from the Hong Kong Association of Banks and the Hong Kong Police Force. These upgrades further strengthen the security of e-banking services of our Hong Kong subsidiary, ensuring a safer and more resilient digital banking experience for our clients.

Credit monitoring system: comprehensive digital solutions for lease tracking, enhanced asset valuation, and credit monitoring were implemented for our UK subsidiary.

hPLUS Gen II: provides services to our clients through various channels, including online banking, transaction gateways, ATMs, branches, and system connectivity. As part of our five-year plan, in 2024, we made further progress with upgrades to the underlying platform technology and architecture, with particular focus on risk minimization, platform evolution, system agility, and cost-effectiveness.

In 2024, based on commitments made in the ESG Report 2023, we defined a plan to increase the share of digital transactions as an improvement in effectiveness of the digitalization and innovation initiative. 78% of all our transactions in 2024 were digital. Our target is to raise the share of digital transactions to 80% by 2030.

Operational resilience and continuity

Our operational resilience and continuity framework is designed to help us anticipate, prevent, and recover from disruptive events that might affect our operations. We have clustered these events in four types of scenarios:
- natural disasters
- technology failures
- supply chain and third-party failures
- socio-political risk

An operational resilience framework offers numerous benefits for our stakeholders, including enhanced business continuity, improved risk management, stronger stakeholder confidence, and better regulatory compliance. Poor operational resilience can have far-reaching negative impacts for our organization as well as our stakeholders, including financial losses, reputational damage, legal issues, client attrition, employee dissatisfaction, and supply chain disruptions.

Business continuity and operational resilience is expected by our clients and forms an essential part of our business model

We prioritize building and strengthening operational resilience to mitigate risks, enhancing our business continuity, and safeguarding stakeholder interests in an increasingly complex and volatile operating environment. Business continuity and operational resilience is expected by our clients and forms an essential part of our business model. Our business continuity management (BCM) program is based on ISO 22301 standards and is designed to ensure continuity of critical operations during disruptions, protect stakeholder interests, minimize risk exposure, and comply with regulatory obligations on an international level. Our framework aims to identify, assess, mitigate, and respond to potential disruptions by applying the requirements set forth in our BCM policy.

This includes conducting risk assessments to identify potential threats as mentioned above. Our technology recovery plans are tested and documented annually to ensure resilience of critical applications and services. In addition, we maintain detailed business continuity plans across our organization, which also involve annual testing of the different scenarios that we feel are applicable Group-wide, through desktop reviews and simulations to ensure their operating effectiveness.

BCM readiness was measured at 95% overall across the Group

Selected employees with specific roles within the BCM program receive annual training and participate in general awareness sessions. The purpose of these measures is to ensure these employees understand their responsibilities in the event of a disruption and are able to act when the need arises. We also make sure that our critical third-party suppliers are familiar and comply with our business continuity standards, including annual testing.

For 2024, our overall BCM readiness was 95% across the Group. The BCM measurement takes various elements into consideration, including scenarios, recovery strategies, plans, testing, and awareness. Specifically, our evaluation of effectiveness included:

- 23 defined BCM areas for which we have 43 business continuity plans, including local technology recovery plans, that focus on maintaining local critical services
- 27 disruption scenarios that are assessed on a Group-wide basis; the residual risk remained between low and moderate with adequate mitigation controls in place
- 15 critical applications and services were successfully tested from Group data centers, which involved testing of network connectivity, core banking applications, telecommunications, power supply outage, and critical third-party applications. Similar tests were carried out by local technology teams for their areas of responsibility. This testing is repeated annually
- critical business processes spread over approximately 180 organizational units within the Group were successfully tested via designated alternate work locations or through remote working. This included testing of critical third-party dependencies, power supply, evacuation drills, call trees, data recovery, etc.

Our Board responsibility charter includes explicit approval of strategies for information and communication technology risk, cyber risk, critical data, and BCM. In 2024, we added tolerance settings for disruptions in critical functions. The terms of references for the Group Risk & Control Committee and the Board were enhanced to ensure oversight of business continuity and operational resilience. Regular progress updates on our key initiatives during 2024 were provided to the Board and the General Management.

In 2024, we engaged with an external consultant to enhance our testing approach by introducing extreme but plausible scenarios. We identified four types of scenarios with 16 triggers. Detailed scenario assessments are being carried out by re-evaluating recovery dependencies – including both internal and external parties – and our readiness to continue our business under such extreme scenarios. With these initiatives we improved our adherence to the requirements of FINMA circular 2023/1 "Operational risks and resilience – banks", reinforced our commitment to robust operational resilience, and strengthened our overall risk governance and regulatory compliance.

Procurement practices and supplier environment

Our governance of procurement practices and the supplier environment is designed to ensure transparency, fairness, and accountability throughout. Positive impacts on stakeholders include enhanced risk management of supplier relationships, cost savings and efficiency, compliance with regulations and industry standards, and enhanced transparency and accountability. Good governance of procurement practices can also support sustainable sourcing and social responsibility initiatives within the supply chain by prioritizing suppliers with strong environmental and social performance, while mitigating the reputational risks of being associated with a third party's unethical practices.

Our principal supply chain risks are related to our business relationships and encompass economic, environmental, political, ethical, and cyber threats. These include supplier bankruptcies, economic downturns, natural disasters, political instability, child labor, human rights, and cyber threats. These risks can directly impact not only our operations and reputation but the quality of the lives of workers in our supply chain, too. We have therefore put into place a process to reduce risks in our supply chain. This due diligence review of our supplier relationships is subject to continual evaluation and improvement.

Risk assessment

We assess the risks associated with our suppliers in proportion to their degree of criticality[1]. Accordingly, we have processes and oversight in place to ensure proper handling of these third-party relationships. In this vein, we make sure that appropriate selection and due diligence are completed before we engage a supplier. We have likewise systematic processes in place to identify, assess and manage any risks, have the agreed service standards adhered to, and control the costs. Moreover, we carefully manage and monitor our suppliers to keep disruptions at a minimum throughout the lifecycle of the relationship.

We review our business relationships at intervals of three to five years, depending on their criticality to our operations. These reviews are intended to ensure that the products or services are being delivered as agreed, the supplier remains in a sound financial state, and to capture any material changes from the time of onboarding. In addition, we run internal controls on a half-yearly and on an annual basis to assess the effectiveness of our suppliers.

Privacy assessment

Depending on the nature of the service, the processing of personal data by third-party service providers can pose a risk to our clients, employees, shareholders and business partners. Any data breaches and mishandling of personal data could also impact our operations and reputation, and result in sanctions and fines.

[1] Elements of our risk assessment include the evaluation of: experience, technical competency and capacity; financial strength to deliver successfully; AML controls and sanctions review; compliance with applicable laws, rules, regulations; potential associated reputation risks; strength of risk management programs, processes and internal controls; capacity to manage technology and cyber risks; strength of information security programs and alignment with our policies; capacity to provide critical products or services during periods of business disruption; reliance on and capacity to manage subcontractors, impact on concentration risk; geographic location and potential political and legal risks; availability and impact of substitutes; insurance coverage; business objectives; human resources policies, business culture, and corporate responsibility; commitment and sustainability efforts.

Before entrusting a third-party service provider with handling any significant amount of personal data on behalf of our operations, we perform a thorough PIA to be able to detect and resolve any potential issues or risks at source. The PIA evaluates the categories and amount of data in scope, frequency of collection, number of data subjects in scope, purpose of processing, nature of processing, internal data transfers, role of subcontractors, location of data centers, access controls, technical security measures and audit reports, breach notification requirements, and safeguards. The PIA identifies key risks and actions to the proposed data processing to assess potential impacts prior to processing personal data. The PIA outcome is integrated into the supplier contract negotiation in order to ensure that their data handling practices and other processes adhere to the requirements of privacy laws, regulations, and our policies. Privacy and security risks are monitored throughout the lifecycle of the business relationship.

Privacy and security risks are monitored throughout the lifecycle of the business relationship

In 2024, we performed four PIAs for new supplier contracts, which involved processing personal data. Our internal control system assessed the control effectiveness of our PIAs (once a year), which confirmed a positive outcome for this process.

Code of conduct for suppliers

We conduct our business in an ethically sound manner and in line with regulatory requirements. In our code of conduct for suppliers, we lay out our expectation that they adhere to these same standards. Our suppliers must, in turn, require their subcontractors to meet these standards. More specifically, the key principles of this code of conduct include:

- responsible treatment of workers, notably with regard to workplace safety, security and health, employment standards, diversity and inclusion, avoidance of discrimination and harassment, and whistleblowing
- human rights and fair labor practices
- sustainability and local development
- responsible business practices, including risk management, monitoring, downstream monitoring, supplier diversity, protection of information and assets, and publicity
- business ethics and compliance, including compliance with laws and regulations, conflicts of interest, anti-corruption, AML and sanctions, and insider trading.

We ask of our suppliers to have written policies, governance and oversight mechanisms in place to ensure that they and those within their supply chains operate in accordance with these principles. Moreover, we want to be notified immediately of any actual or suspected child labor-related issues. When code violations occur, we expect a specific improvement plan to be submitted and implemented promptly. If a supplier is unable to implement a remedy within a reasonable time frame, we can specify the necessary measures, responsibilities, and milestones to minimize potential risks. It is within our rights, too, to immediately terminate our relationship with business partners who repeatedly and knowingly violate our code of conduct for suppliers.

We conduct due diligence on our suppliers prior to entering into a business relationship with them

We conduct due diligence on our suppliers prior to entering into a business relationship with them, followed by reviews every one to three years, depending on criticality. We may also, at any time, carry out due diligence assessments to verify compliance using self-assessments or questionnaires. In 2024, we had no instances of misconduct by our suppliers.

Child labor

Child labor deprives children of their childhood and is harmful to their physical and mental development. When a company's goods or services can be linked to child labor, this means that its own activities involve child labor or that it is directly linked to processes involving child labor through its business relationships.

We enforce a strict prohibition against the use of child labor across our entire network in all our jurisdictions.

The key factors that lead to child labor include: poor enforcement of labor laws, inadequate social protections, lack of quality education for the poor, endemic poverty, weak rule of law, absence of systems for workplace collaboration, large informal economy, and rural areas with inadequate infrastructure. Whether or not a supplier is linked to child labor must be examined on a case-by-case basis and depends on the characteristics of the product / service as well as the operating context in which it is provided.

We enforce a strict prohibition against the use of child labor across our entire network in all our jurisdictions

We have a child labor due diligence process and a reporting process for suppliers in place, in line with the CO and the Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labour.

Our due diligence process with regard to child labor involves a tiered evaluation – such as assessments of the country of origin, assurances given by the suppliers, public information searches, and consultation via experts and specialist literature – of every prospective or existing business relationship with suppliers. We apply this process consistently during the initial review for new suppliers, and during the periodic review for existing suppliers. The general purpose of this evaluation is to determine if there is a reasonable suspicion of child labor and whether such suspicion can be mitigated. We require our suppliers to acknowledge that they adhere to our code of conduct for suppliers (or the supplier's own similar code of conduct), use of public information searches, and review of supplier certifications, consultations with external experts and specialist literature, or performing on-site checks.

In 2024, we started assessing the effectiveness of our child labor due diligence based on data obtained from our branches and subsidiaries through our Child Labor Risk Management Plans. This is part of our standing principle to avoid any association with businesses involving child labor. Once we have evaluated all the results, we will define the mitigation actions to be taken as of 2025.

Habib Bank AG Zurich

(Incorporated in Switzerland 1967)

Habib Bank AG Zurich

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Products, services, and financial investments

In recent years, market trends and client behavior have changed, awareness having shifted toward more sustainable practices. Individuals and organizations increasingly look to recycle, minimize waste and make choices on sustainable products and to reward businesses that act responsibly. In sustainable finance, those goals also influence decisions on investment choices, whereby individual as well as institutional investors who consider ESG issues wish to invest in organizations that echo their own values on environmental sustainability and social responsibility. This balances traditional investment priorities, focused primarily on financial returns, with the consideration of ESG insights. It seeks to deliver value by attempting to move beyond purely financial considerations toward a more holistic perception of value, incorporating risks associated with ESG factors, which could also lead to financial risks.

Our first climate-related business loans were disbursed to clients in Pakistan and the UAE in 2024

Products, services (including lending business), and financial investments can generate positive impacts, aligning with the principles of sustainable development and responsible investing. More specifically, ESG investments give preference to organizations with sustainable practices that lead to reduced greenhouse gas emissions, conservation of natural resources, and support for initiatives aimed at mitigating climate change. Likewise, they prioritize organizations that uphold human rights, diversity and fair labor practices, and pay attention to the health and safety of their employees and communities. Such products encourage enhanced transparency, accountability, and mitigation of ESG-related risks. ESG products, services and financial investments have the potential to generate sustainable long-term returns for shareholders by identifying organizations with strong ESG performance who, in turn, may gain access to capital easier and at more favorable terms. However, there can be potentially negative impacts for ESG investment and lending stakeholders, such as limited investment options which could lead to lower portfolio diversification and potentially reduced returns, investment options that yield lower financial returns compared to traditional investments, greenwashing due to exaggerated sustainability practices, higher management fee premiums on ESG investment criteria and higher due diligence costs, risk of speculation, lack of standardization of ESG products, services and financial investments, market distortion as a result of prioritizing ESG criteria, market volatility, and compliance risks and legal liabilities arising from closer regulatory scrutiny.

During 2024, we internally assessed the potential risks and opportunities arising from climate risk topics. The first climate-related business loans were disbursed to clients in Pakistan and the UAE during the year, and we intend to embed these initiatives in a formal lending offering as of 2025. We are also exploring climate-related lending in our mortgage businesses, notably in the UK and Canada. This is described in more detail in the "TCFD Report" section of this report.

Islamic banking

We conduct our Islamic banking business through Islamic banking windows in Pakistan, South Africa, Switzerland, the UAE, and the UK. This means that in these jurisdictions, we have business units dedicated exclusively to providing Shariah-compliant financial services.

We market our Islamic products and services under the SIRAT brand. Sirat is the Arabic term for path or direction. To us, SIRAT signifies a path to success and expresses our view of being a trusted partner to our clients which is part of our core values and vision.

We pay close attention to ensuring that our Islamic banking business fully complies with Shariah law. Our Group Islamic Banking Committee supervises the business and strategy of our Islamic banking window, while oversight of specific issues related to Shariah compliance are handled by local Shariah Boards and Shariah Advisors. In addition, we have specialized officers for Shariah compliance, Shariah risk control, and internal Shariah audit.

Islamic finance is more than just a financial product – it is a commitment to conducting business for the greater good

The availability of Islamic banking services benefits our clients by providing them with Shariah-compliant financial solutions. Moreover, it aligns the personal and ethical goals of our employees with the Group's business objectives, provides our shareholders with meaningful business expansion, and promotes progressive and inclusive financial products and services in our markets. Islamic finance is more than just a financial product – it is a commitment to conducting business for the greater good. It prohibits practices like usury and investments in unethical sectors, promotes risk sharing, and emphasizes social welfare.

We participate in and promote this growing market segment, by serving clients in accordance with the following Islamic banking principles which reflect some essential ESG considerations:

Islamic banking principle	Relevance to ESG
Promotion of environmental protection and resource conservation	This is a key concept in Islamic banking, emphasizing intergenerational equity and the responsibility of current generations as custodians of the earth. The avoidance of harm, a core principle, promotes environment-friendly practices and sustainable investments.
Promotion of equality, social justice, and economic prosperity in society and operations	These are fundamental aspects of Islamic banking, focusing on tangible assets and real economic activity to foster financial stability and discourage speculative gains. This aligns with the sustainability goal of prioritizing long-term well-being over short-term profits. There is also an emphasis on Zakat (obligatory charity) and economic equity preventing wealth concentration. These principles echo the social aspect of ESG, advocating for financial inclusion, community development, and helping the disadvantaged.
Accountability, transparency, and legal protection for all parties	Transparency and accountability are ingrained in Islamic finance, with the prohibition of excessive uncertainty. This promotes clear terms and conditions, discouraging hidden clauses and deceitful practices, anticipating the demand for clear reporting and high accountability.

In 2024, our ESG-relevant Islamic banking initiatives included:

- **Certified SIRAT Specialist module:** developing a specialized digital training module for Islamic banking on our e-learning platform, which is available to all employees and mandatory for key employees in our Islamic banking units.
- **Women in Islamic Banking Forum:** hosting an industry roundtable of women leaders in Islamic banking in Pakistan to promote gender inclusion in leadership and participation in Islamic finance.
- **ESG-linked Sukuks[1]:** actively selecting Sukuks with ESG-relevant components for our asset allocation, aligning Islamic finance with sustainable development goals. An example of this is the Public Investment Fund (PIF) sukuk, which has a strong ESG focus and for which we participated in the primary market.

