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# Sustainability Report 2023

SCHWEIZERISCHE NATIONALBANK  
BANQUE NATIONALE SUISSE  
BANCA NAZIONALE SVIZZERA  
BANCA NAZIUNALA SVIZRA  
SWISS NATIONAL BANK





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# Contents

Preface	5
Summary	7
<b>1 Monetary policy and sustainability</b>	<b>11</b>
<b>2 Standards and values</b>	<b>12</b>
2.1 Background	12
2.2 Compliance approach	12
2.3 Key compliance topics in the year under review	14
2.4 Consideration of standards and values in procurement	15
2.5 Consideration of standards and values when managing securities of private sector issuers	17
<b>3 Employees</b>	<b>19</b>
3.1 HR strategy	19
3.2 Workforce	22
3.3 Employee development	24
3.4 Working conditions	26
3.5 Protecting the integrity of employees	30
3.6 Reporting system for violations of regulations	30
<b>4 Contributions to society</b>	<b>32</b>
4.1 Economic education	32
4.2 Specialist economic knowledge	38
4.3 Art and culture	40
<b>5 Climate and environment</b>	<b>42</b>
5.1 Climate change and the SNB	42
5.2 Climate-related governance	45
5.3 Operational environmental and climate-related matters	46
5.4 Climate-related aspects of investments	58
5.5 International cooperation on climate-related risks	66
Glossary and abbreviations	68
Independent auditor's report	70



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# Preface

Ladies and Gentlemen

The Swiss National Bank conducts the country's monetary policy as an independent central bank. It has a statutory mandate to ensure price stability while taking due account of economic developments. Detailed information on how the SNB fulfils its statutory tasks is provided in the annual accountability report submitted to the Federal Assembly.

The Sustainability Report begins with a reference to the accountability report. It explains that, by fulfilling its mandate, the SNB creates the conditions for prosperity in Switzerland, and thus makes a material contribution to the sustainable development of the country. The report goes on to outline the SNB's activities in relation to governance, social and environmental dimensions. In the last few years, the SNB has made significant progress in many areas of sustainability, and in parallel has developed its sustainability reporting on a continuous basis. Since 1996 it has been pursuing a systematic approach to environmental management, and since 2009 has published an environmental report. A sustainability report also covering social and societal issues has been published annually since as early as 2018. The 2023 Sustainability Report takes reporting a step further. It contains information on new provisions of the Swiss Code of Obligations pertaining to transparency on non-financial matters, to the extent that these are relevant for the SNB.

This report addresses the main aspects of climate change in connection with the SNB's operations and the fulfilment of its mandate insofar as they are not addressed in the accountability report or in the Financial Stability Report. The Sustainability Report also contains information on social, employee and human rights matters, efforts to combat corruption, and the SNB's social engagement.

The Sustainability Report is published at the same time as the Annual Report and only in electronic form.

Berne and Zurich, 19 March 2024



BARBARA JANOM STEINER  
President of the Bank Council



THOMAS J. JORDAN  
Chairman of the Governing Board

## Legal basis

The Swiss National Bank is subject to specific accountability obligations and must, among other things, produce an annual accountability report for submission to the Federal Assembly. In this report it provides information on the fulfilment of its tasks under art. 5 of the National Bank Act (NBA).

In the 2023 Sustainability Report, for the first time the SNB, taking account of its special nature, provides information on non-financial matters within the meaning of the revised provisions of the Code of Obligations (art. 29 NBA in conjunction with art. 964a–964c CO). This includes environmental, social, employee and human rights matters as well as efforts to combat corruption, insofar as these topics are not included in the accountability report or the Financial Stability Report. Given the tasks and instruments specified for the SNB in the National Bank Act and the specific reporting required by its special-statute status, not all provisions of art. 964a–964c CO are applicable to the SNB, and deviations from these are therefore necessary.

The SNB's sustainability reporting is based on international standards, for example those set down in the Global Reporting Initiative (GRI) and the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

The Sustainability Report is approved in two stages. The Governing Board approved the Sustainability Report 2023 in the first instance in its capacity as the supreme management and executive body of the SNB. The Bank Council definitively approved the Sustainability Report 2023 in the second instance on the basis of its fall-back powers pursuant to art. 42 para. 3 NBA.

## SUMMARY

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The SNB makes a key contribution to the sustainable development of Switzerland by fulfilling its monetary policy mandate to ensure price stability. Price stability is a prerequisite for economic progress and prosperity. Stable prices also contribute to social cohesion by protecting the purchasing power of wages, pensions and savings. A clear and narrow statutory mandate provides the necessary basis for a credible and effective monetary policy.

Monetary policy and sustainability

The Charter and the Code of Conduct, both described in the chapter ‘Standards and values’, are an expression of the SNB’s corporate culture and embody a respectful and responsible approach to human and natural resources. In this way the SNB creates a foundation for fulfilling its mandate in a responsible and exemplary manner. The associated compliance approach ensures that all employees adhere to the letter and spirit of the relevant statutory, regulatory and internal provisions as well as the overarching standards and values set down in the Code of Conduct.

