



Entrepreneurial thinking.
Private banking.

TCFD Report

2023

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About this Report

This is the second annual TCFD Report of EFG International AG and its subsidiaries (“EFG Group”, “EFG” or “we”). As stated in our 2022 TCFD Report, we recognise the urgent need to transition to a more sustainable world. In 2023, we made further progress in our efforts to embed sustainability considerations throughout EFG and to further implement the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). This TCFD Report, which builds on the information in our Sustainability Report 2023, is designed to help our stakeholders understand both the climate-related opportunities and the climate-related risks facing our bank.

EFG has enhanced its climate-related risk monitoring activities and is continuously strengthening its internal control framework and operational capabilities to define appropriate metrics for assessing climate-related risks. As stated in our [Sustainability Report 2023](#), EFG has committed to five strategic climate-related measures in the areas of sustainable finance and greenhouse gas (GHG) reduction. The publication of our TCFD Report fulfils one of these strategic climate-related measures.

EFG is therefore committed to supporting the Paris Agreement and its goal of keeping the rise in global temperatures to well below

2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels.

Since we first began measuring GHG emissions from our own operations, EFG has set a specific target to reduce those emissions by 50% by 2030 and to achieve net zero emissions by 2050. Further, EFG is implementing a GHG reduction path for its own assets and expanding its responsible investment offering to enable clients to invest in assets that support the transition to a more regenerative economy.

This report provides an overview of the 11 disclosures* recommendations associated with the 4 central TCFD thematic areas (Governance, Strategy, Risk Management, and Metrics & Targets), as defined by the Financial Stability Board (FSB). It explains how EFG evaluates, monitors, and manages climate-related opportunities and risks in each of these areas.

This report covers EFG International and its asset allocation and asset management activities, including those activities carried out by its wholly owned subsidiary EFG Asset Management Ltd. (EFGAM), which operates as an asset allocator. EFGAM publicly endorsed the TCFD recommendations in 2019.

As a global private banking group, EFG may, at times, be exposed to various climate-related risks that might also affect business, credit, operational, liquidity, market, and compliance risks. The potential consequences of climate-related factors on various risk categories could also affect the organisation’s financial performance, business objectives, reputation and other strategic goals. EFG therefore considers prudent risk management to be a critical part of its approach to business and an essential requirement to safeguard its reputation. At the same time, EFG sees new opportunities arising in the form of new markets and clients that it can serve, as well as new products and services that it can offer.

This TCFD Report covers the financial year 2023, which ran from 01 January 2023 to 31 December 2023 (in line with our Annual Report 2023 and Sustainability Report 2023).

The TCFD Report 2023 was approved by the Executive Committee of EFG International and was acknowledged by the Audit Committee and by the Board of Directors in February 2024.



**Read more in
our Annual Report.**



**Read more in
our Sustainability Report.**

Governance

How our Board oversees climate-related risks and opportunities.

The overall governance of EFG is described in the Sustainability report 2023. Current section focuses on Climate-related aspects.

Two governing bodies play an essential role in climate-related governance at EFG:

- (i) the Board of Directors, in its capacity as the highest governing body, assumes responsibility for providing guidance and oversight of the organisation; and
- (ii) the Executive Committee manages risks and opportunities, including those related to climate aspects. Their respective roles are described below:

Board of Directors:

The effectiveness of the overall risk management strategy is monitored by the Board of Directors through regular internal risk assessments, audits and the internal control framework. In addition, the Board approves risk policies, the risk management framework and the risk appetite framework in which the relevant risk metrics are embedded.

Executive Committee:

When managing risks, including climate-related risks, the Executive Committee and its delegated committees act in accordance with EFG's risk strategy and the risk appetite and management framework.

EFG's governing bodies are supported by a Sustainability Advisory Board (ESAB). The ESAB is co-chaired by the Chair of EFG International and the CEO. Members of the ESAB include Executive Committee members, as well as one further member of the Board of Directors and an external specialist.

The ESAB was established in July 2021. Its role is to provide strategic advice, recommendations and guidance to assist and support decisions of the governing bodies for topics related to sustainability initiatives, targets, frameworks and strategies. In doing so, it can help to embed sustainability and ESG-related factors within EFG's business strategy, governance and risk management framework.

For further details:

[Sustainability Report 2023](#)

See section "Governance structure and composition" (GRI 2-9; 2-10) page 9

How our management assesses and manages climate-related risks and opportunities.

The Executive Committee is further supported in its activities by the Sustainability Steering Committee (SSTC). The Executive Committee also has several dedicated risk management sub-committees to ensure cross-functional alignment on risk topics.

The Financial Risk Committee, which is a delegated committee of the Executive Committee, regularly monitors climate-related financial risks in loans, own investments and securities in assets under management by analysing key risk indicators and evaluating exposures across a series of stress scenarios.