[1] Sharia-compliant bond-like financial instrument used in Islamic finance.

Community impact of credit activities

A significant portion of our clients are family-owned and -managed SMEs and the families who own them. These traditionally mercantile communities are known for their entrepreneurial drive and business acumen, but are nonetheless often underserved by conventional financial institutions.

We help family-operated SME clients sell goods across borders, while providing critical materials to developing countries

Trade finance is one of our core strengths. Many of our SME clients engage in cross-border trade in the jurisdictions we operate in, and in other emerging markets. We provide these businesses with access to credit facilities they need in order to thrive, including working capital financing and trade finance – such as import and export letters of credit or facilitating project-related finance. Given our Swiss-based organization's historical connection with South Asia, unlike many Swiss banks, we have specific experience in facilitating trade flows with emerging markets.

Through our trade finance offering, we play a central role in enabling family-operated SME clients to sell goods across borders, while facilitating access to critical materials for developing countries. We help trading companies export critical goods to those countries, such as foodstuffs, base materials, and other key commodities. A good example is the export of grain, sugar, and other food items to countries like Pakistan, Bangladesh, and India. This has a general positive impact for their populations. Overall, such trade can stimulate economic growth in these countries, leading to higher income levels, greater infrastructure investments and a better standard of living.

We recognize that some of the trade we facilitate may have negative impact on the environment, such as the financing of oil exports to Pakistan. However, fossil fuels still play a critical role in the economies of developing countries for now and, as such, we consider our role in facilitating such trade flows as helpful. We continually assess our engagement in such trading to monitor the evolving regulatory landscape as well as any adverse effects that might arise from our activity.

We provide more information regarding specific climate-related financing initiatives in 2024 in the "TCFD Report" section.

Group financial investments

We manage a substantial financial investment portfolio, mostly consisting of debt securities, with the primary objective of transforming liabilities into liquid assets. This investment strategy is designed to facilitate effective Group-wide liquidity contingency planning, guided by key criteria such as credit quality and market liquidity of selected securities. Our primary goal is to ensure that our depositors have liquidity available when it is contractually due with minimal risk to our capital.

Our emphasis on credit quality ensures that we invest only in financial instruments with a low probability of default, which is vital for safeguarding the Group's financial health and stability

Our emphasis on credit quality ensures that we invest only in financial instruments with a low probability of default, which is vital for safeguarding the Group's financial health and stability. Adequate market liquidity is an equally important aspect, as it directly affects our ability to quickly convert investments into cash if the need arises. We attach significant importance to monitoring the adequacy of liquid assets to meet expected or unexpected depositor demands, through the application of a range of liquidity management techniques such as liquidity coverage ratios, net stable funding ratios, depositor coverage ratio, etc. We also use our internal controls to assess the effectiveness of our Group financial investment operations, including quarterly, half-yearly or annual reviews of issuer exposures, maximum exposures for individual positions, investment limits for financial institutions and country limits for issuers. Overall, we were satisfied with the effectiveness of our reviews and we did not identify any need to modify them in 2024.

The majority of our investment portfolio comprises local currency sovereign bonds, issued by governments and denominated in the local currency. While some of these investments do include Sukuk and Islamic bonds (in Pakistan), overall, they are chosen for their credit quality and liquidity attributes. However, integrating ESG considerations for non-local sovereign and corporate bond investments into our investment strategy will contribute to an alignment with responsible investing practices. We also plan to gradually expand the share of green bonds in our investment portfolio. Refer to the "TCFD Report" section for further information regarding the ESG ratings, emission intensity, and green bonds of our investment portfolio in 2024.

People and planet

Talent management, compensation, and performance management

Good talent management, compensation, and performance management practices have many positive impacts, including attracting top talent, retaining high-performing employees, high employee engagement and morale, growing performance and productivity, aligning organizational goals and values, and driving competitiveness and innovation. On the contrary, poor talent management, compensation, and performance management practices can have significant negative impacts on stakeholders, including a decline in employee satisfaction and engagement, lower productivity and performance, loss of talent and knowledge, damage to employer brand and reputation, legal and compliance risks, and diminished stakeholder trust and confidence. By concentrating on positive practices, we can continue to build a strong brand, cultivate a high-performing workforce, and achieve sustainable growth and success in today's competitive business environment.

Our employees' talent and knowledge are the key drivers of our organization's success. Therefore, we pay particular attention to selecting our talent carefully and offering them a supportive, stimulating, and inspiring work environment where they can thrive and advance. Above and beyond the technical aspects of our employees' roles, this also relates to promoting an inclusive and open-minded culture with equal opportunities for every employee, regardless of their personal characteristics.

Employment-related matters and processes – such as recruitment, code of conduct, performance management, compensation and benefits, or training and development – are governed by our human resources policy framework. This framework is complemented by respective regional policies covering specific local regulatory aspects and practices customary in our various jurisdictions. These policies are applicable to all employees and available on our intranet. Moreover, we have internal controls to assess the effectiveness of our talent and performance management, including learning and development, and performance appraisal and management. The results of these controls were positive and we were satisfied with their effectiveness in 2024.

Employment terms and benefits

The financial industry is highly regulated and competitive with success in attracting talent depending to a large degree on reputation. To build and run a sustainably reliable and thriving business, it is vital that we attract and retain highly competent talent with strong principles of integrity. Therefore, depending on the nature of a role, we offer our employees a variety of contract options, such as full-time or part-time, permanent or fixed-term, and hybrid work models. In either case, our employment packages are competitive, based on regularly updated role benchmarking and alignment within our various jurisdictions.

In addition to their agreed compensation, our employees enjoy a range of benefits which may vary depending on location, role, or type of contract. For permanent employees, such benefits generally include:

- encouraging and helping our employees to develop and upgrade their skills in in-house and with external courses
- offering international talent mobility among our global locations, with relocation assistance and allowances
- providing paid time-off allowances – such as holidays, parental leave, etc.
- discounts on banking and insurance products, in-house and with certain of our external partners
- end-of-service grant of pensions, provident funds, and gratuities.

Talent management

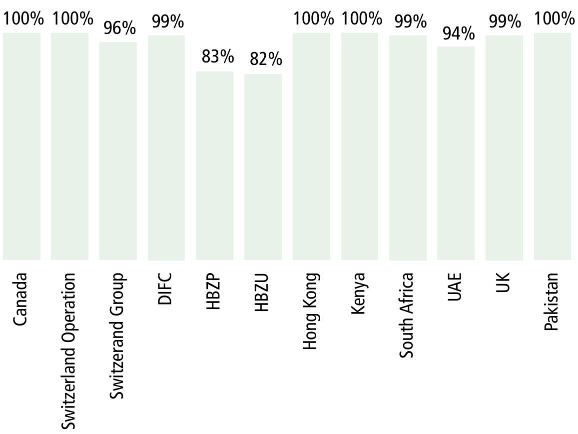
We take a holistic approach to talent management, primarily aiming to give our employees the opportunity to grow and develop their careers within our organization and secure their long-term employability. In doing so, we also ensure a consistently high service quality to our clients and reliability as a competent partner to all our external stakeholders.

HBZ VOICE
Building a better future together

In 2024, we launched our first ever Group-wide employee experience survey – HBZ Voice – covering key areas relevant to employee engagement, performance, and job satisfaction. The survey was conducted anonymously through a reputed consulting firm and achieved an employee participation rate of 91% across the Group. Overall, we gained some valuable insights and we scored well in all categories with many outperforming the Financial Services sector. Key positive outcomes included clarity on the Group's goals and objectives, brand image and sustainable engagement, which scored a favorable rating of 88%. After cascading the results to all employees, further actions are being planned for 2025 around identifying top priority areas, with the objective of constantly improving the workplace for our employees.

All our employees undergo a structured annual review, where we assess their performance against quantitative and qualitative objectives agreed at the beginning of each year. Based on the outcome of these reviews, we assess talent and identify potential successors for key leadership roles. In 2024, we implemented an online performance management system. The system covers objective setting, mid-year reviews, and year-end performance appraisals, to be completed by the employees online. This allows us to have a standardized and efficient paperless process across the organization.

Course completion rates for all training modules



Targeted training and upskilling are also part of our offering to all our employees with the relevant talent and ambition. In addition to internal learning opportunities, we also support targeted external training, such as post-graduate study modules to help our employees update or upgrade their expertise. We use our internal controls to assess the effectiveness of our recruitment and selection program, learning, and key critical positions.

In 2024, we developed a proprietary bespoke ESG module on our e-learning platform. This will become a mandatory annual training for in-scope employees starting in 2025.

Diversity, equal opportunity, and inclusion

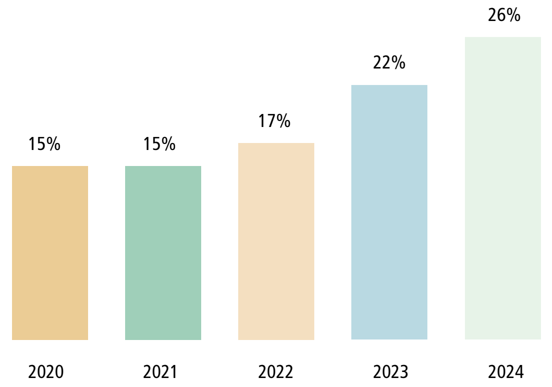
Diversity, equal opportunity, and inclusion have numerous positive impacts, including enhanced innovation and creativity, better decision-making and problem-solving outcomes, stronger employee engagement and morale, greater talent pool and recruitment opportunities, deeper client satisfaction and loyalty, increased employee retention and loyalty, compliance with legal and ethical standards, and positive impact on corporate reputation and brand image. Conversely, poor diversity, equal opportunity, and inclusion practices have numerous negative impacts, including limited talent pool and recruitment challenges, decreased employee morale and engagement, higher turnover rates and talent loss, legal and regulatory risks, negative impact on organizational culture and reputation, decreased innovation and creativity, weakened client relationships and market competitiveness, and missed business opportunities and growth potential. By fostering a culture of diversity and inclusion, we can create more equitable, productive, and sustainable workplaces that benefit employees, clients, and stakeholders alike.

In our view, best outcomes are achieved by a workforce consisting of individuals with a wide range of backgrounds and mindsets. Therefore, we abide by principles of equal opportunity with an emphasis on diversity and inclusion. These principles are enshrined in our business philosophy and captured in our codes of conduct and human resources policies at Group and regional level. It is our strategic priority to provide a workplace where all interactions – be it among employees or with our clients and other external stakeholders – are respectful of everyone's personal characteristics and free from any form of discrimination.

Group Human Resources actively tracks our hiring methodologies to ensure that diversity criteria are given due consideration alongside talent, skills, and qualification merits in our recruiting practices. Additionally, we promote equal opportunities in all aspects of our employment relationships – from talent management to career planning and compensation. In doing so, we foster a collaborative atmosphere of mutual respect, trust, and support among our employees.

In all our jurisdictions, we have a framework of human resource policies in place that allows employees to report any incidents of discrimination they may have experienced or witnessed. In 2024, no incidents of discrimination were reported.

Female employment rates at Habib Bank AG Zurich



The number of female employees in our organization has been on a steady rise over the past years, and women made up 26% of our total workforce at the end of 2024 (compared to 22% in 2023). Though pleased with this progress and looking to continue on this path, we continue striving to even out the gender imbalance in executive management roles.

The age distribution in our workforce highlights our endeavor to provide career opportunities across all generations. By having all working age groups represented evenly across our workforce, we are able to combine new ideas with experience and thus achieve a more balanced approach throughout our operations and processes.

In 2024, more than 40 different nationalities were represented among our workforce across the globe, reflecting a vibrant diversity of cultures, mindsets, and execution approaches. This underscores our dedication to fostering an open-minded work environment where such diversity is not only tolerated, but valued and actively empowered.

More than 40 different nationalities are represented in our workforce world-wide

As an equal-opportunities employer, we are open to offering employment to individuals whose physical abilities differ from the general mainstream, and we believe that a mutually beneficial relationship can be established. In 2024, we were employing 34 persons with disabilities.

Based on our assessment of diversity and equal opportunity aspects within our workforce, we have formulated plans – such as collecting and reporting gender pay ratio data and measures to promote gender diversity across the Group. We remain confident about our progress in gender diversity and will stay on this path going forward.

Climate change and decarbonization

GHG emissions contribute to climate change, leading to various environmental risks such as extreme weather events, rising sea levels, wildfires, and disruptions to ecosystems. We may face increased exposure to climate-related risks, affecting property values, livelihoods, and overall economic stability. Increasing awareness of the environmental impacts of emissions has led to stricter regulations. Businesses involved in industries with high emissions may face legal and regulatory risks, including fines and penalties, impacting their financial stability. Climate change and emissions can also result in social and community disruptions, including displacement of populations and conflicts over scarce resources. Vulnerable geographical regions may face social and economic challenges due to these disruptions.

Every business can help address climate change by reducing GHG emissions and waste. We believe that climate-related risks can be mitigated by lowering the environmental impact of economic activity. Consequently, we have made this a part of our goal, as we aim to reduce the ecological footprint and improve the energy efficiency of our operations in the longer term.

The management of our environmental impact starts with more efficient use of resources, such as energy consumption and resource utilization. An increase in energy efficiency benefits our business, as it allows us to reduce our costs. The implementation of our ESG strategy is governed and driven by our Group ESG Committee. One of the committee's key objectives is to embed operational environmental management across operations and to promote environmental policy awareness, compliance, and implementation.

In 2023, we introduced standardized Group-wide reporting on energy consumption, emissions, business travel and water consumption. In 2024, we defined our ambitions, targets, strategies, concepts, and measures in these areas.

Energy consumption and emissions

We track and report our energy consumption in order to establish suitable control mechanisms that will help us cut consumption and reduce our contribution to global warming. We aim to reduce energy consumption from heating, cooling, and lighting in our offices, through energy efficiency measures and responsible management practices.

Scope 1 and 2 GHG emissions

We recognize that our efforts to monitor and reduce the GHG emissions our organization generates will help slow down climate change. We are continually enhancing our environmental reporting framework to better understand our current impacts and adjust our respective reduction targets and measures.

We aim to reduce our Scope 1 and 2 GHG emissions by 35% by 2030

In 2024, we continued our structured approach to measuring and tracking Scope 1 and 2 GHG emissions as part of our commitment to sustainability and ESG goals. We aim to reduce our Scope 1 and 2 GHG emissions by 35% by 2030, with 2024 as the base year. Based on this pledge, individual reduction targets were assigned to each local entity, setting a clear trajectory from 2025 to 2030.

Our initiatives to reduce our environmental impact vary by region

We have major operations in countries where energy production is not as environment-friendly as in Switzerland. Moreover, the climate in some of those jurisdictions – specifically, Hong Kong SAR, Pakistan, the UAE, Kenya, and South Africa – is considerably warmer than in Switzerland, which leads to higher energy consumption, e.g., for cooling offices. Our sustainability initiatives to reduce environmental impact vary accordingly, depending on geographical region.

Our operations in Pakistan account for about 79% of our total Scope 1 and 2 GHG emissions

Our operations in Pakistan account for approximately 79% of our total Scope 1 and 2 GHG emissions. Reducing these emissions presents significant challenges due to a combination of infrastructural and environmental factors. Pakistan's electricity grid remains heavily dependent on fossil fuels, specifically natural gas and coal, which complicates efforts to lower Scope 2 emissions given the limited availability of clean energy. We have installed solar panels in 23 branches. While the installation of solar panels on our premises is a recognized and effective renewable energy solution, the feasibility of such installations is limited. Many of our branches are located in multi-tenanted buildings or lack the necessary space for solar panel deployment. Furthermore, the country's extreme temperatures and frequent electricity outages increase our reliance on air conditioning and backup power sources, further driving up energy consumption. In 2023 and 2024, the national annual mean temperature rose by 0.51°C and 0.71°C, respectively. Our operations in Pakistan are also expanding each year, and in 2024, more than 20 new branches were opened. The extensive network of our branches across Pakistan includes many locations in remote or underserved areas. Inconsistent access to reliable electricity and renewable energy sources in these regions makes achieving uniform emission reductions particularly challenging.