Standards and values

The SNB attaches importance to its suppliers of goods and services being committed to the same standards and values. This is the basis of fair and trusting partnerships and the foundation for avoiding reputational damage that could result from business relationships. The strategy for dealing with social issues in procurement is discussed in this chapter. The most important measure is the formal obligation introduced in the year under review for suppliers to provide a binding statement that they conduct their business activities sustainably, with integrity, and in compliance with the law. In addition, sustainability-related award criteria are defined for the procurement of potentially critical categories of goods and for construction projects.

The SNB also takes account of Switzerland's fundamental standards and values in its investment policy. It does not invest in shares and bonds of companies whose products or production processes grossly violate values that are broadly accepted at a societal level. It therefore does not purchase securities issued by companies that seriously violate fundamental human rights, systematically cause severe environmental damage, are primarily active in the mining of coal for energy production, or are involved in the production of internationally condemned weapons. The exclusion criteria are explained in detail in this chapter.

## Employees

The chapter 'Employees' describes the SNB's social responsibility as an employer and its commitment to its employees. Its HR strategy is geared to the continuing professional development of its employees and to the ongoing evolution of its processes and instruments. Another important element of the HR strategy is ensuring equal opportunities and non-discrimination. This includes regularly reviewing and refining HR processes.

The SNB believes that diversity and inclusion help it fulfil its mandate while at the same time making it a more attractive employer. The fact that the SNB provides a public service also contributes to its attractiveness as an employer. It offers modern working conditions and is committed to enabling a good work-life balance.

The SNB exercises its duty of care to safeguard the integrity of its employees. An important component of this is the SNB's ISO 37002-certified reporting system. Employees can report rule violations via various channels. In 2023 the reporting system was developed further to also enable former employees, applicants for jobs at the SNB, and people working for contractors to report violations.



The chapter ‘Contributions to society’ describes how the SNB disseminates its economic knowledge in society. The SNB places great emphasis on economic literacy among the general public. Its engagement ranges from an educational programme for upper secondary schools and the SNB Forum information and event centre in Zurich to the Karl Brunner Distinguished Lecture Series, which is open to the public. A special event that took place in the year under review was the celebration of the 175th anniversary of the Federal Constitution, with the SNB providing information to interested members of the public as part of the ‘Offene Bundesmeile’ open days in Berne. Around 5,000 visitors took the opportunity to have a look behind the scenes at the SNB’s premises at Bundesplatz 1.

#### Contributions to society

The SNB also carries out in-house analysis and research in performing its statutory tasks, and it makes part of this available to the public. Internally this research consolidates and expands the existing knowledge base for the SNB’s monetary policy decisions, while also ensuring that its specialists keep up to date with the latest developments. The SNB also holds research conferences promoting academic dialogue and the dissemination of specialist economic knowledge in expert circles. The Study Center Gerzensee, an SNB foundation, serves the same purpose.

The chapter ‘Climate and environment’ is based on the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). These recommendations concern the strategy for dealing with environmental and climate matters, the integration of climate aspects into the governance structure and risk management, as well as climate-related metrics and targets.

#### Climate and environment

The chapter has two focuses. It addresses the impact of the SNB’s operations on the climate and environment and identifies measures for the sparing use of resources. The transition plan drawn up in the year under review is a key element of this. The SNB has set itself the target of reducing its operational greenhouse gas emissions from direct emission sources and from the use of energy by at least 50% by 2030 (reference year 2017) and achieving net zero by 2050 at the latest.

The chapter also presents climate-related aspects of the SNB's investments. In applying its investment policy, the SNB has two main objectives. On the one hand, it aims to ensure that its balance sheet can be deployed for monetary policy purposes at any time. On the other hand, it strives to preserve the value of currency reserves in the long term. In order to achieve these objectives, the SNB's investment policy must be geared towards high liquidity and broad diversification. Diversification means that the SNB's equity and corporate bond portfolios' exposure to risks is similar to that of the global universe of companies, and that structural changes, for example the transition to a sustainable economy, are also reflected in the SNB's portfolios.

In line with the TCFD recommendations, this chapter also presents selected emissions metrics for the most important asset classes held in the SNB's foreign exchange reserves. For equities and corporate bonds, three metrics are published: total financed emissions, carbon footprint and weighted average carbon intensity. The SNB publishes the weighted average carbon intensity as an emissions metric for government bonds; this is the only established calculation standard for this asset class to date. The values calculated for the relative emissions metrics of the various asset classes within the foreign exchange reserves are similar to those for equivalent portfolios of other international investors.

# Monetary policy and sustainability

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Through its monetary policy, the SNB makes a key contribution to the sustainable development of Switzerland. Its primary objective is to ensure price stability, while taking due account of economic developments. As part of its monetary policy mandate, the SNB also contributes to the stability of the financial system, ensures the supply and distribution of cash, and facilitates and secures the operation of cashless payment systems.

Price stability is key for two reasons. For one, it is a prerequisite for economic progress and prosperity. In an environment of stable prices, households and businesses can plan better and make economic decisions more quickly and efficiently. This promotes saving and investing and makes Switzerland an attractive location in which to incorporate and establish companies, thereby favouring the creation of jobs and the development of new technologies. In this way, price stability makes a significant contribution to the international competitiveness of Swiss businesses.

Price stability also has great social significance. Stable prices protect the purchasing power of wages, pensions and savings. This is especially crucial for the weakest sections of society, such as pensioners and lower-income households. Price stability prevents undesired redistribution effects and promotes social cohesion.