On the investment side, the ESG Product Committee defines ESG investment policy for asset and wealth management services and products.

Additionally, EFGAM conducts routine monitoring of GHG emissions and other ESG data for a subset of the New Capital funds and Discretionary mandates.

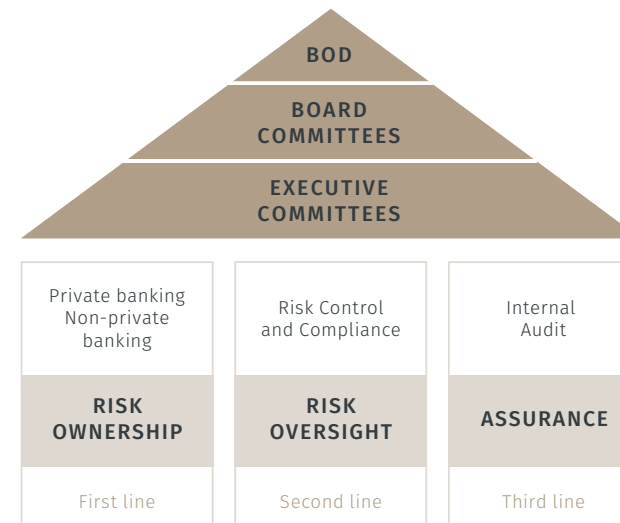
In November 2023, the Executive Committee and the Risk Committee approved the updated Group risk management and risk appetite frameworks, which also include ESG-related elements. The frameworks were approved by the Board of Directors in December 2023.

Also in December 2023, the Executive Committee approved a General Directive on ESG-related Risks, which sets out the strategy, governance and risk management process around ESG-related aspects.

EFG’s risk management strategy is founded on the three lines of defence model with:

- First line: Risk ownership across all regions, divisions and support functions
- Second line: Risk oversight by the Risk Control and Compliance functions
- Third line: Risk assurance by Internal Audit

EFG aims to further incorporate climate-related factors into the three lines of defence model, as needed.



For further details:

[Sustainability Report 2023](#)

See sections “Risk management and risk governance” – How we manage risk: strategy, policies and governance (GRI 3-3 c and d) page 26–27

See sections “Responsible Investments” in Policies and governance paragraph page 40

Strategy

Climate-related risks and opportunities that we have identified over the short, medium, and long term.

The identification and management of climate-related risks and opportunities are important elements of EFG's corporate strategy. EFG's definition of climate-related risks and opportunities is set out below. This is followed by an overview of the five strategic climate-related measures that EFG formulated in 2022 and began implementing in 2023. The next section describes generic impacts of climate-related risks and opportunities and a final section addresses the topic of resilience.

I) Risks

EFG distinguishes between physical risks, which result from climate change, and transition risks, which are associated with the uncertain financial impacts that could result from a rapid low-carbon transition. Transition risks have the potential to affect EFG's operations, reputation, regulatory exposure, financial results and opportunities. These categories of risks, including their time horizons, are described in more detail in the "Climate Action" section of the Sustainability Report 2023.

II) Opportunities

Potential opportunities may arise as a result of the adverse effects of climate change or climate-related risks. Opportunities relating to resource efficiency, energy sources, products and services, clients, markets and resilience may arise in the case of EFG (see section IV) "Climate Transition".

III) Measures

EFG formulated five strategic climate-related measures (see illustration below) in 2022 and began implementing them in 2023:

- 1)** Measure and disclose GHG emissions (Scope 1, 2 and 3) in our own operations.
- 2)** Achieve a 50% reduction in our GHG emissions per full time equivalents (FTE compared to our 2023 baseline) by 2030; we have set an interim GHG reduction target of 20% per FTE by 2028 and aim to reach net zero in our operations by 2050.
- 3)** Publish Task Force on Climate-Related Financial Disclosures (TCFD) at Group level from the reporting year 2022 onwards.
- 4)** Further develop innovative transition and climate-related offerings for our clients, creating opportunities to invest in the move toward a more regenerative economy.
- 5)** Define a GHG reduction path for EFG assets (treasury book) by 2030/2050

EFG's strategic climate-related measures consider the priorities regarding sustainable finance and the reduction of GHG emissions defined by the Association of Swiss Wealth and Asset Managers (VAV), of which EFG is an active member.