Inconsistent access to reliable electricity and renewable energy sources in some regions makes uniform emission reduction challenging

Pakistan is a signatory of the Paris Agreement and ranks among the 10 countries most vulnerable to climate change. The country has yet to announce a specific net-zero target year; however, it has committed to reducing 50% of its projected GHG emissions by 2030, 15% unconditional and 35% contingent upon international financial support. The dedication to climate action is reflected in various mitigation plans, including a transition toward renewable energy sources, restricting coal power plants, hydropower development, land-use and forestry, and the introduction of an electric vehicle (EV) policy.

In line with these national efforts and the evolving regulatory landscape, we remain determined to reduce our GHG emissions in Pakistan and participate in the country's transition to a more sustainable future.

In 2024, we planned various measures to reduce our Scope 1 and 2 GHG emissions, which include transitioning company-owned fleet to plug-in hybrid vehicles or EVs, installing LED lights, and implementing motion sensor lighting in our buildings to optimize energy use. Additionally, we are exploring ways to improve heating, ventilation and air conditioning efficiency through life cycle analysis as well as regular maintenance and performance checks. Other areas of focus include the procurement of eco-certified IT equipment, and developing employee awareness programs.

Scope 3 GHG emissions – business travel

We generally prefer audio and video conferences over physical travel. However, since we have a business presence on four continents, travel by air is sometimes inevitable – notably for our semi-annual summits, leadership offsites and client interactions.

In 2024, Scope 3 emissions from business travel totaled 6'397 tCO_2e, including air, non-air travel and hotel stay for business. Our operations in Pakistan accounted for 88% of our total Scope 3 (business travel) emissions, a majority of which was due to the fuel allowance given to employees. This fuel allowance is a standard industry practice in Pakistan and forms an attractive element of the overall remuneration package.

Paper

We encourage all our employees to reduce office printing, aiming to promote responsible paper use, tree preservation and carbon footprint reduction. Besides reducing paper consumption, this also helps decrease the carbon footprint associated with archive storage and document sending and destruction, and improves the general efficiency of internal processes. With enhanced digital capabilities and platforms, we have reduced our paper consumption through many initiatives such as e-statements, mobile apps, and by making more digital channels available.

Water consumption

During 2023 and 2024, we have been monitoring the use of water in our premises. With the increasing business and major presence in the countries with average high temperatures, the consumption has increased over time. However, two entities with the highest water usage have been identified and we are working with these entities to implement measures to reduce water consumption.

Material consumption

In 2024, we established a framework and, starting in 2025, will begin tracking our Group-wide material consumption. We have defined a list of in-scope items and completed awareness programs with the ESG Champions in every local entity.

Waste and recycling

We have established a framework to track waste and identify the level of recycling in the organization. The ESG Champions in all local entities have completed the relevant training. External experts have been enlisted to help us understand techniques for accurate tracking of waste. We will start systematically tracking waste and recycling (which includes paper, plastic bottles, and electronic waste) in 2025.

TCFD Report

Uncontrolled GHG emissions – with global warming as one of the key effects – pose a major threat to humankind and the environment. We are aware of our role as a contributor to these emissions, both directly through our operational activities and indirectly through our financing and investment decisions.

2024 marks our first year of climate-related financial disclosure

We are taking an increasingly active part in addressing the challenges and adverse effects of climate change. 2024 marks our first year of climate-related financial disclosure in line with the recommendations issued by the TCFD. The TCFD was first established by the Financial Stability Board, and is now maintained by the International Sustainability Standards Board. These disclosures are designed to provide all our stakeholders with comprehensive and standardized insights into the financial risks and opportunities associated with climate change.

The TCFD has issued structured recommendations for managing and reporting climate-related risks and opportunities, with the aim to promote transparency and accountability. We concentrate on four key areas: governance, strategy, risk management, and metrics and targets. These topic areas form the basis for our Group-wide climate-related initiatives and reporting, enabling our organization to adopt global best practices and meet stakeholder expectations for consistent and measurable progress.

We attach importance to transparency and consistency in reporting our climate-related goals and performance and we adhere to the respective transparency provisions in the CO and the Ordinance on Climate Disclosures. That way, we help our stakeholders assess, measure, and compare our sustainability initiatives.

One of our current challenges is the limited availability and reliability of climate-relevant data from our counterparties

Despite having taken steps toward embedding sustainability – notably, decarbonization – into our operations, we acknowledge that we are still in the early stages of a long journey in this regard. One of our current challenges is the limited availability and reliability of climate-relevant data from our counterparties. However, we are confident that the quality and accessibility of such data will steadily improve as global regulations and reporting standards continue to mature. As this process evolves, the precision of our disclosures will become increasingly granular and we will be able to continually refine our strategies for contributing toward a more sustainable future.

Governance

Our Board and General Management play a pivotal role in overseeing climate-related financial risks and ensuring alignment with global regulatory frameworks and industry practices. We provide more information about our governance of TCFD matters in the "Governance, compliance, and ethics" section of this report.

Strategy

Climate-related strategy

In our ESG strategy, we prioritize identifying and addressing climate change risks and opportunities, which we will incorporate into the design of products and services. This drives us to manage climate-related challenges in a meaningful way and to embed sustainability into various aspects of our operations. Consequently, we have integrated climate change into our strategy.

In 2024, our Board approved the Group's initial climate strategy. A key milestone will be to reduce our Scope 1 and 2 GHG emissions. As outlined in the Financial Sector Science-Based Targets Guide published by the Science Based Targets initiative (SBTi), financial institutions are encouraged to adopt the Absolute Contraction approach when setting emissions reduction targets for Scopes 1 and 2. This method assumes that all financial institutions decrease their absolute emissions at a consistent rate. It is considered the simplest and most direct approach for attuning emission reduction targets with the well-below 2°C and 1.5°C climate pathways. Under the Absolute Contraction approach, a minimum annual linear reduction of 2.5% in absolute emissions is required to stay on track with the target of well below 2°C. For the 1.5°C target, a minimum annual absolute reduction of 4.2% is mandated, which adds up to a total reduction of approximately 23% in absolute emissions between 2025 and 2030.

We aim to reduce our absolute Scope 1 and 2 GHG emissions by 35% by 2030, with 2024 as the base year. This underscores our dedication to measurable progress, and represents a vital benchmark in our journey toward sustainability.

We started recording and monitoring the carbon emissions across all our operational activities in 2023 and will continue to do so going forward. By tracking emissions, we can assess performance, identify areas for improvement, and implement corrective actions where necessary. To achieve the desired reduction, we are adopting energy efficient technologies, engaging with carbon offset programs, and adapting to common industry practices. In our lending business, we are designing products that will make it easier for our clients and communities to reduce their carbon footprints. Over time, we will expand our Scope 3 emissions tracking beyond business travel to encompass other relevant areas, reflecting our commitment to transparency and accountability. In 2024, we further enhanced our Scope 3 emissions coverage by including the financed GHG emissions of the investment portfolio.

Our climate strategy is structured around five key pillars:

Action	Description
Measure	We quantify emissions using robust methodologies such as the Greenhouse Gas Protocol (GHG Protocol) and the Partnership for Carbon Accounting Financials (PCAF). This ensures consistent and accurate tracking of our environmental impact across all our operations.
Disclose	Our disclosures are in line with the TCFD recommendations and comply with the GRI Standards. This ensures our stakeholders have access to clear, reliable, and comparable climate-related information.
Communicate	We believe in transparent communication with stakeholders, emphasizing the progress and challenges in achieving our sustainability goals. We specifically engage with our employees and create awareness through informatory videos and posts. Looking ahead, in 2025, we will launch an e-learning program on ESG topics for our employees in 2025.
Reduce	We are implementing measures to lower our GHG emissions, by raising employee awareness, driving operational efficiencies and adopting green energy, and we intend to support our clients in reducing their footprint.
Offset	For emissions that cannot be reduced, we will invest in certified carbon offset projects.

We will reduce our GHG emissions through operational improvements, investment in renewable energy, and energy efficiency improvements

Our target to reduce our Scope 1 and 2 GHG emissions by 35% by 2030 is based on a thorough analysis of operational data, regulatory expectations, and industry benchmarks. Moreover, it reflects our ambition on a realistic and achievable timeline. These targets will be realized through a combination of operational upgrades, investment in renewable energy, and Group-wide drive for energy efficiency improvements. Scope 1 and 2 GHG emissions falling short of our yearly targets, will be offset through the purchase of high-quality carbon certificates.

Our financial investment strategy follows our sustainability objectives – especially decarbonization – by limiting exposure to high carbon intensity and prioritizing investments in environmentally responsible issuers. To the extent possible, we are progressively integrating ESG considerations into our investment decisions and gradually blending sustainability principles into our portfolio. At the same time, we are looking to address liquidity and financial performance concerns. Similarly, our lending strategy will be geared toward reducing exposure to polluting sectors, introducing loans that will facilitate our clients' transition to sustainability, promoting green energy products such as EVs and solar panels, and offering mortgages for environment-friendly real estate, or upgrading their real estate for environmental efficiency.

We are adopting international standards and we promote ESG awareness proactively

We are adopting international standards and we promote ESG awareness proactively throughout our organization. This holistic approach fosters a culture of accountability and sustainability, which enables us to meet our goals and simultaneously contribute to a more sustainable future for the communities we serve.

Climate-related risks and opportunities

We assess the opportunities and risks associated with climate change primarily in qualitative terms, complemented in some areas with quantitative insights. These assessments are based on the latest available data and will be refined and updated annually.

Given the long-term nature of climate change, it is crucial to evaluate risks and opportunities across specific timeframes. The timeframes we use in our assessment reflect our strategy cycles. In this report, a short-term horizon is typically up to five years, a medium-term horizon is up to 10 years, and a long-term horizon is between 11 and 25 years. This distribution provides a better understanding of the evolving implications of climate change on the business.

Our assessment of the potential risks and opportunities is based on scenarios defined by the Network for Greening the Financial System (NGFS). The NGFS develops climate scenarios to help financial institutions better assess their transition and physical risks. These scenarios fall into four broad categories:

- **orderly:** timely, coordinated climate action limiting warming to 1.5–2°C
- **disorderly:** delayed or abrupt policy shifts causing economic volatility
- **hot house world:** inadequate action leading to severe warming above 3°C
- **too little, too late:** late and uncoordinated transition.

For our risk assessment for 2024, we considered nationally determined contribution (NDC) scenarios which come under hot house world. NDC models analyze how countries implement their existing Paris Agreement commitments, which may involve various timelines and climate targets. Even though other NGFS scenarios – such as Net Zero 2050 (orderly) or Delayed Transition (disorderly) – are widely referenced, we chose NDC scenarios due to their alignment with near-term, real-world policy baselines.

NDC scenarios provide a pragmatic benchmark for us

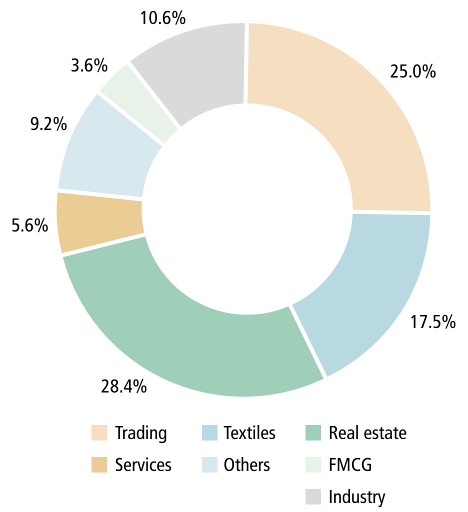
Our climate policy ambition is driven by the diverging regulatory capacities and socio-economic priorities prevailing in the wide range of developed and developing economies where we operate. Consequently, the NDC scenarios provide a pragmatic benchmark for us. It reflects existing governmental commitments, enabling us to assess risks and opportunities tied to today's fragmented policy landscape rather than hypothetical, idealized transitions. This approach balances credibility – as it is grounded in actual pledges – and regional nuance critical for tailoring strategies in markets with varying decarbonization speeds and exposure to physical climate impacts.

The extent to which an organization faces risks or can capitalize on opportunities linked to climate change depends significantly on its business model. Operating on four continents, we derive the majority of our income from our financial investment and treasury business, which generated CHF 705 million in 2024 compared with CHF 612 million in 2023. The second-largest source of income is the client lending business, which generated CHF 411 million in 2024 compared with CHF 397 million in 2023. Therefore, lending business and financial investments will be the key topics in this section.

Loan portfolio

Our consolidated balance sheet consisted of client lending totaling CHF 3.99 billion. Looking ahead, the relative importance of these income sources is expected to remain stable, with any shifts occurring gradually over time.

Group credit exposure CHF 3.99 bn



Of our existing loan book, 70.9% is outstanding to obligors in three key industry sectors: trading (25.0%), real estate (28.4%), and textiles (17.5%). More than half of the credit exposure to the trading sector is booked in the UAE, with Hong Kong and Pakistan being other major operations for lending to this sector. This is in line with our Group-wide aspiration to be a trusted global provider of trade-related credit solutions.

Within the real estate sector, the main exposure is in the UK (61.3% of our total real estate exposure), the UAE (20.7%) and Canada (12.3%), all secured by residential and commercial property in the respective countries. As such, more than 73.6% of our total real estate collateral is located in countries with growing regulatory and building standards pressure. In the UK, the government is progressively tightening the Energy Performance Certificate (EPC) standards for rental properties. For example, for commercial properties in England and Wales, landlords currently need to earn a minimum EPC rating of "E". This is about to rise to "C" by 2028, and "B" by 2030. If landlords are unable to comply with these requirements, their assets will become unlettable and they will be liable for fines. Similarly, in Canada, there are various provincial and municipal regulations, as well as voluntary programs and certification standards that address energy efficiency in buildings, particularly in new construction and major renovations.

Almost 98% of the textile industry exposure is in Pakistan, a country with a large textile sector and heavy dependence on textile exports. Since most of our clients are exporting textiles to developed markets, our textile sector obligors follow stringent ESG compliance standards required by their clients. However, we aim to reduce our exposure to the textile sector in Pakistan as it constitutes a large concentration in our local credit book.

Investments

We manage a robust and diversified financial investment portfolio of CHF 5.3 billion, predominantly composed of debt securities, with the core objective of converting liabilities into liquid assets. This investment strategy is designed to bolster effective Group-wide liquidity contingency planning while adhering to essential criteria such as credit quality, market liquidity, and the creditworthiness of selected securities. Our primary goal is to make liquidity available to our depositors when due, with minimal risk to our capital.

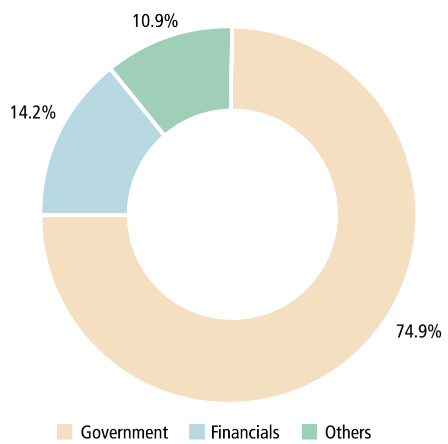
Our investment approach seeks to maintain a balance between risk and return, with a strong emphasis on preserving liquidity. When investing in bonds, we evaluate a large number of factors, including credit spreads, credit curves, interest rates, credit ratings, asset liquidity, sector exposure, country of risk, and diversification metrics. A significant portion of our investment portfolio consists of local currency sovereign bonds issued by governments, primarily for liquidity contingency planning, denominated in their respective local currencies, such as Pakistan, the UAE, Kenya, Canada, Switzerland and South Africa. Investing in local currency sovereigns helps us comply with local regulations, manage risks, and capitalize on opportunities.

We recognize the importance of ESG considerations and are integrating them into our investment decisions

We recognize the growing importance of ESG considerations and are integrating them actively into our day-to-day investment decisions. Going forward, we will progressively include ESG factors in non-local sovereign and corporate bond investments to enhance our risk assessment framework and strengthen our focus on responsible investing practices.