By fulfilling its monetary policy mandate, the SNB makes a significant contribution to a robust economy and society and thus to the sustainable development of our country. This in turn makes it easier for other actors to perform their duties.

The Federal Constitution and the National Bank Act charge the SNB, in its capacity as Switzerland's independent central bank, with conducting monetary policy in the interests of the country as a whole and with ensuring price stability. This clear and narrow mandate provides the necessary basis for a credible and effective monetary policy. It avoids conflicts of interest and justifies the SNB's independence. The SNB explains in its annual accountability report how it has fulfilled its mandate.

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## Standards and values

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### 2.1 BACKGROUND

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#### Charter

In its Charter the SNB subscribes to standards and values which guide its conduct. These include values such as professionalism, integrity and credibility. They are an expression of the SNB's corporate culture and embody a respectful and responsible approach to human and natural resources. In this way the SNB creates a foundation for fulfilling its mandate in a responsible and exemplary manner.

In performing its operational activities, too, the SNB aims to foster confidence and to safeguard the institution's reputation. Its corporate governance ensures that the organisation and processes are geared to fulfilling its tasks. This way it creates a motivating environment for its employees.

#### Code of Conduct

The SNB's mandate to pursue monetary policy in the overall interests of the country brings a special responsibility. The Code of Conduct is therefore of the utmost importance. In their professional activities, employees must abide by the relevant laws, by internal regulations, and by the principles enshrined in the Code of Conduct, so that the SNB is perceived by members of the public and by its business partners as an institution that can be trusted without reservation. In practical terms this means that employees must fulfil their tasks professionally, behave respectfully, handle information responsibly and use resources sparingly.

### 2.2 COMPLIANCE APPROACH

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#### Compliance approach

Compliance is an essential element of good corporate governance and deemed to be a management responsibility. At the SNB, compliance means more than merely keeping to the statutory, regulatory and internal requirements. Compliance is part of the all-encompassing risk management system and the internal control system. The SNB's approach to compliance covers all hierarchical levels and organisational units and includes all employees. It serves to prevent non-compliance and defines the response to detected forms of non-compliance with regulations.

The Compliance unit advises and supports SNB management, the bank’s units and employees with adhering to the Charter, Code of Conduct, and corresponding SNB rules and regulations, as well as with identifying, assessing and monitoring compliance risks.

In relation to the monitoring of adherence to compliance regulations, the SNB relies on a culture characterised by transparency, traceability and responsibility. It has clear requirements to ensure that all employees are aware of and understand their role and responsibility in this process. The degree of responsibility borne by employees depends on their role. The Compliance unit performs an annual assessment of the compliance risks and formulates a risk-oriented action plan that is submitted to SNB management and the Bank Council.

Advice and training for employees at all levels as well as for SNB management play a key role in promoting a culture of preventing non-compliance. In addition, technical and management controls, a utility-driven, comprehensive, and regularly updated system of directives as well as modern, process-supporting IT solutions help to prevent non-compliance.

**Preventing non-compliance**

Violations of statutory, regulatory and internal requirements are not tolerated. The Code of Conduct in particular must be adhered to by all managers and leaders and by all employees, in letter and spirit, at all times. If a violation is found to have occurred, this may lead to disciplinary action, or action under employment law or even criminal law.

**Responding to non-compliance**

The Compliance unit also ensures timely and hierarchically appropriate reporting to SNB management and the Bank Council on the status of compliance, including any serious violations of rules of conduct.

### **2.3 KEY COMPLIANCE TOPICS IN THE YEAR UNDER REVIEW**

#### **Strategy for preventing corruption**

Adherence to industry standards and the duty of due diligence in the performance of the SNB's mandate is the basis of a corporate culture of compliance and integrity. It is the expression of good corporate governance and helps protect the good reputation of the SNB. This also includes measures to prevent corruption.

#### **Gratuities from and to third parties**

In the year under review, the Compliance unit comprehensively revised the relevant bank directive and reinforced the measures in place in this regard, particularly in connection with gratuities from and to third parties. The bank directive states that the SNB will not tolerate untransparent business conduct and the general abuse of a position of trust, and that employees are to avoid any situation which could lead to conflicts of interest or inappropriate dependency. Employees offering gratuities to or accepting gratuities from third parties may pose a risk of corruption. The revised bank directive thus makes an important contribution to preventing corruption at the SNB.

## **2.4 CONSIDERATION OF STANDARDS AND VALUES IN PROCUREMENT**

The SNB takes its standards and values as well as aspects of sustainability into account when making procurements for operational purposes. In this it is guided by the principles, enshrined in the Charter, of observing economic, environmental and social criteria in procurement processes, avoiding conflicts of interest, and ensuring equal treatment and integrity in work with business partners.

**Charter**

The Procurement specialist unit is responsible for the procurement process and supports line management with procurement projects. The specialist unit's tasks include defining normative specifications, providing tools, training internal stakeholders, managing suppliers, correctly tracking the processing of orders and deliveries in the procurement system, performing quality assurance, and continuously developing the entire procurement process.

**Procurement organisation**

By virtue of its mandate, the SNB bears a special responsibility. To fulfil this mandate it must be perceived as an unreservedly trustworthy institution. For this reason, the SNB attaches importance to its suppliers of goods and services being committed to the same overarching standards and values. This is the basis of fair and trusting partnerships and the foundation for avoiding reputational damage that could result from business relationships.