For further details:

[Sustainability Report 2023](#)

*See section
"Climate action"
(GRI 3-3 a-d) page 51–52*

Measure and disclose GHG emissions in our operations	Net zero in our operations	TCFD disclosures	Transition offering	GHG reduction path for our own assets
Measure and disclose carbon emissions resulting from all aspects of own operational processes (Scope 1, 2, 3)	Define and pursue a GHG reduction path to achieve a net zero target based on the 1.5° scenario, as outlined by the Science Based Targets initiative	Endorse the recommendations of the TCFD by becoming a signatory and by providing disclosure in line with its recommendations	Guide our clients through transition Further enhance offering and services dedicated to transition and climate-related investments	Pursue a GHG reduction path for treasury, aiming for a reduction of CO ₂ emissions in line with market standards
Responsibility as a firm			Responsibility as an asset allocator	

EFG may be adversely affected directly by physical and transition risks, and indirectly through its counterparties, clients or collateral. Key portfolios, including loans, own investments (including the trading portfolio) and securities in assets under management are being monitored for climate-related financial risks by EFG.

If markets and regulators fail to implement policies to mitigate the impacts of climate change, the probability of a disorderly transition may increase. The severity of the impact of physical risks on our operations would be much greater in this scenario than in an orderly transition scenario.

IV) Climate transition

Climate transition may not only have negative impacts (risks), but may also generate opportunities. Some of these opportunities may relate to products and services, such as those offerings that help to address sustainability risks, while others may be related to practices that companies put in place

to progress towards net zero, to avoid or reduce emissions risks, and to eventually gain a competitive advantage by better serving the environment as a stakeholder.

Climate transition is the transition from today’s mostly linear economy with a predominant focus on profit to a regenerative economy that takes a holistic perspective, focusing on the economy as well as the environment and society. The transition to a regenerative economy is expected to create a positive balance between the different systems, as opposed to one being traded off against the other.

For example: The aim of the New Capital Climate Transition Equity Fund and EFGAM’s Climate Transition Strategies is to capture these transition opportunities by investing in companies that are either aligned or are in the process of aligning to climate transition goals, or those that provide solutions for the transition to a regenerative economy.

Principal climate-related risks and opportunities

The following table shows the main climate-related risks and opportunities over a short- (5 years), mid- (5-10 years) and long-term (+10 years) horizon.

Potential impacts of climate-related risks and opportunities on our organisation's businesses, strategy and financial planning.

Climate risk	Risk categories affected	Potential risks	Potential opportunities to explore
Physical risks			
Acute and chronic climate change (medium to long term)	<ul style="list-style-type: none"> • Credit risk • Market risk • Liquidity risk • Operational risk 	<ul style="list-style-type: none"> • Climate-related events cause damage to financed properties, reducing value. • Clients are unable to repay mortgages. • Damage to own facilities • Potential direct or indirect impact on clients' assets. 	<ul style="list-style-type: none"> • Reduce climate-related risk exposures through integration of acute and chronic climate change factors into credit analysis and asset allocation strategies.
Transition risks			
Policy and legal risk (short to medium term)	<ul style="list-style-type: none"> • Credit risk • Market risk • Reputational risk • Compliance risk • Legal risk 	<ul style="list-style-type: none"> • Government actions to promote the transition to a low-carbon economy that impact exposed sectors and related client investments. • Increased reporting obligations and related costs (e.g. enhanced emissions-reporting obligations, Green Taxonomy reporting). 	<ul style="list-style-type: none"> • Integrate ESG criteria along the investment process to improve risk-return profiles in client investment portfolio more resilient to shocks resulting from climate risks. • Structure climate-related products to fund projects or assets that mitigate climate change.
Technology risk (short to medium term)	<ul style="list-style-type: none"> • Business and strategic risk • Operational risk 	<ul style="list-style-type: none"> • Costs related to new technologies with lower emissions products and services for own operations. 	<ul style="list-style-type: none"> • Increase supply of renewable energy to offices. • Transition to zero carbon heating: Replace fossil fuel-based heating with efficient electrical systems using water, air or ground source heat pumps powered by renewable electricity.
Market risk (short to medium term)	<ul style="list-style-type: none"> • Market risk • Liquidity risk • Credit risk 	<ul style="list-style-type: none"> • Reduction of income related to clients or issuers in carbon-intensive sectors. • Negative impact on the value of financial instruments of issuers in exposed sectors, affecting the value of client and bank portfolios which in turn affects the bank's revenues, credit and liquidity profile. 	<ul style="list-style-type: none"> • Expand product offering and own investments to include strategies aligned with the objectives of the Paris Agreement and transition objectives. • Provide investment advice and solutions to enable clients to better understand and manage their exposure to climate risks and enhance their resilience to both physical and transition risks
Client risk (short to medium term)	<ul style="list-style-type: none"> • Business and strategic risk • Credit risk • Liquidity risk 	<ul style="list-style-type: none"> • Decrease in income resulting from the demand for controversial goods and services. • Shifting client demand • Loss of funding if the bank is perceived as not being aligned with clients' preferences. 	<ul style="list-style-type: none"> • Integrate client ESG interests and preferences into the advisory process. • Provide ESG reporting at portfolio level to identify climate-related risks and opportunities that can lead to investment proposals.