The sector allocation of our investment portfolio as of 31 December 2024:

Investment portfolio / sector CHF 5.3 bn



in CHF bn

Total investment portfolio	**5.3**
Local currency sovereigns	3.7
Pakistan equities and other securities	0.1
Remaining investment portfolio	1.5
Investment portfolio with ESG rating	1.1
Investment portfolio with GHG emissions (Scopes 1 and 2)	1.2

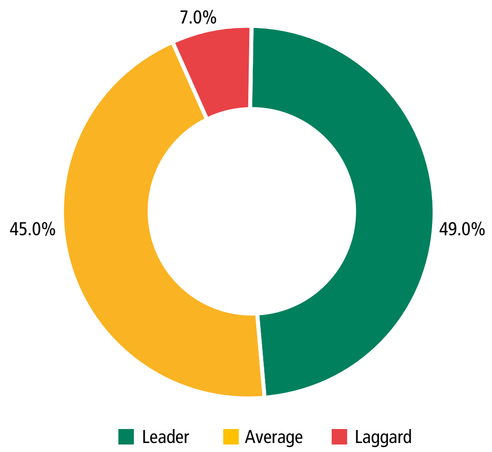
As of 31 December 2024, 76% of our investment portfolio (excluding local currency sovereign and securities in Pakistan) had Morgan Stanley Capital International (MSCI)

ESG ratings. MSCI ESG ratings evaluate how well companies manage ESG risks and opportunities. These ratings, ranging from AAA (highest) to CCC (lowest), reflect a company's ability to address ESG issues relative to its industry peers. According to the criteria established by MSCI, 49% of our investment portfolio exposures were classified as Leader, 45% as Average, and 7% as Laggard.

MSCI ESG rating scale:

Leader A company leading its industry in managing the most significant ESG risks and opportunities	AAA
	AA
Average A company with a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	A
	BBB
	BB
Laggard A company lagging its industry based on its high exposure and failure to manage significant ESG risks	B
	CCC

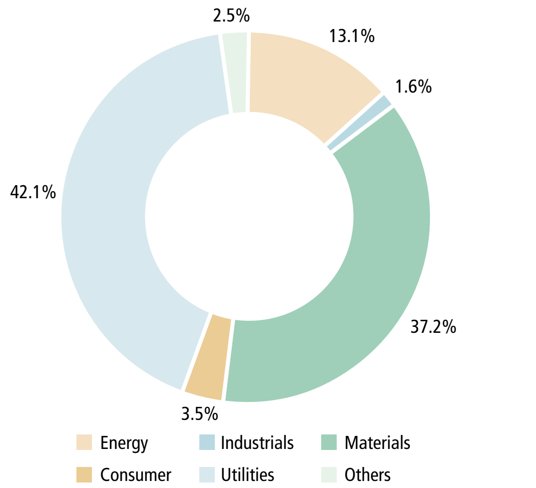
Investment portfolio with ESG rating CHF 1.1 bn



We have started measuring the emission intensity of our investment portfolio, excluding local currency sovereign and securities in Pakistan. Whereas emissions data is unavailable for local currency sovereign bonds, which play a crucial role in our liquidity contingency planning, 79% of the remaining investment portfolio reported emissions data. The rest of this section relates to this CHF 1.2 billion portfolio.

This portfolio has an average PCAF score of 2.1 (1 being the highest and 5 the lowest score). The PCAF score measures the data quality of Scope 1 and 2 GHG emissions data for the instruments as defined by the PCAF. As per 31 December 2024, the average carbon intensity of this portfolio was 132 tCO_2e per CHF 1 million invested.

Investment portfolio with GHG emissions (Scopes 1 and 2) / sector CHF 1.2 bn



We aim to reduce the average GHG emissions intensity within our investment portfolio by 25% by 2030, with 2024 as the base year. The SBTi mandates a minimum annual reduction in financed emissions intensity by 4.2% in order to follow one of the 1.5°C pathways. According to the SBTi recommendation, using 2024 as the base year and the minimum 4.2% annual reduction target, the cumulative minimum reduction by 2030 should be 23%. Therefore, our target of 25% matches the Paris Agreement and outweighs the reduction target of the SBTi recommendations. We will carefully review this target annually for its feasibility and conformity with the industry trends and expectations.

We aim to reduce the average GHG emissions intensity within our investment portfolio by 25% by 2030

To enhance our approach, we want to gain a deeper understanding of the implications of climate change on our core income streams and major assets. By integrating these insights in our overarching sustainability strategy, we will be better positioned to adapt to evolving climate challenges while capturing opportunities to realize our long-term vision.

Climate-related opportunities
By increasing the energy efficiency of our own banking operations, we will be able to reduce emissions as well as the respective costs in the short and medium term. Efforts in this regard include switching off unnecessary electric and electronic equipment outside business hours, replacing conventional lighting with LED lights, and implementing sensor-based lighting solutions in the premises.

We have installed solar panels in 23 branches in Pakistan and are planning to install more solar panels in other jurisdictions in order to generate electricity from renewable sources. In this regard, we are identifying other suitable locations where such installations are viable and can prove cost effective. This will reduce our energy costs in the long term and result in savings on carbon tax, too.

We have launched initiatives for calculating and reducing water and paper usage besides managing waste and recycling.

We are actively financing solar energy supply facilities for commercial, industrial, and residential buildings

We participated in specific climate-related financing initiatives in certain regions. Meanwhile, the data compiling and reporting is still being standardized across the Group. In Pakistan, we financed large-scale projects, and we have recently signed a deal where we are acting as the onshore security agent for sustainable aviation fuel financing transactions worth USD 121.2 million, together with the Asian Development Bank and International Finance Corporation. We also funded a bio-diesel refinery that converts chicken feather and edible oil waste into bio-diesel for export to oil majors in Europe. Besides these initiatives, we are actively financing solar energy supply facilities for commercial, industrial, and residential buildings, and we provide financing for wind power facilities.

Furthermore, it was of particular importance to us to be financing and supporting SMEs and the agriculture sector, along with actively funding solar power-based projects for agricultural irrigation and residential buildings.

We already offer preferred rates for financing the purchase of EVs in the UAE, and now green auto loans are among the opportunities we intend to introduce in other jurisdictions.

We are evaluating opportunities to introduce green mortgages in the UK and Canada markets, which collectively represent 73.6% of our total mortgage portfolio. Given the strategic significance of these regions for our business, we are taking a measured and responsible approach to ensure that this innovative mortgage offering delivers tangible and quantifiable benefits to borrowers.

We aim to encourage our clients to make climate-conscious choices. This may include incentivizing clients to buy energy-efficient properties with superior insulation, or invest in sustainability upgrades, such as solar panels, heat pumps, or other environment-friendly alterations that will improve the environmental performance of their existing property. By gearing our mortgage incentives toward climate-positive actions, we aim to drive meaningful change and reinforce our commitment to sustainable finance and responsible lending.

We want to gradually expand the share of green bonds in our investment portfolio, in step with the growing availability of sustainable debt instruments in the market. By using green bonds, we diversify our investment portfolio, gain access to new sustainability markets, and strengthen our brand reputation, too. As the universe of high-quality green bond offerings continues to expand, we will continually enhance our allocation strategy, underpinning our drive for environmentally responsible investing and optimizing risk-adjusted returns. Thanks to this proactive approach, our portfolio will remain well-positioned to promote the transition to a low-carbon economy and meet our broader sustainability and financial objectives.

Early adoption of TCFD recommendations can be a competitive advantage and may be used to differentiate our business from our peers, notably in jurisdictions where climate disclosures are not yet mandatory. Besides, it gives us an advantage as we will be well-positioned to meet regulatory sustainability requirements in the jurisdictions where they are under discussion.

Climate-related risks
Climate-related risks can be broadly categorized into two key types: **physical risks** and **transition risks**. We deem it essential to understand and address both physical and transition risks in order to maintain our long-term resilience and achieve sustainable growth.

Physical risks
According to TCFD recommendations, physical risks caused by climate change can be acute or chronic.

Acute physical risks, characterized by sudden, climate-induced events such as extreme weather or natural disasters, present multifaceted challenges to our global operations, infrastructure, workforce, and client base. Such risks threaten our business continuity, asset integrity, employee safety, client solvency, and the overall stability of our credit portfolio.

Events like severe flooding can immobilize critical systems, damage physical assets, delay transaction processing, and force branch closures, directly impacting service delivery. Disasters may endanger employees, displace local teams, or restrict access to workplaces, reducing workforce availability and morale, particularly in high-risk regions. Clients, especially SMEs in disaster-prone areas, may experience abrupt operational shutdowns resulting in impairment of their cash flow and jeopardizing their capacity to meet debt obligations. Widespread borrower distress from these events can escalate defaults, entailing higher loan loss provisions.

Chronic physical risks such as rising global temperatures and sea levels, and prolonged droughts can have significant implications for our operations, premises, clients, and their businesses. These gradual climate changes can lead to asset depreciation, increased operational expenses, and reduced economic activity in affected regions, ultimately influencing our financial performance.

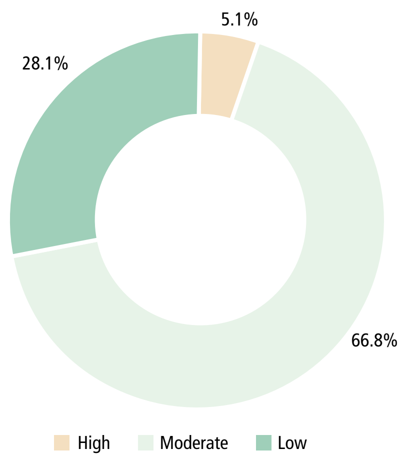
For instance, properties and collateral in areas vulnerable to rising sea levels may lose in value, affecting our loan portfolios and asset-backed securities. Higher cooling costs for data centers and office buildings can escalate operational expenditures. Furthermore, sectors reliant on agriculture may experience declining productivity due to persistent droughts, potentially impacting our clients' financial stability and thus increasing our credit risk.

The following aspects of our products and services offering are reviewed for the assessment of the climate-related physical risks:

- **Mortgages:** Physical damage to residential properties caused by extreme weather events, such as floods or hurricanes, can lead to immediate devaluation of collateral value, increasing risk premiums or even policy exclusions in high-risk areas, which can contribute to increased default rates among borrowers. According to our internal assessments, approximately 21% of our credit mortgage exposure originates from countries that are less resilient to physical risks.
- **Business loans secured by property collateral:** Properties in areas experiencing chronic risks may see sustained depreciation. Properties used as collateral for business loans may suffer from physical risks jeopardizing our ability to recover funds in the event of defaults. 10.6% of our business loans are collateralized by properties.
- **Other business loans:** Disruptions caused by climate-related events, such as supply chain interruptions, operational shutdowns, economic migration, or reduced income, can impair the repayment capacity of businesses across various sectors, posing a risk to our loan portfolio.

With our focus on trade and commercial banking, 75% of the commercial lending portfolio is of short-term nature – i.e., with a maturity of less than 12 months. That way, we are better equipped to manage climate risk impacts as we are able to adapt quickly, leverage real-time data, obtain better early warning, and minimize long-term uncertainties. Short-term exposures allow us to reassess and recalibrate our portfolios more frequently. This allows us to respond quickly to emerging climate risks, such as physical risks (e.g., floods, wildfires), or transition risks (e.g., shifts to low-carbon economies). We are able reallocate resources away from high-risk sectors or regions more swiftly, thus reducing potential losses from climate-related events. Such agility allows us to cope with regulatory changes, market shifts, and physical risks, fostering greater resilience and sustainability in the face of climate change.

Credit portfolio Moody's rating – Physical risks



To assess our credit portfolio, we use Moody's[1] environmental risk heat map, which identifies five environmental factors most critical to credit quality: carbon transition, physical climate risks, water management, waste and pollution, and natural capital. However, in line with TCFD recommendations, which prioritize climate-related considerations, our evaluation concentrates exclusively on carbon transition and physical climate risks.

[1] Environmental risk heat map https://www.moodys.com/web/en/us/insights/credit-risk/sustainable-finance-and-credit.html

As per the Moody's report covering 90 sectors globally, only 5.1% of our lending portfolio is in sectors exposed to high physical risk. Almost 94.9% of the exposure relates to sectors with moderate or low physical risk. We intend to further improve on this rating distribution over time by raising the proportion of low and moderate risk rating.

Only 5.1% of our lending portfolio is in sectors exposed to high physical risk

In line with our updated strategy, as of 2025, we will be implementing targeted measures and limiting exposure to high-impact sectors, such as fossil fuel production, mining and quarrying of precious metals, and intensive livestock farming. We will avoid underwriting new financing agreements for projects or businesses operating within these sectors.

Impact of physical risk drivers on credit risk
Our mitigation of physical risks associated with climate change is embedded into our risk management framework. By diversifying our mortgage portfolios geographically, we minimize our exposure to local climate risks. Moreover, we mandate comprehensive property insurance coverage for such mortgaged properties to limit our risk of financial loss due to natural disasters. The low loan-to-value ratio then mitigates the risk to an even greater extent. To further control the impact, we diversify the credit exposure by sectors. Therefore, the overall credit risk associated with physical risk is assessed as low.

Impact of physical risk drivers on market risk
Physical risks may influence market risk by affecting equity valuations, foreign exchange rates, and creating vulnerabilities due to concentration in specific sectors or geographic regions. A significant portion of our business revolves around the textile and trading sectors and centers within key markets such as the UAE and Pakistan, which could accentuate our exposure to localized climate-related events.

However, we maintain a trading portfolio that is primarily short term in nature and highly manageable, avoiding investments in inherently volatile areas such as commodity trading. This strategic orientation, combined with astute portfolio diversification, significantly mitigates the potential impact of physical risks. As a result, the overall market risk exposure arising from these factors is considered low.

Impact of physical risk drivers on liquidity risk
Physical risks may influence liquidity risk by boosting client demand for liquidity, which could lead to higher than expected outflows. This scenario is particularly likely to materialize in some of the jurisdictions where we operate. However, we mitigate the potential impact of such risk by maintaining strong excess liquidity across the Group (the advances-to-deposit ratio is less than 30%), backed by automated liquidity management systems calibrated to conservative liquidity indicators. These measures enable our business to remain resilient. Consequently, the overall liquidity risk associated with physical risks is assessed as low.

Impact of physical risk drivers on operational risk
Severe weather events pose a threat to our physical assets, employees, and supply chains, potentially disrupting our operations. Such events could lead to a devaluation of assets and extra costs associated with repairs or operational adjustments.

We operate out of 604 buildings, which are covered by standard building insurance to reduce financial exposure to extreme weather. The geographic distribution of these facilities globally and within the individual countries further reduces the concentration of risk. As a result, our anticipated financial loss from any extreme weather events is considered low.

As of 2025, we will be limiting our new lending exposure to high-impact sectors, such as fossil fuel production, mining, and intensive farming

We will continue to integrate climate risks into our operational resilience and business continuity frameworks. Through proactive infrastructure investments, climate risk monitoring, and regulatory compliance, we ensure long-term sustainability. Our business continuity plans now incorporate responses to prolonged climate events, whereas operational risk management frameworks include climate risk monitoring and rapid-response protocols.

We conduct comprehensive scenario analyses to assess climate-related risks and develop mitigation strategies. Climate modeling is used to evaluate business vulnerabilities to extreme heat, flooding, and supply chain disruptions. By regularly stress testing our IT and infrastructure resilience we make sure our operations can continue to function amid climate-related challenges.

Securing our IT resilience is of critical importance. Our IT infrastructure (excluding Pakistan) is managed centrally from Switzerland, with a robust disaster recovery site designed to withstand extreme climate conditions. Green data centers featuring energy-efficient cooling systems and sustainable designs allow us to maintain uninterrupted functionality, even during prolonged heatwaves. This corresponds to regulatory expectations, including those set by the Prudential Regulation Authority in the UK and FINMA in Switzerland, both of which put an emphasis on climate resilience in financial institutions. However, prolonged heat waves could impact employee health and productivity, notably in regions with high average temperatures. Therefore, adequate cooling in our office buildings is essential. Smog, prevalent in certain regions, may pose health hazards as well and affect employee performance. Implementing measures to improve air quality in offices and provide protective solutions for employees in smog-affected regions is critical to maintaining productivity and well-being.

We pay close attention to complying with evolving regulatory requirements and notably with the increasingly stringent climate-related financial regulations. The UK's Financial Conduct Authority mandates climate risk disclosures, and Sustainable Finance Disclosure Regulation in the EU and the FINMA circulars in Switzerland require financial institutions to integrate climate risks into their governance frameworks. In emerging markets – such as Pakistan, Kenya, and the UAE – regulatory expectations are evolving, prompting us to adjust our risk management practices accordingly. To meet these expectations and regulatory demands, we are strengthening our climate risk assessments and stress-testing frameworks. These evaluations help us quantify financial impacts arising from extreme climate events, including increased operational expenses, asset devaluation risks, and rising insurance costs.

Adopting global ESG standards is no longer optional but a critical factor in maintaining client loyalty and general stakeholder confidence

We abide by our pledge to integrate climate risks progressively into our operational resilience and business continuity frameworks. As climate risks continue to evolve, ongoing scenario analyses and strategic adaptations will enhance our resilience, which will allow us to operate compellingly in accelerating environmental scenarios. Therefore, our overall operational risk exposure is low and under strict control.