**Standards and values as basis of trusting business relationships**

The strategy for dealing responsibly with social issues in the course of SNB procurements comprises two components. Firstly, SNB employees who are involved in procurement must at all times during their work act independently and objectively in the interests of the SNB, regardless of any personal interest. This is enshrined in the SNB's Charter and is ensured by implementing the compliance approach. Secondly, the SNB formally obliges its suppliers to provide a binding statement that they conduct their business activities sustainably, with integrity, and in compliance with the law.

**Strategy for dealing with social issues**

**Self-declaration for suppliers**

In the year under review, the SNB introduced a self-declaration for suppliers. This harmonised and extended existing approaches across the bank. In the self-declaration, suppliers must explicitly confirm that among other things they have measures in place to prevent and combat corruption, refrain from all forms of corruption and bribery, avoid or disclose conflicts of interest, refrain from entering into competition agreements, comply with human and labour rights, protect children from economic and social exploitation, and respect applicable industry standards regarding the environment and sustainability. The self-declaration is used for all invitations to tender as well as for direct awards above a predetermined threshold. This way, around 90% of the SNB's procurement volume recorded in the system can be covered, comprehensively reducing reputational risks. From 2024, the degree of coverage achieved each year will be systematically recorded.

**Aspects of sustainability used as award criteria**

As early as 2006, the SNB introduced award criteria for supplier evaluation; these are used, for example, for the procurement of IT hardware, construction services, office materials and workwear. Among other things there are checks of whether suppliers have environmental and sustainability management systems in place, whether they have formulated environmental and social goals, and on the proportion of apprentices they employ. Additionally, construction projects are delivered on an environmentally compatible basis in accordance with the eco-building cost classification (ecoBKP), which requires among other things the use of environmentally friendly materials.



## 2.5 CONSIDERATION OF STANDARDS AND VALUES WHEN MANAGING SECURITIES OF PRIVATE SECTOR ISSUERS

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When managing securities of private sector issuers, the SNB also takes non-financial aspects into consideration. Owing to its special role as a central bank vis-à-vis the banking sector, the SNB refrains from investing in shares of systemically important banks worldwide. The SNB also takes account of Switzerland's fundamental standards and values in its investment policy. It does not invest in shares and bonds of companies whose products or production processes grossly violate values that are broadly accepted at a societal level. It therefore does not purchase securities issued by companies that seriously violate fundamental human rights, systematically cause severe environmental damage, or are involved in the production of internationally condemned weapons.

Non-financial aspects  
of managing securities  
of private sector issuers

Condemned weapons include biological and chemical weapons, cluster munitions and anti-personnel mines. Companies involved in the production of nuclear weapons for countries that are not among the five legitimate nuclear-weapon states defined under the United Nations Treaty on the Non-Proliferation of Nuclear Weapons (China, France, Russia, the United Kingdom and the United States) are also excluded. Individual companies are excluded under the criterion of systematically causing severe environmental damage if their production operations, for example, systematically pollute waterways or the countryside, or seriously damage biodiversity, or if their business model is primarily based on coal mining for energy production. Not excluded are companies mining coal for steel production and conglomerates.

Exclusion criteria

**Process for implementing exclusion criteria**

The SNB has the whole investment universe reviewed on a regular basis in order to identify the companies concerned. A specialised external service provider reviews the SNB's investment universe to specifically identify companies involved in the manufacturing of condemned weapons. With regard to companies that focus on coal mining, the SNB bases its assessment on the relevant classification of an index provider. Companies that fall under the other exclusion criteria are identified in a two-phase process. The first phase consists of examining and processing public information in order to identify companies whose activities are very likely to fall under the exclusion criteria. During the second phase, a detailed assessment is performed on each identified company to ascertain whether it should be excluded or not. The SNB relies on the recommendations of specialised external service providers in deciding on the exclusion of companies, and reviews its decisions on a regular basis.

**Exercise of voting rights**

The process of exercising voting rights relating to shares is another non-financial aspect of managing securities issued by private sector companies. Here, the SNB restricts itself to issues of corporate governance. In the long term, good corporate governance helps companies – and hence the SNB's investments in them – to perform favourably. In exercising its voting rights, the SNB focuses on mid-cap and large-cap companies in Europe and works with external service providers to this end. The voting procedure is based on the SNB's internal guidelines for exercising voting rights. The SNB does not exercise its voting rights in the US. The external service providers are tasked with interpreting the guidelines for exercising voting rights and applying them to the proposals being made at the shareholders' meetings. The SNB is in regular contact with the external service providers and monitors the correct interpretation of the guidelines for exercising voting rights.

# 3 Employees

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## 3.1 HR STRATEGY

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The SNB's HR strategy ensures that it always has the necessary number of employees with the required skills to best fulfil its mandate.

The SNB sees itself as a learning organisation. Its HR strategy is geared to the continuing professional development of its employees, and to the ongoing evolution of its processes and instruments. Strategic personnel planning makes it possible to anticipate the skills needed in the future, and to focus recruitment and development accordingly.

**Learning organisation**

The SNB is an attractive employer with a strong awareness of social responsibility. In particular, it offers jobs that provide a public service, with an array of demanding professional challenges and with progressive working conditions. Salaries and fringe benefits are in line with performance and market conditions. As a socially responsible employer, the SNB is committed to ensuring equal opportunities and does not tolerate any violation of personal integrity whatsoever.