EFG assumes that many physical climate risks will only become more significant in the long term, while the prevailing approach to strategic capital planning usually involves three-year forecasts.

The impacts of climate-related risks can be extensive in terms of the sectors and regions that are affected. EFG considers the characteristics of these risks, and their related impact on its financial, capital and liquidity objectives, as well as the possible interplay between physical and transition risks.

For further details:

[Sustainability Report 2023](#)

See section
“Responsible Investment”
page 38–42

Assessing climate-related risks of countries and corporations within EFG’s proprietary ESG-rating methodology

The EFG investment framework incorporates multiple measures to gain a better understanding of ESG-related and, more specifically, climate-related risks affecting investments in securities. These aspects, along with other considerations of a financial or other nature, are used to evaluate the attractiveness and risk of investments.

With regard to investments in sovereign debt, EFG is continuing to evaluate the vulnerability of countries and corporations to ESG-related and CO₂ risks with the assistance of EFGAM. This assessment is carried out with the support of proprietary models that incorporate external data sources, such as the Notre Dame-Global Adaptation Index (ND-GAIN), which provides a summary of the readiness of countries to implement adaptation solutions and their degree of vulnerability to climate change.

Similarly, with reference to corporates, EFG’s proprietary ESG rating methodology – the Global Responsibility Investment Platform (GRIP) – considers CO₂ emissions to be one of the main risk factors that varies depending on their materiality for the different industries.

Spotlight analysis: Carbon Border Adjustment Mechanism and Net-Zero assessment

Two specific methodologies that show EFG’s approach to managing climate-related risks from an opportunity or risk perspective are: The Climate Engine framework and the new EU Carbon Border Adjustment Mechanism (CBAM) model, which we are deploying to improve and update previous models.

Climate Engine framework

The Climate Engine framework is used to forecast companies’ future emissions and to assess the extent to which they are aligned with the objectives of the Paris Agreement. The framework considers a range of variables, including Scope 1 and 2 emissions, revenues, sectors and emission reduction targets, and it uses linear regression to estimate the future GHG emissions of companies and compare them with net-zero pathways calculated by the Sector Decarbonization Approach (SDA) to assess the feasibility of achieving net-zero emissions within the required timeframe.

The model is based on carbon intensity, which is the ratio between emissions and revenues. We believe that carbon intensity has some advantages over a model based on absolute emissions. For example, an intensity model can adjust for revenue growth with stable emissions, signaling that a company has become more efficient in its production. This model also ensures that M&A and other corporate events do not have a negative impact on climate alignment per se, which could otherwise happen. The outcome of the analysis is one of the main tools used to determine the selection of sustainable securities and is particularly relevant for climate transition products.

EU Carbon Border Adjustment Mechanism (CBAM) model

CBAM aims to prevent carbon leakage across geographic areas and to ensure a level playing field for EU industries. CBAM will impose a carbon price on certain imported goods from countries outside the EU. Its main objective is to address the risk of carbon-intensive industries relocating to regions with lower climate standards, which could undermine the EU's efforts to reduce GHG worldwide.

The CBAM model is available to all analysts and portfolio managers and allows them to estimate carbon prices and the impact of a possible broadening of the tax to other CBAM geographies, as well as the effect of an increase in the cost of using products through a demand elasticity mechanism applied to Scope 3 emissions.

EFGAM Voting Guidelines

Finally, for its equity funds, EFGAM already implemented a climate voting policy in 2021 to encourage investee companies to improve transparency around climate change. We believe that through our voting and engagement activities, we can positively influence the behaviour and corporate governance of investee companies. EFGAM ranked first in the "Voting Matters 2023" Report published by the UK non-profit organisation ShareAction, reflecting the strength of our voting and engagement framework and our adherence to our own engagement policy commitments.

For further details:

[2021 EFGAM voting policy](#)

Risk management

Our organisation's processes for identifying and assessing climate-related risks.

By incorporating the most substantial risks into its business and capital planning processes, EFG aims to achieve an adequate level of resilience and protection against external risks, pressures and disruptions.

EFG's risk categories are defined in the risk taxonomy included in the risk management framework and are described in the related risk policies and general directives. EFG's risk categories establish a common denominator for risks across EFG and thereby enable alignment across regions, divisions and support functions.

The new General Directive on ESG-related Risks provides further guidance on ESG-related risk management process and governance.