Transition risks

Transition risks are the financial and operational challenges that arise as economies move toward a low-carbon future. Such risks may emerge from regulatory shifts, market transformations, reputational concerns, and new technologies, all of which may have profound implications for financial institutions with significant exposure to lending, trade finance, and investments.

By refining our lending policies, diversifying our investment strategies, and engaging in sustainable finance, we can turn transition risks into opportunities

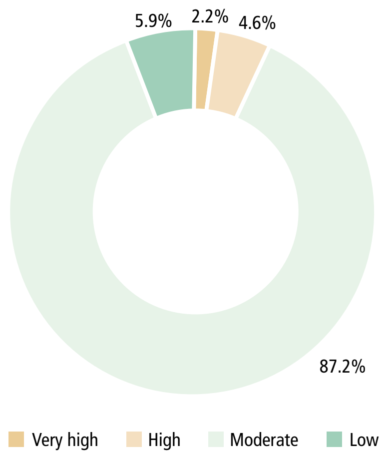
As governments tighten carbon pricing mechanisms, for instance by raising carbon tax rates, industries with high emissions, such as manufacturing, energy, and transportation, will be facing cost increases accordingly. This directly impacts our lending portfolio, as clients in carbon-intensive sectors may experience a decline in profitability and therefore potentially default on their loans, which in turn would result in a higher credit risk for our organization.

From an investment perspective, market preferences are shifting rapidly, with capital flowing increasingly toward green technologies and sustainable assets. This transition may lead to a devaluation of high-carbon assets, exposing us to potential losses in our investment portfolio, while also impelling us to streamline our strategy so we can capture emerging opportunities in sustainable finance.

Reputational risk is another growing concern. As all our stakeholders – notably clients and regulatory bodies – scrutinize financial institutions' environmental impact, our brand's equity and stakeholder trust could be at risk if it is perceived as lagging in climate-conscious lending and investment practices. Adopting global ESG standards is no longer optional but a critical factor in maintaining client loyalty and general stakeholder confidence.

We address these transition risks proactively to safeguard the long-term financial stability of our organization. At the same time, we keep our sustainability goals and corporate social responsibility attuned with global industry standards and requirements. By refining our lending policies, diversifying our investment strategies, and engaging in sustainable finance, we can turn these risks into opportunities and solidify our position as a responsible partner in the markets and sectors we finance.

Credit portfolio Moody's rating – Transition risks



We have only 2.2% and 4.6% of the lending portfolio in sectors exposed to very high and high transition risk, respectively. 93.1% of the exposure belongs to sectors with moderate or low transition risk. We intend to improve this distribution over a period of time. In 2025, we will introduce green initiatives to assist our clients with transition risk-related financing to enhance their readiness to face climate risk.

Impact of transition risk drivers on credit risk
Policy, market, and reputation risk drivers can have an impact on various areas of our lending business. For instance, the mortgage business could be affected if the underlying properties are relying on inefficient energy sources, have inadequate insulation, or are subject to rising carbon taxes, making such real estate less attractive or costlier for borrowers.

We are diversifying our investment portfolio to reduce our dependence on carbon-intensive industries and increase lending to environment-friendly projects

Similarly, business loans backed by property collateral could be devalued if these properties fail to meet evolving energy efficiency or climate-related compliance standards. Other business loans might incur higher risks, too, as borrowers in carbon-intensive sectors face increased costs from carbon taxes or competition from more sustainable and innovative alternative sources. Our exposure to Moody's defined climate-intensive sectors presents additional risks, as such industries are increasingly under scrutiny and prone targets of regulatory and market changes.

The highest risk likely lies in business lines with significant exposure to high-carbon sectors or properties that fail to meet sustainability requirements. In order to mitigate these risks, as of 2025, we will start implementing measures such as reviewing lending practices, integrating climate-related criteria into credit risk assessments, and incentivizing clients to transition toward greener practices. At the same time, we are diversifying our investment portfolio to reduce our dependence on carbon-intensive industries and increase our lending to environment-friendly projects.

There are currently no indications of any abrupt policy changes. Therefore, the overall credit risk associated with transition risk is assessed as low. Nevertheless, we remain vigilant about potential regulatory developments ahead. The possibility of more stringent measures, driven by global warming, tightening carbon targets, or rising energy prices, cannot be dismissed.

Impact of transition risk drivers on market risk
Transition risks can influence our market risks by affecting prices of our investments, foreign exchange dynamics, and our exposure to specific segments or regions. Given that a sizable portion of our operations are in the more climate-conscious regions, such as the UK, Hong Kong and Canada, the potential for elevated transition risks is still considerable. However, our trading portfolio remains primarily geared toward short-term assets, with limited exposure to climate-sensitive sectors, such as commodity trading. This strategic positioning minimizes the potential impact of transition risks, which leads to an overall assessment of these risks as being low for the Group. Still, we keep a close eye on emerging challenges, keeping our market risk management frameworks robust and adaptable.

Impact of transition risk drivers on reputational risk
As awareness of climate issues grows among the general public, clients, and other stakeholders, there is an increasing demand for businesses to adopt sustainable and climate-friendly practices. This shift in mindset is coupled with mounting expectations for accountability and transparency, and the associated reputational risk for businesses that fail to meet these expectations.

We implement robust due diligence processes, enhance transparency in reporting, and duly consider sustainability criteria in our portfolios

Key areas of concern include lending to or investing in climate-intensive sectors or clients, which could expose us to criticism for backing activities that are out of step with global climate goals. Additionally, the risk of greenwashing, where sustainability claims are perceived as exaggerated or misleading, represents a significant challenge. To mitigate these risks, we continually implement robust due diligence processes, enhance transparency in reporting, and give due consideration to sustainability criteria in our lending and investment portfolios. As a result, the overall reputational risk exposure arising from these factors is considered low.

Risk management

We have established a risk management framework that adheres to widely accepted market standards. Rather than treating climate change as a standalone risk class, we recognize it as a critical driver influencing existing risk classes.

In 2024, we conducted a detailed analysis of climate-related risks for the first time. This evaluation covered both physical and transition risks. We examined how these risks manifest themselves at microeconomic and macroeconomic levels and how they affect other risk classes, including credit, market, liquidity, operational, legal and compliance, reputational, and systemic risks. The study also covered the materiality of climate-related risks based on our current risk exposure in each class.

We embed climate risks into our risk management framework, which facilitates a robust response to climate-related financial risks

For instance, we considered the potential impact of natural hazards on credit risks, evaluating how climate events might impair our borrowers' ability to repay their loans. In addition, transition risks including reputational risks were carefully examined, acknowledging the non-financial implications of climate-related risk. We strive to embed climate risks into our established risk management framework, which facilitates a robust and proactive response to the evolving range of climate-related financial risks.

Identification and assessment

We have implemented a framework to guide our risk identification and assessment processes. This framework stipulates a structured and consistent approach to understanding climate-related risks across the organization.

We continually refine the ways we identify and assess the impact of physical risks on our operations and portfolio. Under our climate risk management strategy, we plan to leverage the NGFS scenarios alongside localized data from government agencies and independent research bodies to comprehensively evaluate the physical risks posed by climate change to its operations and lending portfolio. This dual approach allows a robust, forward-looking assessment in line with global climate pathways and regional realities.

The purpose of identification is to systematically recognize and understand the risk drivers relevant to our exposure. Such drivers include policy and legal developments, technological advancements, market dynamics, reputational considerations, and acute as well as chronic physical changes due to climate impacts. Identified risks are documented in a comprehensive risk matrix in conjunction with their assessment. The Group Chief Risk Officer reviews this matrix annually to make sure it remains aligned with evolving risks.

In 2024, we started an annual process of identifying and updating key climate-related risks that could have significant financial or non-financial impacts on our business. By proactively recognizing these risks, we are better positioned to mitigate potential negative effects and integrate sustainability considerations into our overall risk management strategy.

The measurement and assessment phase of the risk management process is designed to evaluate the potential impact of climate change on our existing risk profile. This step involves a comprehensive evaluation using qualitative and quantitative methods.

We assess climate risks by integrating them into existing risk classes for a clearer, more impactful evaluation, which is reviewed annually. This assessment is based on our internal policies. We use a transmission channel diagram to visualize how climate-related risks may propagate through our organization. This gives us a better understanding of potential vulnerabilities and impacts.

We have a robust assessment process in place, which combines top-down and bottom-up approaches and gives us a holistic understanding of the climate-related risks facing our business. We are thus in a position to take all relevant perspectives into account when determining the potential financial and non-financial impacts and defining our resilience strategies.

At Group level, we evaluate potential forward-looking risks and resilience of our business with regard to climate change and we assess how our operations, financial stability and reputation may be impacted by the transition to a low-carbon economy and by escalating physical risks related to climate change. This assessment is conducted top-down by the respective risk controllers in our organization for their area of responsibility. The bottom-up assessment involves engaging with different teams locally through workshops and consultations. This helps us identify specific climate-related risks for the respective portfolios and operations, and their potential financial implications. We integrate the outcomes of these workshops into the broader risk assessment process.

Climate risk drivers	Transition risk drivers				Physical risk drivers	
	Policy and legal	Technology	Market	Reputation	Acute	Chronic

Transmission channels	Micro channels (Group-specific)		Macro channels (economy-wide)
	Commercial loans: – Reduced income – Higher costs – Change in demand – New capital expenditures – Repriced assets – Property damage – Operational disruption – Relocation and adjustment of economic activity **Financial investments:** – Loss of value	**Mortgages:** – Higher costs – Reduced income – Repriced asset **Group's operations:** – Damage to assets – Greenwashing – Impact on health and safety – Carbon tax and penalties	– Capital depreciation – Higher carbon taxes – Changes in interest rates and FX rates – Lower labor productivity – Structural changes in supply/demand and prices – Socio-economic changes – Population migration – Sovereign credit rating downgrades

Existing risk classes	Credit	Market	Liquidity	Operational	Reputational	Legal and compliance
	– Default by clients – Collateral depreciation	– Repricing of investments – Distress sales	– Cash outflows – HQLA – Refinancing risk	– Business disruption – Forced facility closure	– Client base decline – Negative public opinion – Loss of reputation	– Litigation – Increasing scrutiny

The results from the qualitative and quantitative assessments and scenario analyses are reviewed, validated, and discussed with the relevant stakeholders during workshops. The final assessment is presented by the Group Chief Risk Officer and signed off by the Group ESG Committee to ensure alignment with the organization's broader sustainability and risk management objectives.

Management

Climate risk management focuses on monitoring, controlling, and mitigating climate-related financial risks across the Group. We have started measuring and reporting exposure to high-risk sectors. We are thus able to gain a clear understanding of our organization's exposure to climate-related risks and the potential financial impact on our operations, credit portfolio, and investments.

The overarching goal of risk management is to keep climate-related financial and non-financial risks under control. The respective risk class controllers define and take individual measures for managing these risks by leveraging our existing risk classes. These measures are designed to address both transition and physical climate risks and are integrated into the broader risk management framework.

We will be comparing our risk management measures periodically against the latest assessments in the risk matrix. This will help us see if they are still effective and where we may need to take additional action or plan adjustments. In 2024, the Group Chief Risk Officer, in collaboration with the relevant business line managers, started conducting these reviews and assessments to see if any strategy updates were necessary. Such periodic reassessments will always allow us to respond readily to emerging climate risks.

In 2024, our climate-related financial and non-financial risks were assessed as very low to low in the short term and low to medium over the medium and long term. Given the current risk profile, we do not foresee an immediate need to implement management measures beyond those already in place. However, we remain vigilant in monitoring evolving climate risks. Should the risk landscape change in the future, we will reassess our approach and introduce appropriate risk mitigation strategies as necessary. In such cases, the Group Chief Risk Officer will oversee the definition and implementation of these new measures.

In line with our commitment to sustainability and responsible investment practices, we will be considering climate-related risks and opportunities carefully when evaluating creditworthiness and investment prospects. This includes analyzing the potential impact of climate change on borrowers, sectors, and projects. We plan to integrate climate-related considerations into our credit and investment assessments to keep our portfolio in line with our long-term sustainability goals. This proactive approach helps manage exposure to climate-related financial risks while promoting investments that contribute to the transition to a low-carbon economy.

In the monitoring phase, we track and assess our organization's exposure to climate-related financial risks to keep it under control, notably in business areas vulnerable to the effects of climate change, and in high-risk sectors that are particularly susceptible to climate-related disruptions.

As part of the ongoing monitoring process, the risk matrix is updated at least once a year. That way, the risk matrix will always reflect the latest developments in climate-related risks, including any changes in exposure or new emerging risks.

With this structured monitoring process, we maintain a proactive approach to identifying and managing climate-related financial risks. This enables us to keep our exposure within acceptable levels and have appropriate risk mitigation measures ready at all times.

Metrics and targets

Metrics

Within our commitment to transparency and sustainability, we use the GHG Protocol to measure and report our Scope 1, 2, and 3 (business travel) emissions. This globally recognized framework enables us to quantify our direct and indirect GHG emissions with accuracy and consistency.

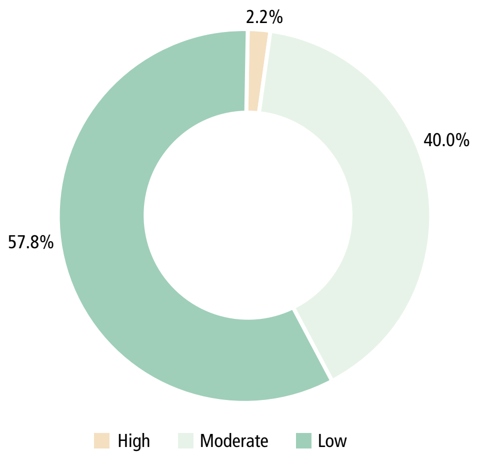
- **Scope 1 emissions** include direct emissions from sources owned or controlled by our organization, such as fuel and gas consumption in company-owned facilities and vehicles.
- **Scope 2 emissions** account for indirect emissions from purchased electricity used in our operations.
- **Scope 3 emissions** cover indirect emissions resulting from our employees' business travel, including air travel other means of transportation, and hotel accommodation, reflecting our broader carbon footprint beyond direct operations.

We provide more information in the "ESG KPIs" section under "Basis of reporting for consumption and GHG emissions". In 2024, we extended the scope of our data to Habib Metropolitan Bank's subsidiaries, and our representative offices in five countries.

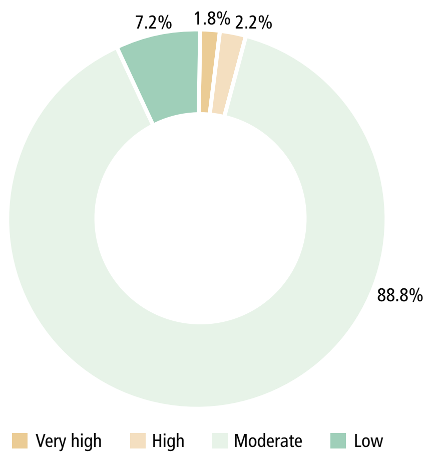
In addition to operational emissions, we assess the financed emissions associated with our investment portfolio using the PCAF methodology. This approach allows us to measure the climate impact of our financial activities by calculating emissions linked to selected financial investments. Our financed emissions calculations comprise Scope 1 and 2 emissions data. The data consists of company-reported Scope 1 and 2 emissions or estimations based on sector-specific emission factors when actual data is unavailable, and the PCAF score is assigned accordingly.

We provide the Moody's heat map for our lending business at Group and local entity level in the "ESG KPIs" section under "Planet".