**Attractive and socially responsible employer**

Diversity plays a crucial role at the SNB, a national institution with a broad range of tasks. The SNB affirms its commitment to diversity in its various dimensions and accords it central significance in its HR strategy.

**Significance of diversity**

The SNB's diversity strategy comprises three components. Workforce diversity is achieved primarily by putting equality of opportunity and non-discrimination systematically into practice. Additionally, workforce diversity can be encouraged with measures that remove structural and cultural obstacles. Thirdly, targeted measures are in place to boost under-represented groups.

## Equal pay

The SNB seeks to ensure that every employee is paid according to their role and performance and thus, in particular, irrespective of their gender. To ensure that remuneration is appropriate to the function, internal salary reviews are conducted periodically on the basis of the defined and evaluated functions. The federal government's equal pay tool (Logib) is also used to evaluate gender pay equality on an ongoing basis.

The SNB had already conducted the equal pay analysis prescribed by law in 2021 and provided information on its findings in the 2022 Annual Report and Sustainability Report. The analysis showed that the SNB complied with internal pay equality for women and men. It thus received the 'We Pay Fair' label from the Competence Centre for Diversity and Inclusion (CCDI) at the University of St. Gallen (HSG) as well as industry certification from the Social Partnership Centre for Equal Pay in the Banking Industry (SoPaCEB).



## Employer branding

The employer branding project was completed at the end of 2022. One of the most important outcomes is the employer value proposition (EVP).

In the course of the year, concrete target groups were defined and a concept for future university marketing was formulated on the basis of the EVP. The first university marketing measures have already been implemented. The SNB takes care to ensure that it is represented at university fairs in all Swiss language regions.

The annual employer attractiveness survey of more than 10,000 students conducted by Universum shows that the SNB ranks 5th of 100 in the economics category, 19th of 100 in the IT category, and 6th of 30 in the law category.

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#### **The SNB's employer value proposition**

The SNB acts in the interests of the country as a whole. Together, we work to fulfil our unique mandate. In doing so, we make a key contribution to creating optimum conditions for the Swiss economy and the people of Switzerland.

We recognise challenges early on and actively address them with a high level of competence and diverse expertise. Together, we develop solutions with commitment, openness and flexibility.

We work in an environment of diversity, collegiality and respect. We distinguish ourselves by lifelong learning and a high level of commitment to performance.

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Leadership is a fundamental factor in the long-term success of any organisation. The prerequisite for this is that the managers have the necessary competencies. The SNB's leadership culture is centred on three key elements: open communication, trust and appreciation. The recognition of performance and mutual feedback form the basis for continuing professional development. The continuing development of leadership quality is also an ongoing issue.

**Importance of leadership**

## Diversity in practice

### 3.2 WORKFORCE

The 999 members of staff form the basis for the fulfilment of the SNB's mandate. They mostly comprise economists and banking, IT, legal, political science and logistics specialists, as well as technical staff and commercial training graduates.

At approximately 46 years, the average age of employees is relatively high compared with other companies. This is attributable to both the long average length of service of around eleven years and the fact that employees join the SNB at a relatively advanced age. This is typical for an organisation employing a large number of university graduates. 49.2% of staff have a degree from a university or ETH Zurich, and somewhat more than one-third of these hold a doctorate. A further 31% are graduates of a university of applied sciences or professional college, or have completed higher vocational training.

Just under one-third of SNB employees are women. At the senior management level that proportion was 17.1% at the end of 2023. The proportion of women is highest in the economic fields and management support. It is significantly lower in the fields of IT and security. Of the employees with Swiss nationality, 84.5% report German as their mother tongue, 6.5% French, 3.2% Italian and 0.2% Romansh, while 5.6% have another mother tongue. At the end of 2023, the proportion of foreign national employees was 11.6%.

#### EDUCATIONAL LEVEL

In percent



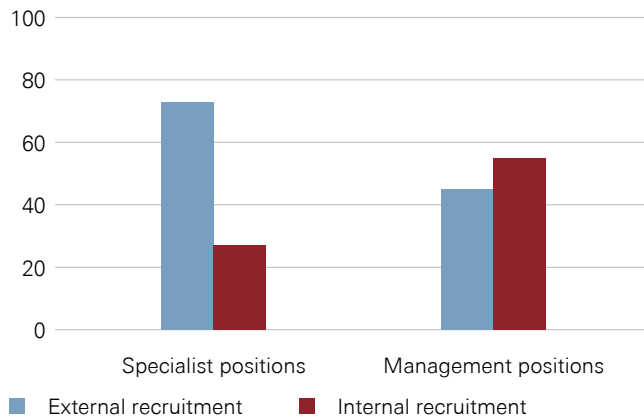
- No vocational training **1.5%**
- Vocational training **18.2%**
- Higher vocational training, professional college **18.1%**
- University of applied sciences, college of education **12.9%**
- University, federal institute of technology **32.2%**
- Doctorate **17.0%**