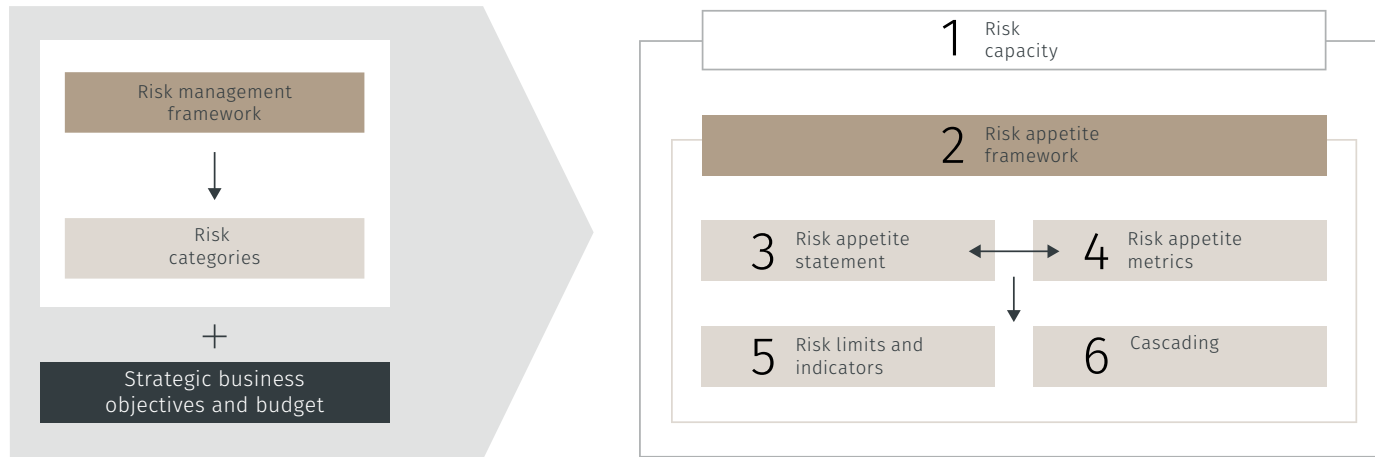
Our organisation's processes for managing climate-related risks.

EFG's risk appetite framework (see below) is of key importance in the identification and management of risk. It is closely linked to the risk management framework and defines the overall risk appetite, setting out the level of risk that EFG is prepared to incur to achieve its strategic objectives, in line with the available risk capacity. It includes:

- Risk capacity
- Risk appetite statement
- Risk metrics and limits framework
- Process to cascade and embed the above in the business units
- Responsibilities of Group and local bodies overseeing the implementation and monitoring of the risk appetite framework
- Risk appetite process, including the escalation of risk metrics exceeding pre-determined thresholds.

The risk appetite framework is linked to the risk limit system and is influenced by the overarching available risk capacity, the risk management framework and strategic business objectives.

How we integrate processes for identifying, assessing and managing climate-related risks into the organisation's overall risk management.



EFG classifies climate-related factors as elements within the existing risk categories. These categories currently include

credit risk, operational risk, reputational risk, market risk, business risk and liquidity risk.



Climate-scenario analysis

Evaluating a business’s long-term resilience to climate-related risks is a highly complex undertaking. For this purpose, TCFD recommends that companies should apply scenario analysis as a tool that links strategy with risk management. In 2022, EFG started to work on an evaluation of the viability of various climate change scenarios.

Due to the high degree of uncertainty around the timing of climate risks, EFG takes a prudent approach in its scenario analysis. EFG is currently considering three main scenarios defined by the Bank of England (BoE) based on the scenario elaborated by the Intergovernmental Panel on Climate Change (IPCC).

a) Sudden disorderly transition

In this scenario, action to address climate change is delayed by ten years. To compensate for the delay, a more severe adjustment is required, with a steeper increase in global carbon prices, as the Bank of England suggested¹ in a late attempt to meet the climate target. Companies and consumers change their behaviour in response to these dramatic shifts, and asset prices see a sharp repricing as a result, leading to a macroeconomic shock.

The climate target is still met. However, the achievement of the target causes a significant degree of disruption to the economy.

Scenario	Key assumptions	Physical risk	Transition risk	Temperature rise	Paris agreement	Point in time
Scenario A Sudden disorderly transition	A sudden disorderly transition ensuing from rapid global action and policies	Lower +	Maximised +++	Below 2° C	Compliant	Short term
Scenario B Orderly transition	Orderly transition scenario that is broadly in line with the Paris Agreement	Moderate ++	Moderate ++	Below 2° C	Compliant	Mid term
Scenario C No transition	A scenario with failed future improvements in climate policy	High +++	None	Above 4° C	Not compliant	Long term

¹ Bank of England (2019).

b) Orderly transition

Under this scenario, early and decisive action is taken to reduce global emissions in a gradual way, with clearly signposted government policies implemented relatively smoothly. Companies and consumers gradually align their behaviour with a carbon-neutral economy under the scenario. Financial markets price in the transition in an orderly fashion and take advantage of the opportunities that the transition provides. In this scenario, there is a structural reallocation but no other macroeconomic shock. These actions are sufficient to limit global average temperature increases to below 2°C. However, even this moderate increase in global temperatures leads to higher physical risks.

c) No transition

Under this scenario, governments fail to introduce policies to address climate change other than those already announced. Companies and consumers do not change their behaviour to reduce emissions compared to current trends. There is also only a limited technological transition. As a result, the climate target is not met, and the global average temperature increases substantially by 2080. This scenario is characterised by chronic changes in weather (e.g. rising sea levels), as well as more frequent and extreme weather events (e.g. flash floods). Consequently, under this scenario, there are limited transition risks but significant physical risks.