Credit portfolio – UAE CHF 1.08 bn Moody's rating – Physical risks



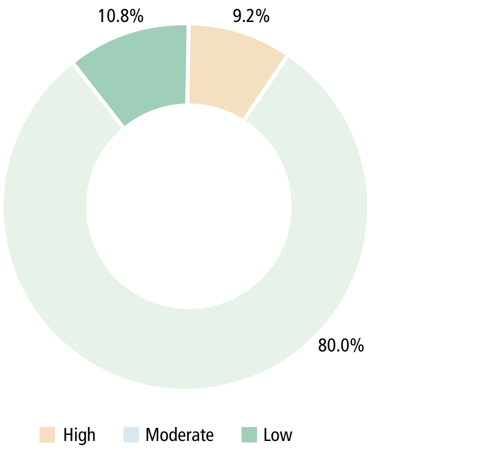
Credit portfolio – UAE CHF 1.08 bn Moody's rating – Transition risks



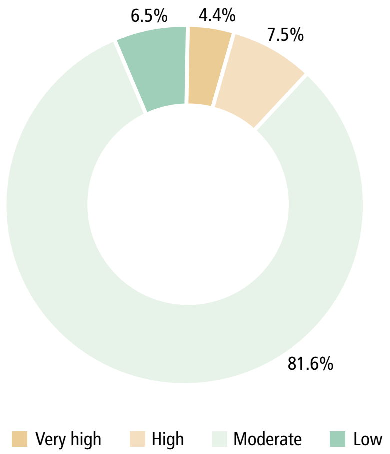
Our UAE branch has a limited exposure to higher physical and transition risk, as its lending book is concentrated in the trading sector. Consequently, most of the exposures mature within 12 months. This allows us to adjust our lending strategy fast to the changing market environment.

Our Pakistan subsidiary's lending book is primarily geared toward the manufacturing sector. This is reflected in the distribution of physical and transition risks within the portfolio. Given the focus on trade and the working-capital nature of the loans, we remain well positioned to realign our portfolio with the emerging climate risks.

Credit portfolio – Pakistan CHF 1.48 bn Moody's rating – Physical risks



Credit portfolio – Pakistan CHF 1.48 bn Moody's rating – Transition risks



GHG emissions

We provide the following information in the "ESG KPIs" section under "Planet":
- Scope 1 and 2 GHG emissions
- Scope 3, category 6 business travel GHG emissions
- Scope 3, category 15 investments GHG emissions

Targets

Area	Target	Base year
Own operations Scopes 1 and 2	2030: Reduction by 35%	2024
Financial investments Financed emissions Scope 3 – category 15	2030: Reduction by 25% in GHG emissions intensity per CHF million in financial investments portfolio bearing GHG emissions Coverage: Scopes 1 and 2	2024

About this report

General information

The scope of this ESG Report includes Habib Bank AG Zurich with the branches, subsidiaries, service companies and representative offices identified in our Annual Report 2024 and on our website www.habibbank.com.

The reporting period is from 1 January to 31 December 2024 and is the same as the Annual Report of Habib Bank AG Zurich. Both reports are available on our website as of 30 April 2025.

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We have not obtained any external assurances regarding this ESG Report.

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Walter Mathis
Member of General Management / Head of Shared Services

Adeel M. Butt
Group Sustainability Officer

Jonathan Seal
Head of Group Governance & Communication

Restatement of information

In the process of reviewing and improving our data accuracy, the following restatements have been made to the 2023 data, which are reflected in this report:

Habib Bank AG Zurich UAE and HBZ Services FZ-LLC UAE: During 2023, 97 employees of Habib Bank AG Zurich UAE were renting premises from HBZ Services FZ-LLC UAE. This circumstance was not accounted for in the calculation of water and electricity consumption for both entities in the ESG Report 2023. This oversight has been corrected, and the revised data is restated in this report. This adjustment does not affect the Group-wide consumption and emissions figures.

Habib Bank AG Zurich Switzerland: In 2024, the methodology for calculating heating oil consumption was enhanced, which resulted in a revised consumption figure for the year 2023. The revised data is incorporated and restated in this report.

Habib Bank Zurich (Hong Kong) Ltd.: The water and electricity consumption of some of the premises were not included in our ESG Report 2023, because data was not available. This data gap has been closed, and the adjusted water and electricity consumption figures for 2023 are restated in this report.

HBZ Services AG: The GHG emission factor for the electricity consumption during 2023 in our data centers in Switzerland has been updated with the exact data from the service provider. The revised data is incorporated and restated in this report.

Habib Metropolitan Bank Ltd. and Habib Bank AG Zurich UAE: The methodology for calculating non-air travel and the associated GHG emissions for 2023 has been revised. The revised data is incorporated and restated in this report.

HBZ Services (Private) Limited: During 2023, 43 employees of HBZ Services (Private) Limited were renting premises from Habib Metropolitan Bank Ltd. This was not accounted for in the calculation of water and electricity consumption, which resulted in double reporting by both entities. This has been corrected and the revised data is restated in this report.

Training hours: In 2024, the methodology for calculating average training hours per employee was revised. The revised data is incorporated and restated in this report.

Industry associations

The Group, its foreign branches and subsidiaries are members of several industry associations.

Country	Industry association
Switzerland	Swiss Bankers Association
	Association of Foreign Banks in Switzerland
	Swiss Risk Association
Canada	Canadian Bankers Association
Hong Kong SAR	Hong Kong Association of Restricted License Banks and Deposit-taking Companies
Kenya	Kenya Bankers Association
Pakistan	Pakistan Banks Association
South Africa	Banking Association of South Africa
United Arab Emirates	UAE Banks Federation
United Kingdom	Association of Foreign Banks in the United Kingdom

100% of Swiss employees (representing 1.4% of our total number of employees) up to and including middle management are covered by the Swiss staff regulation, which is based on the principles of the Agreement on Conditions of Employment for Bank Employees (Banken VAB).

49% of our employees in Kenya (representing 0.61% of our total number of employees) are members of a Collective Agreement. We have no collective bargaining agreements in any other jurisdiction.

Swiss reporting context

Our organization is subject to the consolidated supervision by FINMA. Moreover, we cooperate closely with the relevant regulatory bodies and central banks in the countries in which we operate.

According to art. 2 lit. c of the Swiss Auditor Oversight Act, financial institutions that are supervised by FINMA and required to be audited by an approved external audit firm must also publish a report on non-financial matters annually. As our organization fulfills the regulatory financial institution size requirement, our report on non-financial matters must also include any subsidiaries to the extent that this information is needed to understand our business operations, financial performance, and the effects of our business activities on non-financial matters. These are mandatory requirements in accordance with the CO.

Consequently, this report on non-financial matters is a consolidated Group report.

This ESG Report is intended to provide transparency on how our organization contributes or aims to contribute to sustainable developments and report in accordance with the GRI Standards (adopted on a voluntary basis) for the 2023 reporting year onward.

In addition, the Swiss Federal Council enacted the OCD regarding the implementation of non-financial reporting (art. 964a-964c CO) with respect to climate. The core provision of the OCD is art. 2 para 1, which establishes the presumption that the obligation to report on climate matters is fulfilled if the report is based on the recommendations of the TCFD. We follow the climate-related financial disclosure recommendations issued by the TCFD and TCFD-based reporting on climate matters that have become mandatory for our organization as of this reporting year.

Abbreviations

Abbreviations we frequently use in this report

Abbreviation	Definition
AML	anti-money laundering
BCM	business continuity management
BCP	business continuity plans
Board	Board of Directors
CFT	combatting the financing of terrorism
CIPM	Certified Information Privacy Management
CIPP/C	Certified Information Privacy Professional / Canada
CIPP/E	Certified Information Privacy Professional / Europe
CIPT	Certified Information Privacy Technologies
CISM	Certified Information Security Manager
CISSP	Certified Information Systems Security Professional
CO	Swiss Code of Obligations
DDoS	distributed denial of service
DIFC	Dubai International Financial Centre
DLP	data loss prevention
EDO	electronic data obfuscation
EPC	Energy Performance Certificate
ESG	environmental social and governance
EV	electric vehicle
FINMA	Swiss Financial Market Supervisory Authority
FIP	Fellow Information Privacy
FMCG	fast-moving consumer goods
GHG	greenhouse gas
GJ	gigajoule
GRI	Global Reporting Initiative

Abbreviation	Definition
HBZP	HBZ Services (Private) Limited, Pakistan
HBZU	HBZ Services FZ-LLC, UAE
hPLUS	proprietary core banking system of Habib Bank AG Zurich
HQLA	high-quality liquid assets
IAPP	International Association of Privacy Professionals
kWh	kilowatt-hours
LED	light-emitting diode
MSCI	Morgan Stanley Capital International
NBFI	non-banking financial institutions
NDC	Nationally Determined Contributions
NGFS	Network for Greening the Financial System
OCD	Ordinance on Climate Disclosures
OSCP	Offensive Security Certified Professional
PCAF	Partnership for Carbon Accounting Financials
PCI DSS	payment card industry data security standard
PIA	privacy impact assessments
SBTi	Science Based Targets initiative
SME	small and medium-sized enterprise
TCFD	Task Force on Climate-Related Financial Disclosure
tCO_2e	tonnes of CO_2 equivalents
UAE	United Arab Emirates
UK	United Kingdom

ESG KPIs

Scope of reporting

Unless stated otherwise, information and data in this section relate to Habib Bank AG Zurich and its subsidiaries, branches, representative offices, and service companies as listed in the table below:

Head office and operation:

Switzerland	Habib Bank AG Zurich
Branches:	
Kenya	Habib Bank AG Zurich
United Arab Emirates	Habib Bank AG Zurich
United Arab Emirates / DIFC	Habib Bank AG Zurich
Banking subsidiaries:	
Canada	Habib Canadian Bank
Hong Kong SAR	Habib Bank Zurich (Hong Kong) Ltd.
Pakistan	Habib Metropolitan Bank Ltd.
	Habib Metropolitan Financial Services Ltd.
	Habib Metro Exchange Services Ltd.
	Habib Metropolitan Modaraba Management Company (Private) Ltd.
	First Habib Modaraba
South Africa	HBZ Bank Ltd.
United Kingdom	Habib Bank Zurich Plc
Service companies:	
Switzerland	HBZ Services AG
Pakistan	HBZ Services (Private) Ltd.
United Arab Emirates	HBZ Services FZ-LLC
Representatives offices:	
Bangladesh	Habib Bank AG Zurich
China	Habib Bank AG Zurich
Hong Kong SAR	Habib Bank AG Zurich
Pakistan	Habib Bank AG Zurich
Türkiye	Habib Bank AG Zurich

Basis of reporting for employee data

The employee head count is reported as of 31 December 2024. As of 2024, all Pakistan subsidiaries are included in employee data reporting (the ESG Report 2023 excluded four Pakistan subsidiaries for employee data reporting). All tables reflect the number of permanent and temporary employees together unless stated otherwise. Employee training data comprises internal and external training programs.

Basis of reporting for consumption and GHG emissions

Our reporting for energy consumption and GHG emissions covers all operations of Habib Bank AG Zurich, including all our branches, subsidiaries, and service companies and representative offices worldwide for the period from 1 October 2023 to 30 September 2024 (the ESG Report 2023 excluded four Pakistan subsidiaries and five representative offices for energy consumption and GHG emissions). The measurement and reporting of GHG emissions data involve a degree of estimation due to a variability in the data and because some of our operations are based in multiple jurisdictions. In cases where multiple entities use office space within the same building, emissions have been attributed to the entity based on building ownership.

We report emissions arising from activities for which we were responsible under category Scopes 1 and 2. All energy was procured from non-renewable resources. Under Scope 3, we report GHG emissions data related to business travel and our financial investments. The business travel data includes travel by air and road and hotel accommodation.

Consumption and emission methodology

Category	Scope	Method
Transportation fuel	Consumption and emissions from company-owned or rented vehicles used for business. If data was unavailable for a particular instance, relative estimations are calculated.	Fuel consumption– separated by petrol and diesel – for the company-owned or rented vehicles was recorded in liters using billed invoices. Where fuel quantity data was unavailable, the cost was converted into volume of fuel in liters based on the price per liter in local currency, or by converting the mileage into liters of fuel based on data provided by Foundation myclimate[1]. The emissions from the use of fuel (in liters) were calculated using the emission data provided by Foundation myclimate.
Energy fuel	Consumption and emissions from the use of backup generators for electricity and heating in our premises.	Fuel consumption for our backup generators for electricity in Pakistan and South Africa, and for heating at one location in Switzerland was recorded in liters using billed invoices. The emissions from the use of this fuel in liters were calculated using the emission data provided by the UK Government's GHG Conversion Factors for Company Reporting[2].
Energy gas	Consumption and emissions for the use of heating in our premises. If data was unavailable for a particular building, appropriate estimations were calculated.	Gas consumption for heating was recorded in kWh using billed invoices. In Canada, gas was invoiced in cubic meters and has been converted to kWh for consolidation purposes. The emissions from the use of this gas in kWh were calculated using the emission data provided by the UK Government GHG Conversion Factors for Company Reporting. In Switzerland, the emission factor was determined by the local service provider.
Electricity	Consumption and missions from electricity consumed in our owned or rented properties. If data was unavailable for a particular building, appropriate estimations were calculated.	The electricity emission factors in Switzerland, HBZ Services AG, Hong Kong SAR and the United Arab Emirates were defined by the local service providers. For the remaining locations, emission factors were used as per the IFI Dataset of Default Grid Factors[3].

1 https://co2.myclimate.org/en/car_calculators/new
2 Reference https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2023
3 https://unfccc.int/documents/437880

Category	Scope	Method
Air travel	Business travel by air undertaken by our employees worldwide.	Flight details for business travel by air were obtained from employee expense records in our systems for each jurisdiction. These details include cities of departure and arrival, travel class, stopovers, and connecting flights. Mileage and emissions were calculated using the International Civil Aviation Organisation's Carbon Emissions Calculator[4].
Non-air travel	Business travel by land undertaken by our employees worldwide. This includes travel by taxi, tram, train, and private and rented car.	The distance in kilometers traveled for business was calculated from employee expense records in our systems for each jurisdiction. Where information on distance was unavailable, it was calculated using external sources. The mileage and emissions related to business travel by tram and train were calculated using EcoPassenger[5]. Missing mileage and complete emissions of the business travel by road were calculated using Foundation myclimate. We assumed all vehicles to be mid-sized, and differentiated between petrol and diesel consumption in most cases.
Hotel accommodation	Hotel accommodation for our employees worldwide during business travel.	Hotel accommodation for our employees during business trips was calculated based on the number of nights from our full-detail expenses records. Emissions were calculated using Hotel Footprinting Tool[6]. For simplicity of calculation, we ignored the hotel category and considered average emission factors for each of our jurisdictions.
Water	Consumption of water in the organization. Estimations were calculated where data was unavailable.	Water consumption was recorded in cubic meters using billed invoices. In some of our jurisdictions, different units were used for the calculation of the water consumption. They were all converted to cubic meters for ease of consolidation. If data was missing for any months in a jurisdiction, an estimate was extrapolated for such periods from the data that was available for other months. In some of our locations, water was included in the office rental and actual consumption data was therefore unavailable. In such cases, we used an estimation of 50 liters per employee per working day as explained by South Staff Waters[7].
Investments	Financial investments bearing emissions data.	The GHG emissions for financial investments provide Scope 1 and 2 emissions intensity measured in metric tonnes of CO_2 equivalent (CO_2e) per million of the company's enterprise value. The data follows a waterfall methodology to determine emissions data, prioritizing: 1) Reported Scope 1 and 2 emissions (directly disclosed by the company). 2) Direct CO_2 emissions (if full Scope 1 and 2 data are unavailable). 3) Estimated Scope 1 and 2 emissions, derived from an industry intensity model when no reported data is available. Based on this methodology, PCAF score is assigned, ensuring a standardized and consistent approach to emissions reporting.