Total: 999 employees

End-2023; source(s): SNB

## STAFF SOURCING

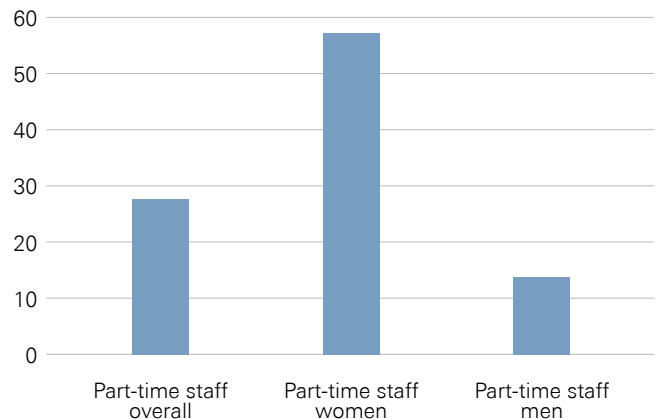
In percent



End-2023; source(s): SNB

## PART-TIME STAFF

In percent



End-2023; source(s): SNB

The SNB offers employees with appropriate potential the opportunity to pursue management or specialist career paths. When filling management and specialist positions, it looks for the requisite skills to assume these roles. A large proportion of vacant positions are filled from within the SNB, thereby fostering internal mobility. In 2023, around 55% of management vacancies and around 27% of specialist positions were filled internally.

### Career opportunities for all working time models

The SNB offers its staff flexible conditions that allow them to advance professionally regardless of their working time model. Vacancies are generally advertised on an 80% to 100% FTE basis. Around one-quarter of positions filled in the year under review were on a part-time basis. In line with the Swiss Federal Statistical Office's definition, a workload of 90% or more is counted as full-time.

In the year under review, 59.4% of female members of middle management worked part-time and the corresponding figure for their male counterparts was around 16%. Of the female senior managers at the SNB, around 35% worked part-time; the figure for their male counterparts was 11%.

### **3.3 EMPLOYEE DEVELOPMENT**

Mastering the challenges of the present and the future hinges on a systematic and forward-looking approach to continuing professional development. This can also help to ensure that the level of professional competence among employees is maintained and in line with the market for the future.

#### **Training and further education**

Employees have access to a broad internal training and further education offering. This includes topics such as leadership, self-management, communication, project management, work techniques and time management, presentation and public speaking skills, as well as languages and health matters. Further specific training is also offered according to need and current relevance. In the year under review, this specific training was on the topic of dealing with a heavy workload.

For reasons of corporate governance, the SNB must ensure that employees are informed in a timely fashion and regularly updated on important, generally applicable rules stemming from laws, regulations and directives. The SNB's training concept, which was developed further in 2023, is designed not only to convey the necessary information and knowledge, but also to raise awareness of specific topics and give employees confidence when it comes to dealing with and applying this information and knowledge. The idea is to effectively avoid or reduce risks.

An essential cornerstone of employee development measures is the SNB Career Essentials programme. This promotes key competencies that are critical for professional success. In the year under review, 44 employees successfully completed this programme. The programme forms the basis for two subsequent Certificates of Advanced Studies (CAS).



Leadership is a high priority at the SNB. The CAS FH in Leadership SNB enables participants to develop their basic leadership skills and examine their role as a leader. The course also addresses management processes and instruments, as well as important topics such as communication, change and conflict management. It is open to employees whose role includes personnel management. In the year under review, 14 people successfully completed the CAS.

The CAS FH in Future Expert Skills SNB is geared to specialists. Its modular design enables participants to further develop specifically in the areas that are relevant to their current professional situation and career. The first programme is currently running, with seven people participating.

With these two CAS programmes the SNB is able to offer participants an officially recognised and certified continuing education qualification.

It is also important to provide managers with offerings that are individually tailored to their situation and needs. In addition to internal and external training opportunities these include, notably, opportunities to participate in leadership circles, take advantage of executive coaching or bring in external process consultants to support change projects or team development measures.

The SNB offers young people the opportunity to complete vocational training programmes in the commercial field (banking as well as services and administration) and IT (platform development, application development and the ICT specialist qualification). In the year under review, seven apprentices and four people doing a compulsory IT internship successfully completed their basic vocational training at the SNB.

#### Apprenticeships

In August 2023, a total of eight young people commenced their training at the SNB. For the first time, the new provisions of the Swiss commercial apprenticeship reform are being applied for the four new commercial apprentices joining the SNB. The main goal of the reform is to update the content of training, to give it a more practical orientation, and to promote key competencies. The idea is to achieve better alignment between industry knowledge and the material learned at vocational college and at the workplace. Among other things this has involved revising deployment plans, educating practical trainers, and professionalising evaluation during training.

#### Internships

The SNB provides university graduates with a good degree the opportunity to experience professional life through internships. Interns support the work of the SNB in various areas. Experience has shown that quite a number of them go on to take up a permanent position at the SNB at a later date. At the end of 2023, there were 55 interns working at the SNB, around a third of them women.

### **3.4 WORKING CONDITIONS**

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The SNB ensures terms of employment and working conditions that allow staff at all levels to apply their professional abilities purposefully, successfully, and with commitment in the interests of the performance mandate.

#### Role of staff committee

Working conditions are reviewed on an ongoing basis and adjusted if required. The staff committee plays an important role in the review and adjustment process, striving to ensure the well-being of employees and actively helping to shape working conditions in accordance with the co-determination regulations (*Mitwirkungsreglement*). Beyond this it promotes communication between management and employees. To this end, twice a year a dialogue is held between SNB management and the staff committee to discuss employee concerns and open issues. The members of the committee are elected by the SNB's employees for a four-year term.