EFG's ongoing efforts to integrate climate-related risk assessments and mitigation into its risk management processes and strategy will strengthen the organisation's inherent resilience to the effects of climate change.

Stress tests are an integral part of EFG's capital planning process and allow the organisation to identify potential impacts on revenue, capital and liquidity that could affect the income statement and balance sheet positions. Material risks that must be taken into account in particular duress scenarios are estimated using the top risk assessment approach. Climate-related factors are included, like other risks in the process of assessing top risks.

Further, EFGAM employs a proprietary methodology to evaluate the impact of ESG risks with a specific emphasis on climate risks for the most exposed industries. Besides incorporating the GHG profiles of individual companies and ESG criteria for rating purposes across the invested universe, EFGAM regularly reviews the most relevant New Capital funds with respect to their carbon footprint. The process involves both a comparison of the emissions of a portfolio with those of the relevant benchmark and an assessment of the average scores related to emissions management for both the fund and the benchmark. When both indicators result in outcomes that are worse than the benchmark, additional screening is performed to better understand the possible CO₂ risks of portfolios.

In addition, EFGAM New Capital funds that are classified as Article 8 or Article 9 funds under the Sustainable Finance Disclosure Regulation (SFDR) are also monitored with regard to several Principal Adverse Impact (PAI) indicators, such as CO₂ emissions, waste or water.

Financial risks influenced by and associated with climate-related factors

Risk family	Risk category	Definition	Portfolios/activities
Financial risk	Market risk	Climate-related drivers may have a significant impact on the value of financial assets. Specifically, physical and transition risks can alter or reveal new information about future economic conditions or the value of real or financial assets, resulting in downward price shocks and an increase in market volatility in traded assets. The market risk could be direct (i.e. own nostro positions) or indirect through client positions (see business risk) or in client collateral (see credit risk).	<ul style="list-style-type: none"> Financial investments book Trading book
	Liquidity risk	Climate-related drivers may impact banks' liquidity risk directly, through its ability to raise funds or liquidate assets, or indirectly through client demands for liquidity. Climate-related factors can lead to asset liquidity risk (e.g. loss in value of liquidity reserve financial instruments), together with funding liquidity risk (e.g. deposits withdrawals), generated by a change in clients' preferences or reputational damage.	<ul style="list-style-type: none"> Client funding Financial investments book Trading book
	Credit risk	Climate risk drivers can impact clients, corporate or income and/or wealth. Physical and transition risk drivers increase the bank's credit risk as soon as they have a negative effect on a borrower's ability to repay and to service debt (the income effect) or on the bank's ability to fully recover the value of a loan in the event of default because the value of any pledged collateral or recoverable value has been reduced (the wealth effect). The bank is exposed to credit risk in two principal portfolios: loans and mortgages.	<ul style="list-style-type: none"> Lombard loans Commercial loans Mortgages
	Business risk	In addition to the risk on the bank's own investments, climate-related factors could also impact client investments (e.g. transition risk) and therefore the bank's revenues (e.g. decrease in value of securities in Assets under Management impacting fee and commission revenues).	Assets under Management: <ul style="list-style-type: none"> Execution only Advisory Discretionary

Non-financial risks influenced by and associated with climate-related factors

Risk family	Risk category	Definition	Portfolios/activities
Non-financial risk	Operational risk	For climate risk, physical hazards can disrupt business continuity by negatively impacting the bank's infrastructure, systems, processes, and employees.	<ul style="list-style-type: none"> Own buildings Leased buildings Operations
	Compliance risk	EFG may be exposed to increasing compliance risk (financial crime and conduct risk), as well as legal, litigation and liability costs associated with climate-related aspects. Greenwashing is the practice of marketing a company or financial product, for example, so it appears more environmentally friendly or more ecological (more natural, recyclable, or less wasteful of natural resources) when in practice its activities pollute the environment.	Overall bank activities
	Legal risk	Climate-related lawsuits could target the bank due to its past environmental conduct.	Overall bank activities
	Reputational risk	EFG may be exposed to reputational risk as a consequence of other risk categories. Indirect reputational risks may as a result of business activities with companies that have an exposure to climate-sensitive industries.	Overall bank activities

Metrics and targets

Metrics used by our organisation to assess climate-related risks and opportunities in line with our strategy and risk management process.

Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.