[4] https://applications.icao.int/icec/Home/Index
[5] https://www.ecopassenger.org/
[6] https://www.hotelfootprints.org/
[7] https://www.south-staffs-water.co.uk/media/1509/waterusebusiness.pdf

People

Employees

Employees by jurisdiction and gender

	2024			2023		
	Female	Male	Total	Female	Male	Total
Total	2’038	5’866	7’904	1’705	5’924	7’629
Switzerland	32	80	112	31	81	112
Kenya	36	65	101	29	68	97
United Arab Emirates	207	317	524	196	319	515
Canada	18	30	48	20	29	49
Hong Kong SAR	35	42	77	35	36	71
Pakistan	1’542	4’944	6’486	1’229	5’059	6’288
South Africa	86	60	146	86	56	142
United Kingdom	44	111	155	48	110	158
Service companies	36	208	244	29	155	184
Representative offices	2	9	11	2	11	13

Employees by employment type and employment contract

	2024			2023		
	Female	Male	Total	Female	Male	Total
Permanent employees	1’780	5’553	7’333	1’446	5’534	6’980
Temporary employees	258	313	571	259	390	649
Full-time employees	2’026	5’864	7’890	1’698	5’920	7’618
Part-time employees	12	2	14	7	4	11
Workers who are not employees	2	895	897	–	885	885

Permanent employees by jurisdiction and gender

	2024			2023		
	Female	Male	Total	Female	Male	Total
Switzerland	30	73	103	30	72	102
Kenya	35	56	91	29	57	86
United Arab Emirates	196	301	497	193	307	500
Canada	14	28	42	16	29	45
Hong Kong SAR	31	35	66	27	29	56
Pakistan	1’301	4’677	5’978	993	4’729	5’722
South Africa	86	58	144	84	52	136
United Kingdom	42	110	152	43	101	144
Service companies	43	209	252	29	151	180
Representative offices	2	6	8	2	7	9

Temporary employees by jurisdiction and gender

	2024			2023		
	Female	Male	Total	Female	Male	Total
Switzerland	2	7	9	9	1	10
Kenya	1	9	10	11	–	11
United Arab Emirates	4	10	14	12	3	15
Canada	4	2	6	–	4	4
Hong Kong SAR	4	7	11	7	8	15
Pakistan	241	267	508	330	236	566
South Africa	–	2	2	4	2	6
United Kingdom	2	1	3	9	5	14
Service companies	–	5	5	4	–	4
Representative offices	–	3	3	4	–	4

Full-time employees by jurisdiction and gender

	2024			2023		
	Female	Male	Total	Female	Male	Total
Switzerland	21	78	99	24	79	103
Kenya	36	65	101	29	67	96
United Arab Emirates	200	311	511	196	319	515
Canada	18	30	48	20	29	49
Hong Kong SAR	35	42	77	35	36	71
Pakistan	1'542	4'944	6'486	1'229	5'059	6'288
South Africa	86	60	146	86	55	141
United Kingdom	43	111	154	48	110	158
Service companies	43	214	257	29	155	184
Representative offices	2	9	11	2	11	13

Part-time employees by jurisdiction and gender[1]

	2024			2023		
	Female	Male	Total	Female	Male	Total
Switzerland	11	2	13	7	2	9
Kenya	–	–	–	–	1	1
South Africa	–	–	–	–	1	1
United Kingdom	1		1	–	–	–

[1] Jurisdictions without relevant data were intentionally excluded from this table.

Workers who are not employees – by jurisdiction and gender[1]

	2024			2023		
	Female	Male	Total	Female	Male	Total
Pakistan	2	895	897		885	885

[1] Jurisdictions without relevant data were intentionally excluded from this table.

Habib Bank AG Zurich used the services of third-party non-clerical employees based on various types of contractual agreement. Examples of roles in this scope include messengers, drivers, support services, receptionists, etc.

Hires and Turnover

New employee hires

	2024		2023	
	Number of employees	Percent	Number of Employees	Percent
Total	1'647		1'628	
By Gender				
Female	694	42.1%	597	36.7%
Male	953	57.9%	1'031	63.3%
By age group				
Under 30 years	799	48.5%	706	43.4%
30-50 years	797	48.5%	857	52.6%
Over 50 years	51	3.1%	65	4.0%
By region				
Switzerland	22	1.3%	26	1.6%
Kenya	15	0.9%	19	1.2%
United Arab Emirates	59	3.6%	54	3.3%
Canada	10	0.6%	6	0.4%
Hong Kong SAR	13	0.8%	12	0.7%
Pakistan	1'388	84.3%	1'372	84.3%
South Africa	22	1.3%	28	1.7%
United Kingdom	17	1.0%	55	3.4%
Service companies	101	6.1%	54	3.3%
Representative offices	–	0.0%	2	0.1%

Employee turnover[1]

	2024		2023	
	Number of Employees	Percent	Number of Employees	Percent
Total	1'510	19.4%	1'268	17.0%
By Gender				
Female	385	20.5%	280	18.1%
Male	1'125	19.1%	988	16.7%
By age group				
Under 30 years	456	29.5%	385	31.2%
30-50 years	935	17.9%	792	15.0%
Over 50 years	119	12.0%	91	9.5%
By region				
Switzerland	22	19.6%	17	15.8%
Kenya	11	11.1%	8	8.7%
United Arab Emirates	50	9.6%	32	6.3%
Canada	11	22.7%	4	8.3%
Hong Kong SAR	7	9.5%	7	10.2%
Pakistan	1'329	20.8%	1'120	18.2%
South Africa	18	12.5%	17	12.5%
United Kingdom	20	12.8%	27	18.8%
Service companies	41	19.2%	35	20.1%
Representative offices	1	8.3%	1	8.0%

[1] Permanent and temporary employees (voluntary and involuntary turnover). Turnover % = number of leavers divided by average headcount in 2024.

Parental leave

	2024		2023	
	Female	Male	Female	Male
Group				
Employees who took parental leave	83	23	68	15
Employees who returned to work in the reporting period after parental leave ended	82	23	53	15
Employees who returned to work for at least 12 more months after parental leave	**53**	**15**	N/A	N/A
Rate of employees who returned to work after parental leave	99%	100%	78%	100%
Retention rate for employees who took parental leave	100%	100%	N/A	N/A

[1] All employees who were eligible took their parental leave in 2024.

Training hours

	2024		2023	
	Total	Average per employee	Total	Average per employee
By Gender				
Female	38’750	19	54’046	32
Male	122’335	21	87’249	15
By rank category				
Executive management	1’246	12	4’344	46
Middle management	56’588	20	62’900	27
Non-management	103’251	21	74’051	15
By region				
Switzerland	713	6	761	7
Kenya	454	4	2’341	24
United Arab Emirates	3’644	7	44’936	87
Canada	489	10	163	3
Hong Kong SAR	1’128	15	1’606	23
Pakistan	144’831	22	74’562	12
South Africa	4’559	31	14’177	100
United Kingdom	1’116	7	2’216	14
Service companies	4’151	17	533	3
Representative offices [1]	–	–	–	–

[1] Data was not available for representaitve offices in 2023 and 2024.

Performance and career development review[1]

	2024		2023	
	Female	Male	Female	Male
Total	**1’554**	**5’372**	**1’348**	**5’478**
By rank category				
Executive management	4	100	4	84
Middle management	451	2’294	321	2’128
Non-management	1’099	2’978	1’023	3’266
By region				
Switzerland	27	76	29	74
Kenya	33	63	28	65
United Arab Emirates	173	296	172	308
Canada	14	26	19	29
Hong Kong SAR	32	39	35	33
Pakistan	1’116	4’526	917	4’682
South Africa	84	56	79	52
United Kingdom	44	110	44	93
Service companies	29	171	23	132
Representative offices	2	9	2	10

[1] For employees whose employment started before 1 July 2024.

Diversity in workforce[1]

Employee structure	2024 Female	2024 Female %	2024 Male	2024 Male %	2024 Total	2024 Total %	2023 Female	2023 Female %	2023 Male	2023 Male %	2023 Total	2023 Total %
By gender	2’054	26.0%	5’850	74.0%	7’904	100.0%	1’705	22.3%	5’924	77.7%	7’629	100.0%
By age group												
Under 30 years	829	10.5%	874	11.1%	1’703	21.5%	557	7.3%	836	11.0%	1’393	18.3%
30–50 years	1’078	13.6%	4’079	51.6%	5’157	65.2%	1’018	13.3%	4’277	56.1%	5’295	69.4%
Over 50 years	147	1.9%	897	11.3%	1’044	13.2%	130	1.7%	811	10.6%	941	12.3%
By rank category												
Executive management	5	0.1%	103	1.3%	108	1.4%	4	0.1%	91	1.2%	95	1.2%
Middle management	403	5.1%	2’364	29.9%	2’767	35.0%	37	4.5%	2’252	29.5%	2’289	34.1%
Non-management	1’646	20.8%	3’383	42.8%	5’029	63.6%	1’354	17.7%	3’581	46.9%	4’935	64.7%
By service tenure												
Under 1 year	624	7.9%	784	9.9%	1’408	17.8%	534	7.0%	837	11.0%	1’371	18.0%
1–5 years	907	11.5%	2’391	30.3%	3’298	41.7%	693	9.1%	2’547	33.4%	3’240	42.5%
6-10 years	271	3.4%	1’129	14.3%	1’400	17.7%	246	3.2%	1’037	13.6%	1’283	16.8%
11–20 years	200	2.5%	1’041	13.2%	1’241	15.7%	183	2.4%	1’051	13.8%	1’234	16.2%
Over 20 years	52	0.7%	505	6.4%	557	7.0%	49	0.6%	452	5.9%	501	6.6%
By nationality												
Pakistani	1’613	20.4%	5’307	67.1%	6’920	87.6%	1’281	16.8%	5’388	70.6%	6’669	87.4%
Indian	53	0.7%	168	2.1%	221	2.8%	53	0.7%	161	2.1%	214	2.8%
Emirati	141	1.8%	15	0.2%	156	2.0%	131	1.7%	10	0.1%	141	1.8%
South African	85	1.1%	52	0.7%	137	1.7%	85	1.1%	54	0.7%	139	1.8%
British	34	0.4%	94	1.2%	128	1.6%	36	0.5%	97	1.3%	133	1.7%
Kenyan	36	0.5%	62	0.8%	98	1.2%	29	0.4%	65	0.9%	94	1.2%
Swiss	22	0.3%	44	0.6%	66	0.8%	23	0.3%	46	0.6%	69	0.9%
Chinese	27	0.3%	23	0.3%	50	0.6%	28	0.4%	23	0.3%	51	0.7%
Canadian	9	0.1%	32	0.4%	41	0.5%	8	0.1%	27	0.4%	35	0.5%
Others	34	0.4%	53	0.7%	87	1.1%	31	0.4%	53	0.7%	84	1.1%
By disabilities	15	0.2%	19	0.2%	34	0.4%	11	0.1%	23	0.3%	34	0.4%

[1] All percentages relate to the total number of employees (7,904 = 100%).

Gender pay ratio

Basic Salary

Country	2024 Executive management	2024 Middle management	2024 Non-management	2023 Executive management	2023 Middle management	2023 Non-management
Basic Salary[1]						
Switzerland	0.79	0.80	0.94	0.72	0.80	0.85
Kenya		1.02	1.09		0.72	0.97
United Arab Emirates		0.78	1.09		0.83	1.12
Canada		0.62	0.99		0.66	1.01
Hong Kong SAR		0.69	1.02		0.64	0.99
Pakistan	1.06	0.91	0.61	0.68	0.90	0.87
South Africa		1.01	0.91		0.86	0.83
United Kingdom		0.96	0.96		0.97	0.97
Service companies	0.85	0.99	1.02	0.89	0.99	1.04
Representative offices[2]						

[1] Gender pay ratio calculation is based on grade-to-grade basic salary comparison in each employment category within each of our entities.
[2] Data was not available for representative offices in 2023 and 2024.

Remuneration

Country	2024 Executive management	2024 Middle management	2024 Non-management	2023 Executive management	2023 Middle management	2023 Non-management
Remuneration[1]						
Switzerland	0.76	0.78	0.95	0.68	0.78	0.90
Kenya		1.00	1.07		1.10	1.15
United Arab Emirates		0.79	1.08		0.76	1.12
Canada		0.63	0.98		0.60	0.98
Hong Kong SAR		0.72	0.97		0.63	1.00
Pakistan	0.92	0.90	0.59	0.56	0.92	0.83
South Africa		0.94	0.91		0.88	0.85
United Kingdom		0.96	0.96		0.97	0.97
Service companies	0.82	1.05	1.03	0.90	1.00	1.06
Representative offices						

[1] Excluding variable compensation and insurance related components

Planet

Group credit exposure

	Group		Heatmap[1]	
Sector	Funded exposure CHF m	% of Funded exposure	Transition risk	Physical risk
Agriculture & allied industries	92	2.3%	3	3
Conglomerates	2	0.1%	1	1
Construction	69	1.7%	3	2
Energy	116	2.9%	4	3
Fast-moving consumer goods	143	3.6%	3	2
Individuals	2	0.0%	2	1
Information, communication & technology	38	0.9%	2	2
Large-scale manufacturing	65	1.6%	3	2
Media	3	0.1%	1	1
Medium-scale industry	172	4.3%	3	2
NBFI	15	0.4%	3	2
Real estate	1'135	28.4%	2	2
Services	226	5.6%	3	2
Small-scale industry	188	4.7%	4	3
Textiles	697	17.5%	2	2
Trading	999	25.0%	4	2
Transportation & logistics	32	0.8%	3	2
	3'994	100.0%		

[1] Source: Moody's.

- Low
- Moderate
- High
- Very high

Country credit exposure

Sector	PK Funded exposure CHF m	PK %	UK Funded exposure CHF m	UK %	UAE Funded exposure CHF m	UAE %	Rest of world Funded exposure CHF m	Rest of world %	Heatmap[1] Transition risk	Heatmap[1] Physical risk
Agriculture & allied industries	79	5.3%	–	0.0%	9	0.8%	4	0.6%	3	3
Conglomerates	0	0.0%	–	0.0%	2	0.2%	–	0.0%	1	1
Construction	43	2.9%	–	0.0%	13	1.2%	14	2.1%	3	2
Energy	97	6.6%	–	0.0%	16	1.5%	2	0.3%	4	3
Fast-moving consumer goods	105	7.1%	0	0.0%	26	2.4%	12	1.8%	3	2
Individuals	–	0.0%	–	0.0%	2	0.2%	0	0.0%	2	1
Information, communication & technology	37	2.5%	–	0.0%	–	0.0%	1	0.1%	2	2
Large-scale manufacturing	45	3.0%	–	0.0%	15	1.4%	5	0.7%	3	2
Media	2	0.1%	–	0.0%	0	0.0%	0	0.1%	1	1
Medium-scale industry	127	8.6%	–	0.0%	36	3.3%	8	1.3%	3	2
NBFI	–	0.0%	8	1.0%	7	0.7%	0	0.0%	3	2
Real estate	–	0.0%	695	91.4%	234	21.7%	205	30.5%	2	2
Services	50	3.4%	6	0.8%	54	5.0%	116	17.3%	3	2
Small-scale industry	133	8.9%	32	4.2%	11	1.0%	12	1.9%	4	3
Textiles	681	45.9%	–	0.0%	14	1.3%	3	0.4%	2	2
Trading	70	4.7%	20	2.6%	630	58.4%	279	41.5%	4	2
Transportation & logistics	14	0.9%	–	0.0%	9	0.8%	10	1.5%	3	2
	1'482	**100.0%**	**761**	**100.0%**	**1'079**	**100.0%**	**672**	**100.0%**		

[1] Source: Moody's.
Low
Moderate
High
Very high

Energy consumption

	2024	2023
Energy intensity (GJ / employee)	18.06	18.12
Total energy consumption (GJ)	142’725	138’018
Total electricity consumption (1’000 kWh)	21’441	19’625
Total fuel consumption		
Total fuel consumption for transportation (1’000 liters)	294	250
Total fuel consumption for heating / electricity (1’000 liters) [1]	1’404	1’389
Total natural gas consumption (1’000 kWh)	271	161

[1] 99% of the fuel consumption was for electricity.

Mobility

	2024	2023
Business travel intensity (km / employee)	2’885	2’789
Total business travel (1’000 km)	22’807	21’243
Total air travel (1’000 km)	6’284	5’786
Total non-air travel (1’000 km)	16’523	15’457
Total hotel footprint (number of nights)	2’906	3’889

GHG emissions Scope 3 – investments

Sector	Value CHF m	GHG emissions Scope 1 tCO_2e	GHG emissions Scope 2 tCO_2e	GHG emissions Scopes 1 & 2 tCO_2e	GHG emissions intensity tCO_2e per CHF m	Average PCAF score
Utilities	57.28	64’512	1’254	65’766	1’148.19	2.2
Materials	56.54	44’504	13’713	58’216	1’029.72	2.3
Energy	74.51	18’226	2’232	20’458	274.55	1.8
Industrials	53.88	1’842	717	2’559	47.50	2.1
Consumer staples	46.86	1’542	592	2’134	45.54	1.6
Consumer discretionary	97.26	1’621	1’750	3’371	34.66	2.0
Communications	45.42	388	844	1’232	27.12	1.3
Technology	43.29	58	339	397	9.16	1.3
Government	104.86	618	112	730	6.96	2.5
Health care	42.59	93	85	178	4.18	2.8
Financials	562.42	624	709	1’333	2.37	2.2
Total	**1’185**	**134’027**	**22’347**	**156’374**	**131.97**	2.1

GHG emissions Scopes 1 and 2

	2024	2023
GHG emissions Scopes 1+2 (tCO_2e)	16'660	15'493
GHG emissions Scope 1 (tCO_2e)	4'924	4'763
GHG emissions Scope 2 (tCO_2e)	11'735	10'730
GHG emissions intensity Scopes 1+2 (tCO_2e/employee)	2.11	2.03

GHG emissions Scope 3

	2024	2023
GHG emissions Scope 3 – business travel (tCO_2e)	6'397	5'944
Employee business travel – air (tCO_2e)	675	587
Employee business travel – non-air (tCO_2e)	5'611	5'251
Hotel stay (tCO_2e)	111	106
GHG emissions Scope 3 – investments (tCO_2e) [1]	156'374	–
GHG emissions intensity Scope 3 – business travel (tCO_2e/employee)	0.81	0.78
GHG emissions intensity Scope 3 – investments (tCO_2e/employee) [1]	19.78	–
GHG emissions intensity Scope 3 – investments (tCO_2e/CHF million) [1]	131.97	–

[1] Calculation of GHG emissions for investments commenced in 2024.