Under the flexible arrangements for working from home introduced in 2022, line managers can agree with employees within a defined framework how much they can work from home. In the case of specific tasks that have to be performed on premises for operational or security reasons, working from home is not permitted.

**Working from home**

The interplay between work on premises and from home, along with flexible working hours, promotes a good work-life balance. Work-life balance is also enhanced by the option of part-time work and the annual working time model. This enables fluctuations in workload to be used to meet professional and private obligations alike.

**Work-life balance**

Occupational health management at the SNB is aimed at maintaining the well-being of employees, and thus also their ability to perform over the long term. To this end, the SNB offers staff a broad range of preventive measures such as health checks, flu vaccinations and ergonomic workstations, in addition to a contribution towards individual health promotion. Employees can also attend health-related webinars, seminars and courses or make use of diverse offerings as members of the SNB sports club.

**Occupational health management**

In the year under review, there was special emphasis on how best to deal with a heavy workload. Seminars were held for employees to learn practical ways of increasing their stress resilience. Seminars for managers also addressed the impact of leadership on employee performance and health. The SNB now also offers employees the option of consulting an external provider for specific advice on combining family and work.

**Healthy and sustainable nutrition**

The staff restaurant in Zurich focuses on seasonal as well as local and sustainable produce and offers menus that are put together in accordance with the guidelines issued by the Swiss Society for Nutrition. The staff restaurant in Berne remained closed because of the total renovation of the Kaiserhaus building.

**Social responsibility**

The SNB provides a case management service focused on the needs of the individual, aimed at ensuring that employees receive the best possible care if they are affected by illness or accident and have optimal conditions for their rapid reintegration into the daily work routine. In addition, employees experiencing personal or work-related problems have access to external counselling services, anonymously and free of charge. The range of counselling was expanded to include the care of relatives.

**Occupational pensions**

The SNB offers its employees attractive occupational pensions. The SNB's pension fund includes high risk cover in the event of death and disability as well as extensive old-age benefits following retirement. In addition, the pension fund offers a choice of options when it comes to savings plans and old-age benefits. The pension fund is financially sustainable and solidly positioned to meet its obligations towards insured and retired employees in the long term.

**Volunteer work**

The SNB promotes the social commitment and soft skills of its employees by allowing each member of staff one day off a year to do voluntary work. Employees can choose for themselves an institution for volunteer work from the nationwide offerings on one of the platforms that exist for the purpose.

## EMPLOYEES: KEY FIGURES

	2019	2020	2021	2022	2023
Headcount <sup>1</sup>	934	950	950	979	999
Full-time equivalents <sup>1</sup>	855.2	870.8	868.6	891.3	910
women (in percent)	31.8	31.5	31.8	32.2	32.0
men (in percent)	68.2	68.5	68.2	67.8	68.0
Staff fluctuation rate, total <sup>2</sup> (in percent)	4.4	3.1	3.3	3.4	2.4
women	5.1	3.4	2.7	3.9	3.1
men	4.1	3.0	3.5	3.2	2.1

### Occupational health and safety

Days lost per employee	5.2	4.7	5.7	7.1	6.7
due to sickness	4.5	4.0	4.6	6.6	5.8
due to accident (at work or otherwise)	0.7	0.7	1.1	0.5	0.9

### Training and further education

Average no. of days training and further education per employee	3.8	0.9	1.7	2.0	1.5
Costs for training per employee (in CHF)	2 164	1 627	2 086	1 930	2 040
Staff participation in training and further education (at least one course per year, in percent)	45.9	21.9	33.2	37.9	32.3

### Development of young talent

Apprentices (commercial and IT)	22	24	23	24	21
Graduate interns	34	32	44	51	55

### Diversity

Proportion of part-time employees <sup>3</sup> (in percent)	26.0	26.1	27.2	28.6	27.7
women	54.9	54.8	58.9	58.7	57.2
men	12.6	12.9	12.3	14.3	13.8
Women in middle management (in percent)	26.0	26.9	28.3	30.4	30.2
Women in senior management (in percent)	18.4	17.6	17.7	17.1	17.1
Average age	45.2	45.2	45.6	45.7	46.4
Average length of service (in years)	9.8	9.8	10.2	10.1	10.8
Internal recruitment <sup>4</sup> (in percent)	55.1	35.2	35.2	26.3	32.4
Foreign national employees (in percent)	11.9	11.6	11.8	10.9	11.6
Volunteer work (no. of employees)	22	0	4	18	31

1 Core staff as at 31 December, i.e. all permanent employees including those at the International Monetary Fund, the Organisation for Economic Co-operation and Development and the BIS Innovation Hub but excluding apprentices.

2 Net change, i.e. all employees leaving the company, excluding retirements and deaths.

3 In keeping with the practice adopted by the Swiss Federal Statistical Office, only working hours of less than 90% are recorded as part-time.