In 2022, EFG systematically measured GHG emissions in its operations for the first time with the support of an external consultant. We continued these efforts in 2023, conducting a carbon footprint analysis. EFG measured Scope 1, 2 and 3 emissions in its operations according to guidelines issued by the GHG Protocol:

- GHG Scope 1 (from using combustibles in the company’s own heating systems),
- GHG Scope 2 (from the production of electricity and district heat obtained from third parties), and
- some impactful categories of GHG Scope 3 (which encompasses all other indirect emissions that occur in EFG’s value chain), for which EFG currently discloses emissions occurring from business travel activities (Scope 3, Cat. 6 “Business travel”) to gain a clear view of current consumption patterns in our own operations.

The carbon footprint analysis involved systematically requesting data on our global consumption of electricity and fuels, as well as business travel activities, from our locations worldwide. The number of locations covered in the analysis increased from 29 at the end of 2022 to 38 at the end of 2023, resulting in wider reach and systematic data coverage.

In 2023, EFG further improved environmental data collection processes in terms of reporting and methodology. The processes include the use of an internal IT platform that facilitates environmental data collection at a local level, its consolidation at Group level, and verification and reporting on an annual basis.

Energy consumption in MWh	2022 ¹	2023 ¹
Total energy consumption	16,556	16,448
Electricity	12,438	9,721
Electricity ²	12,438	9,721
Heating	4,117	6,679
Heating oil	841	1,145
Natural gas	2,372	1,440
District heating and cooling ³	904	4,094
Other	n.a⁴	48
Diesel	n.a	13
Petrol	n.a	36
Energy intensity (MWh/FTEs)⁵	6.0	5.6

¹ The indicators are calculated using 12 months actual data collected by 38 locations representing 99,543 m² (2022: 35 locations, representing 98,973 m²), unless otherwise stated.

² 2022 data restated (for the exclusion of Shaw and Partners Limited, Australia).

³ 2022 data was collected for 1 location, with a total floor area of 9,935 m².

2023 data was collected for all 8 locations using district heating and cooling (with a total floor area of 67,183 m²).

⁴ n/a as comparative data from the previous year was not presented.

⁵ Energy intensity has been calculated using the reported energy consumption in MWh divided by total FTEs, as per the below perimeter: Permanent employees (excluding exiting) and temporary employees (including apprentices, interns, trainees), excluding Shaw and Partners Limited, Australia. 2022 (restated): 2,772 FTEs; 2023: 2,949 FTEs.

For further details:

[Sustainability Report 2023](#)

See section “Climate Action” page 51 – 52

GHG emissions in tCO₂e	2022¹	2023¹
Total GHG emissions	4,730	6,253
Scope 1²	698	617
Fossil fuels	698	617
Scope 2³	2,107	2,556
Electricity ⁴	1,953	1,821
District heating and cooling	154	735
Scope 3⁵	1,924	3,080
Business travel ⁶	1,924	3,080
GHG intensity (tCO₂e/FTEs)⁷	1.7	2.1

¹ The indicators are calculated using 12 months actual data collected by 38 locations representing 99,543 m² (2022: 35 locations, representing 98,973 m²), unless otherwise stated.

² Scope 1 emissions are generated using combustibles for EFG's own heating systems and vehicle fleet. Emission factors sourced from Defra 2023.

³ Scope 2 emissions are generated by the production of electricity and district heat that EFG obtains from third parties. Scope 2 emissions were calculated using a location-based approach. Emission factors sourced from Defra 2023 and IEA 2023.

⁴ 2022 data restated (for the exclusion of Shaw and Partners Limited, Australia).

⁵ Scope 3 emissions are all other indirect emissions that occur in EFG's value chain. EFG currently discloses only Scope 3 emissions from business travel (Category 6), which are considered as relevant and constitute a small part of our Scope 3 emissions. The majority of our Scope 3 emissions are associated with our investments, as defined by the Greenhouse Gas Protocol (Scope 3, Category 15). EFG is working towards broader reporting of its Scope 3 emissions but is not yet in a position to disclose them. Scope 3 emissions Category 6 Business Travel are calculated with Exiobase 2023 using a spend-based method or reported from the locations directly.

⁶ 2022 data covers 32 locations while 2023 data covers 38 locations. GHG emissions Scope 3 Category 6 Business Travel for 2022 were restated to account for a methodology enhancement following the adoption of a new tool. 2022 restated data and 2023 data are calculated with Exiobase 2023 using a spend-based method.

⁷ Greenhouse gas (GHG) intensity has been calculated using the reported Scope 1, Scope 2 and Scope 3 (Category 6 Business Travel) emissions divided by total FTEs, as per below perimeter. FTE perimeter: permanent employees (excluding exiting) and temporary employees (including apprentices, interns, trainees), excluding Shaw and Partners. 2022 (restated): 2,772 FTEs; 2023: 2,949 FTEs.