Water consumption

	2024	2023
Water consumption (1'000 m^3)	209	208
Water intensity (m^3/employee)	26.39	27.25

Energy consumption by jurisdiction

		2024	2023
Switzerland	Total electricity consumption (1'000 kWh)	172	188
	Total fuel consumption (1'000 liters)	12	12
Kenya	Total electricity consumption (1'000 kWh)	170	120
	Total fuel consumption (1'000 liters)	5	5
United Arab Emirates	Total electricity consumption (1'000 kWh)	3'857	3'713
	Total fuel consumption (1'000 liters)	85	76
Canada	Total electricity consumption (1'000 kWh)	185	130
	Total fuel consumption (1'000 liters)	–	–
Hong Kong SAR	Total electricity consumption (1'000 kWh)	139	125
	Total fuel consumption (1'000 liters)	–	–
Pakistan	Total electricity consumption (1'000 kWh)	14'771	13'259
	Total fuel consumption (1'000 liters)	1'588	1'541
South Africa	Total electricity consumption (1'000 kWh)	672	665
	Total fuel consumption (1'000 liters)	6	4
United Kingdom	Total electricity consumption (1'000 kWh)	452	438
	Total fuel consumption (1'000 liters)	–	–
Service companies	Total electricity consumption (1'000 kWh)	1'008	986
	Total fuel consumption (1'000 liters)	–	1
Representative offices	Total electricity consumption (1'000 kWh)	16	–
	Total fuel consumption (1'000 liters)	2	–

GHG emissions by jurisdiction

		2024	2023
Switzerland	GHG emissions Scopes 1+2 (tCO_2e)	44	44
	GHG emissions Scope 3 – business travel (tCO_2e)	178	170
Kenya	GHG emissions Scopes 1+2 (tCO_2e)	114	87
	GHG emissions Scope 3 – business travel (tCO_2e)	59	74
United Arab Emirates	GHG emissions Scopes 1+2 (tCO_2e)	1’886	1’873
	GHG emissions Scope 3 – business travel (tCO_2e)	215	195
Canada	GHG emissions Scopes 1+2 (tCO_2e)	108	67
	GHG emissions Scope 3 – business travel (tCO_2e)	22	5
Hong Kong SAR	GHG emissions Scopes 1+2 (tCO_2e)	99	89
	GHG emissions Scope 3 – business travel (tCO_2e)	36	19
Pakistan	GHG emissions Scopes 1+2 (tCO_2e)	13’168	12’103
	GHG emissions Scope 3 – business travel (tCO_2e)	5’627	5’267
South Africa	GHG emissions Scopes 1+2 (tCO_2e)	739	754
	GHG emissions Scope 3 – business travel (tCO_2e)	102	84
United Kingdom	GHG emissions Scopes 1+2 (tCO_2e)	172	168
	GHG emissions Scope 3 – business travel (tCO_2e)	6	13
Service companies	GHG emissions Scopes 1+2 (tCO_2e)	310	308
	GHG emissions Scope 3 – business travel (tCO_2e)	150	117
Representative offices	GHG emissions Scopes 1+2 (tCO_2e)	20	–
	GHG emissions Scope 3 – business travel (tCO_2e)	3	–

Water consumption by jurisdiction

	2024	2023
Water consumption (m^3)		
Switzerland	841	721
Kenya	1’237	947
United Arab Emirates	15’209	17’876
Canada	423	792
Hong Kong SAR	861	867
Pakistan	180’797	180’393
South Africa	4’279	2’644
United Kingdom	1’867	751
Service companies	2’864	2’575
Representative offices	175	–

Governance

Board of Directors

Age group	2024 Female	2024 Female %	2024 Male	2024 Male %	2023 Female	2023 Female %	2023 Male	2023 Male %
Board of Directors								
Under 30 years	–	0.0%	–	0.0%	–	0.0%	–	0.0%
30–50 years	–	0.0%	–	0.0%	–	0.0%	–	0.0%
Over 50 years	1	20.0%	4	80.0%	1	20.0%	4	80.0%

General Management

Age group	2024 Female	2024 Female %	2024 Male	2024 Male %	2023 Female	2023 Female %	2023 Male	2023 Male %
General Management								
Under 30 years	–	0.0%	–	0.0%	–	0.0%	–	0.0%
30–50 years	–	0.0%	–	0.0%	–	0.0%	–	0.0%
Over 50 years	–	0.0%	6	100.0%	–	0.0%	6	100.0%

Code of conduct

	2024 Female	2024 Male	2024 Total	2023 Female	2023 Male	2023 Total
Employees who have formally acknowledged compliance with the code of conduct	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Mandatory training

Group

	2024			2023		
	Female	Male	Total	Female	Male	Total
Anti-bribery and corruption	33.7%	62.4%	96.1%	34.5%	63.5%	98.0%
Anti-money laundering	33.7%	62.3%	96.0%	33.9%	64.2%	98.1%
Information and cybersecurity awareness assessment	33.5%	61.6%	95.2%	34.4%	62.7%	97.1%
Personal data protection	34.1%	63.0%	97.1%	33.2%	62.1%	95.2%

Switzerland

	2024			2023		
	Female	Male	Total	Female	Male	Total
Anti-bribery and corruption	28.4%	69.6%	98.0%	27.2%	71.7%	98.9%
Anti-money laundering	28.4%	69.6%	98.0%	26.9%	71.0%	97.8%
Information and cybersecurity awareness assessment	26.5%	70.4%	96.9%	26.4%	72.5%	98.9%
Personal data protection	27.8%	71.1%	99.0%	26.4%	72.5%	98.9%

Kenya

	2024			2023		
	Female	Male	Total	Female	Male	Total
Anti-bribery and corruption	34%	66.0%	100.0%	31.0%	69.0%	100.0%
Anti-money laundering	34%	66.0%	100.0%	31.0%	69.0%	100.0%
Information and cybersecurity awareness assessment	36%	63.0%	99.1%	31.0%	69.0%	100.0%
Personal data protection	34%	66.0%	100.0%	31.0%	69.0%	100.0%

United Arab Emirates

	2024			2023		
	Female	Male	Total	Female	Male	Total
Anti-bribery and corruption	36.3%	60.5%	96.8%	37.0%	62.2%	99.2%
Anti-money laundering	36.4%	60.7%	97.0%	37.0%	62.1%	99.1%
Information and cybersecurity awareness assessment	36.2%	60.8%	97.0%	37.0%	62.0%	99.0%
Personal data protection	36.8%	60.7%	97.5%	37.0%	62.0%	99.0%

Canada

	2024			2023		
	Female	Male	Total	Female	Male	Total
Anti-bribery and corruption	32.6%	67.4%	100.0%	31.0%	64.0%	95.0%
Anti-money laundering	32.6%	67.4%	100.0%	31.0%	64.0%	95.0%
Information and cybersecurity awareness assessment	31.7%	68.3%	100.0%	31.0%	64.0%	95.0%
Personal data protection	32.6%	67.4%	100.0%	31.0%	64.0%	95.0%

Hong Kong SAR

	2024			2023		
	Female	Male	Total	Female	Male	Total
Anti-bribery and corruption	43.8%	56.2%	100.0%	54.4%	44.1%	98.5%
Anti-money laundering	43.8%	56.2%	100.0%	53.8%	44.6%	98.5%
Information and cybersecurity awareness assessment	43.2%	55.4%	98.6%	52.9%	44.1%	97.1%
Personal data protection	43.8%	56.2%	100.0%	52.9%	44.1%	97.1%

Pakistan

	2024			2023		
	Female	Male	Total	Female	Male	Total
Anti-bribery and corruption	20.5%	79.2%	99.7%	21.6%	76.2%	97.8%
Anti-money laundering	17.0%	82.4%	99.5%	18.0%	81.0%	99.0%
Information and cybersecurity awareness assessment	19.8%	77.8%	97.5%	21.2%	75.5%	96.7%
Personal data protection	16.5%	80.3%	96.8%	17.8%	79.2%	97.0%

South Africa

	2024			2023		
	Female	Male	Total	Female	Male	Total
Anti-bribery and corruption	61.0%	38.3%	99.3%	60.5%	39.5%	100.0%
Anti-money laundering	60.3%	38.3%	98.6%	60.5%	38.7%	99.2%
Information and cybersecurity awareness assessment	61.3%	38.7%	100.0%	61.7%	38.3%	100.0%
Personal data protection	61.0%	38.3%	99.3%	61.0%	39.0%	100.0%

United Kingdom

	2024			2023		
	Female	Male	Total	Female	Male	Total
Anti-bribery and corruption	29.1%	69.0%	98.1%	30.6%	69.4%	100.0%
Anti-money laundering	28.9%	69.2%	98.1%	29.9%	68.7%	98.6%
Information and cybersecurity awareness assessment	29.1%	70.9%	100.0%	32.2%	67.8%	100.0%
Personal data protection	29.1%	69.0%	98.1%	22.2%	66.7%	88.9%

Service Companies

	2024			2023		
	Female	Male	Total	Female	Male	Total
Anti-bribery and corruption	11.8%	77.0%	88.7%	13.0%	81.5%	94.5%
Anti-money laundering	11.8%	76.8%	88.7%	12.6%	83.4%	96.0%
Information and cybersecurity awareness assessment	10.6%	71.0%	81.6%	14.0%	76.4%	90.4%
Personal data protection	12.6%	79.9%	92.5%	8.3%	66.7%	75.0%

Content index

GRI content index

Statement of use	Habib Bank AG Zurich has reported in accordance with the GRI Standards for the period from 1 January to 31 December 2024.	
GRI 1 used	GRI 1: Foundation 2021	
Applicable GRI Sector Standard(s)	Not yet available for financial service providers.	

GRI Standard	Disclosure	Page(s)
General disclosures		
GRI 2: General Disclosures 2021	2-1 Organizational details	5, 56, 61
	2-2 Entities included in the organization's sustainability reporting	56, 61–63
	2-3 Reporting period, frequency and contact point	56
	2-4 Restatements of information	57
	2-5 External assurance	56
	2-6 Activities, value chain and other business relationships	5
	2-7 Employees	61, 64–66
	2-8 Workers who are not employees	61, 66
	2-9 Governance structure and composition	15–18 AR 2024
	2-10 Nomination and selection of the highest governance body	15
	2-11 Chair of the highest governance body	15
	2-12 Role of the highest governance body in overseeing the management of impacts	15–18
	2-13 Delegation of responsibility for managing impacts	17–19
	2-14 Role of the highest governance body in sustainability reporting	17, 18
	2-15 Conflicts of interest	15, 19
	2-16 Communication of critical concerns	15, 19, 20
	2-17 Collective knowledge of the highest governance body	15
	2-18 Evaluation of the performance of the highest governance body	16
	2-19 Remuneration policies	15, 16
	2-20 Process to determine remuneration	15
	2-21 Annual total compensation ratio	omission
	2-22 Statement on sustainable development strategy	4
	2-23 Policy commitments	6, 11–13, 19–21, 28, 29
	2-24 Embedding policy commitments	17–19, 20–25, 26–29, 79–82

GRI Standard	Disclosure	Page(s)
GRI 2: General Disclosures 2021	2-25 Processes to remediate negative impacts	20
	2-26 Mechanisms for seeking advice and raising concerns	20
	2-27 Compliance with laws and regulations	19–25, 26–29
	2-28 Membership associations	57
	2-29 Approach to stakeholder engagement	13
	2-30 Collective bargaining agreements	57
Material topics		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	12
	3-2 List of material topics	12
Governance, compliance, and ethics		
GRI 3: Material Topics 2021	3-3 Management of material topics	15–20
Non-GRI		
Anti-corruption		
GRI 3: Material Topics 2021	3-3 Management of material topics	20–22
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	21–22, 61
	205-2 Communication and training about anti-corruption policies and procedures	15, 19–22
	205-3 Confirmed incidents of corruption and actions taken	20, 21
Client privacy		
GRI 3: Material Topics 2021	3-3 Management of material topics	22–25
GRI 418: Client Privacy 2016	418-1 Substantiated complaints concerning breaches of client	23, 24
Digitalization and innovation		
GRI 3: Material Topics 2021	3-3 Management of material topics	25, 26
Non-GRI		
Operational resilience and continuity		
GRI 3: Material Topics 2021	3-3 Management of material topics	26, 27
Non-GRI		
Procurement practices and supplier environment		
GRI 3: Material Topics 2021	3-3 Management of material topics	27–29
Non-GRI		
Products, services, and financial investments		
GRI 3: Material Topics 2021	3-3 Management of material topics	31–33
Non-GRI		

GRI Standard	Disclosure	Page(s)
Talent management, compensation, and performance management		
GRI 3: Material Topics 2021	3-3 Management of material topics	35, 36
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	69
	404-2 Programs for upgrading employee skills and transition assistance programs	35, 36
	404-3 Percentage of employees receiving regular performance and career development reviews	70
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	67, 68
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	35
	401-3 Parental leave	68
Diversity, equal opportunity, and inclusion		
GRI 3: Material Topics 2021	3-3 Management of material topics	36, 37
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	71, 79
	405-2 Ratio of basic salary and remuneration of women to men	74
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	37, 38
Climate change and decarbonization		
GRI 3: Material Topics 2021	3-3 Management of material topics	37–39
GRI 302: Energy 2016	302-1 Energy consumption within the organization	61–63, 75, 77
	302-3 Energy intensity	61, 75
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	61–63, 76, 78
	305-2 Energy indirect (Scope 2) GHG emissions	61–63, 76, 78
	305-3 Other indirect (Scope 3) GHG emissions	61–63, 75, 76, 78
	305-4 GHG emission intensity	61–63, 75, 76

GRI Standard	Disclosure	Omission / information
GRI 2: General Disclosures 2021	2-16 Communication of critical concerns	There were no reportable critical concerns in 2024.
	2-21 Annual total compensation ratio	Remuneration data is confidential.
	2-23 Policy commitments	All policy commitments are included in this report.
	2-27 Compliance with laws and regulations	Confidentiality constraints.
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	Employees have access to all policies on the Group-wide intranet.

Swiss Code of Obligations content index

This ESG Report contains non-financial disclosure as required by the Swiss Code of Obligations (CO).

The following CO reference table is used to allocate the material topics to non-financial disclosure in accordance with art. 964b (para. 1 and 2) CO.

Non-financial matters according to art. 964b (para. 1) CO	Material topic(s)	Page(s)
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Social issues	Client privacy	22–23
	Products, services, and financial investments	31–33
Employee issues	Talent management, compensation, and performance management	35, 36
	Diversity, equal opportunity, and inclusion	36, 37
Respect for human rights	Procurement practices and supplier environment	27–29
Combating corruption	Governance, compliance, and ethics	19, 20
	Anti-corruption	20–22

Non-financial matters according to art. 964b (para. 2, no. 1) CO	Place of disclosure	Page(s)
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Non-financial matters according to art. 964b (para. 2, no. 2–4) CO	Material topic(s)	Page(s)
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Social issues	Client privacy	22–23
	Products, services, and financial investments	31–33
Employee issues	Talent management, compensation, and performance management	35, 36
	Diversity, equal opportunity, and inclusion	36, 37
Respect for human rights	Procurement practices and supplier environment	27–29
Combating corruption	Governance, compliance, and ethics	19, 20
	Anti-corruption	20–22

Non-financial matters according to art. 964b (para. 2, no. 5) CO	Place of disclosure	Page(s)
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Social issues	Philanthropy	6–10
	Client privacy	22–25
Employee issues	ESG KPIs – disclosure metrics	36, 37, 64–72
Respect for human rights	Procurement practices and supplier environment	29
Combating corruption	Anti-corruption	20–22, 80–82

TCFD Disclosure content index

The following table outlines the TCFD recommendations for effective climate disclosures

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Metrics and targets	
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Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	45, 55, 61–63, 75–76, 78
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Ordinance on Climate Disclosures content index

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