In 2023, we continued to implement measures to achieve our goals of reducing GHG emissions by 50% by 2030 and of reaching net zero in our own operations by 2050. These measures include optimising the settings of our power, heating, cooling, ventilation and lighting systems in our own buildings – primarily those located in Switzerland – to lower energy usage. This resulted in energy savings of more than 10% in 2023 compared to our building in 2022. We also aim to install energy-saving technologies and to implement energy-efficient measures and materials where possible when renovating offices, in line with green energy standards.

In terms of building capacity, in 2023 we further developed internal knowledge about a suitable methodology and defined data collection and calculation processes in consultation with an external partner.

We are also mindful of the carbon footprint of our own operations. We therefore monitor the impacts of business travel – especially air travel – on the environment and encourage employees to make use of telephone and video conferencing where possible.

In view of the impacts of business travel – especially air travel – on the environment, we encourage employees to make use of telephone and video conferencing where possible. In 2023, the use of video conferencing was therefore extended to include larger-scale meetings (e.g. virtual townhalls) at a regional and global level. Video and audio tools now also form an integral part of the flexible office set-up. Nevertheless, as a global banking group, we recognise the need for our Client Relationship Officers to maintain direct and personal contact with our clients around the globe.

Targets used by our organisation to manage climate-related risks and opportunities and performance against targets.

In 2023, EFG recorded a marked increase in business travel. This partly reflects the complete removal of travel restrictions that were imposed during the Covid-19 pandemic. Where business travel is essential, we encourage employees to use public transport whenever possible, especially for shorter distances. In addition, and depending on the availability of local public transport, EFG supports local initiatives to provide partially subsidised annual tickets for public transport for employees who commute to work (e. g. Arcobaleno programme in Switzerland). EFG is in the process of evaluating possible approaches to lower emissions from business travel in the future.

EFG also promotes the responsible use of natural resources and encourages all employees to actively contribute to these efforts.

Selected investment teams received training on financed emissions (Scope 3, Cat. 15) that was delivered in conjunction with an external consultant to help them understand the scope and calculation methodologies of different asset classes.

In addition, in line with regulatory requirements and expectations, EFG is monitoring a set of climate-related risk metrics at single entity and Group level for key portfolios (loans, own investments and securities in assets under management) via dedicated dashboards that enable the organisation to assess the main exposures and track key risk indicators pertaining to market risk, liquidity risk (own investments), credit risk (loans), and business risk (securities in assets under management).

Cautionary statements

EFG International's business is exposed to different risks that could adversely impact its climate transition and its sustainability related results. These risk factors are described in detail in the "Risk Management" Section of the 2023 TCFD report. As a result of our strategic review announced on 12 October 2022, our climate-related commitments, targets and metrics may be reviewed and adjusted accordingly depending on future changes which may result in restatements in future reporting periods. Practices evolve quickly with regards to climate-related reporting. The disclosures contained in this report are inherently limited by the emerging science and market practices, the requirement to use estimates for certain figures, the dependence on management judgments in the absence of established methodologies, including in the context of ever-evolving regulatory disclosure requirements and expectations, and the reliance on third-party and other data that may be immature in some instances. The assumptions and estimates we use in our 2023 TCFD reporting may change over time, and the information in our Report includes non-financial metrics, estimates or other information that remain subject to significant uncertainties, such as the collection and verification of data, and assumptions, as well as underlying data, obtained from third parties, some of which may not be independently verifiable. We strive to be transparent on these limitations to our disclosures throughout the report. We are committed to advancing our non-financial disclosures and we recognise that greater comparability insight in the future will further aid our readers' understanding. We continue to review and enhance our approach to data, frameworks, and methodologies to align with ever-evolving regulatory standards and market principles

as this subject area matures, and we provide the disclosures in this Report as a means of being transparent about our climate-related initiatives and activities. In conclusion, while our 2023 TCFD report shows progress, we note that this should also be viewed as preliminary progress in some areas, as a result of the above-mentioned factors. The information we have provided in this Report reflects our approach to the climate-related disclosures at the time of this Report being published and is subject to change without notice. We expect that certain disclosures, including our climate-related disclosures may be amended, updated, recalculated, and restated in the future based on continued improvements to the quality and comprehensiveness of our data and methodologies.

This Report contains certain forward-looking statements that can generally be identified by words or phrases such as "potential," "expect," "will," "plan," "may," "could," "going forward," "target," "believe," "goal," "estimate," "intend," or similar expressions, or by express or implied discussions regarding our sustainability-related commitments, targets and metrics as well as our strategy, plans, expectations or intentions. Such forward-looking statements are based on the current beliefs and expectations of management regarding future events, and they are subject to significant known and unknown risks and uncertainties. Should one or more of these risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary materially from those set forth in the forward-looking statements. You should not place undue reliance on these statements.

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