4 Number of vacant positions filled by internal candidates.

### **3.5 PROTECTING THE INTEGRITY OF EMPLOYEES**

<b>Duty of care</b>	The SNB attaches great importance to exercising its duty of care. Besides responsible leadership, advice and support in difficult situations, and occupational health management and case management measures, this also includes protecting employees from violations of integrity.
<b>Conflict management</b>	It is important to hone knowledge around violations of integrity and to create the link to the topic of conflict in the workplace. Since unresolved conflicts can foster violations of integrity, conflict management is likewise treated as a priority in the context of providing information and training. Employees are guided and supported in conflict management by the HR unit.
<b>HR processes</b>	HR processes are regularly reviewed and refined to ensure that equal opportunity is guaranteed and no discrimination is permitted. Decisions in all processes are systematically made on the basis of criteria that are defined in advance and are thus transparent and objective. Greater diversity of perspectives is also achieved by including various viewpoints during the hiring and promotion processes.

### **3.6 REPORTING SYSTEM FOR VIOLATIONS OF REGULATIONS**

<b>Reporting system</b>	The SNB's corporate governance aims to ensure that the organisational structure and processes are geared to the best possible fulfilment of its tasks. Irregularities, however, can never be completely ruled out. Employees can use the ISO 37002-certified reporting system to report suspected violations of regulations via various channels, as well as by way of an electronic reporting platform that additionally allows anonymity.
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The reporting system is designed to enable the early detection of potential violations and loopholes so that appropriate measures can be taken, such as improving processes and regulations.

The reporting system for violations of regulations offers easy accessibility and a high degree of protection for all persons involved in reporting. It is key for all employees to be familiar with the purpose of the reporting system and how it functions. Principles of conduct and the reporting system are addressed as a matter of course during induction seminars and management training.

To raise employee awareness of the problem of violations of regulations, during the year under review fictitious examples of reports of violations were posted on the intranet. The examples also included instructions on the correct procedure in the event of a violation as well as further information.

The Compliance unit is responsible for processing the reports, and does so in accordance with the principles of confidentiality, protection of personality and protection against retaliatory measures, as well as in compliance with data protection provisions.

The reporting system continued to prove its functionality in the year under review. Seventeen reports of potential violations of regulations were submitted. One report led to the initiation of an internal investigation. At the end of 2023, this was still pending.

In the year under review, the SNB developed the reporting system further. It is now also possible for former employees, applicants for SNB jobs, and people who work or have worked for certain suppliers or contractors to report violations via separate reporting channels.

**Further development  
of reporting system**

The SNB reviews the reporting system on an ongoing basis to determine whether it is fit for purpose, appropriate and effective. The findings of such reviews are incorporated into reports to the executive bodies.

#### **4.1 ECONOMIC EDUCATION**

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##### **Promoting economic literacy**

The SNB places great emphasis on economic literacy among the general public. Its engagement ranges from an educational programme for upper secondary schools and the SNB Forum information and event centre in Zurich to public lectures under the banner of the Karl Brunner Distinguished Lecture Series.

##### **Iconomix – educational offering for schools**

In 2007, the SNB launched the Iconomix educational offering ([www.iconomix.ch](http://www.iconomix.ch)), a programme designed to promote basic economic and financial literacy in Switzerland. Iconomix is aimed at teachers of economics and social studies at Swiss upper secondary schools. Economic and financial literacy is a basic life skill for navigating today's complex world. With Iconomix, the SNB contributes to promoting this life skill.

A focus of the educational programme is on active, experiential learning. Accordingly, the offering includes educational games, simulations and case studies on principles and concepts that facilitate understanding of many economic situations, such as the division of labour and trade, markets and prices, and money and inflation. In addition, Iconomix addresses topical issues and challenges such as digitalisation, population ageing and climate change, with a focus on their economic components. Another area of focus is basic financial literacy. This includes, among other things, aspects of personal finance such as handling money and using banking services.

In the year under review, some 1,800 teachers working at the upper secondary school level made active use of the Iconomix web platform. In relation to the target group – teachers of economics or social studies at upper secondary schools – this translates into a reach of 42%. All three main linguistic areas of Switzerland have a similarly positive showing in terms of usage and spread.



As at the end of 2023, Iconomix offered 97 teaching units in English, German, French and Italian. In addition to the units themselves, Iconomix provides links to third-party resources on relevant and topical economic issues, including articles, videos, websites and data portals. At the end of 2023, around 2,000 such links were available on the web platform. In the year under review, the freely accessible platform registered 132,000 unique visits. Added to this, 440 class sets, including physical teaching resources in the form of game boxes and brochures, were ordered by schools. Furthermore, 19 events for teachers were held across Switzerland, in which a total of some 470 teachers participated.

For each school year, Iconomix defines a focus topic addressing a current economic issue. The topic for the 2023/24 school year is 'Big tech: how digital marketplaces function'. In addition, a new unit was launched in German and French and two symposia were held in German-speaking and French-speaking Switzerland. The topic for the 2024/25 school year is 'Focus on inequality: evidence and perspectives'.

## ICONOMIX EDUCATIONAL OFFERING: KEY FIGURES

	2022	2023	Change In percent
<b>Use in upper secondary schools</b>			
Number of active <sup>1</sup> users	1 730	1 800	+ 4
Estimated reach <sup>2</sup> (in percent)	41	42	
Number of unique visits to the website	116 000	132 000	+ 14
Number of distributed class sets with teaching resources <sup>3</sup>	570	440	-23
<b>Educational resources</b>			
Number of units	100	97	-3
of which in DE/FR/IT/EN	41/34/18/7	38/34/19/6	
Units reviewed <sup>4</sup>	26	31	+ 19
<b>Educational and training events for teachers</b>			
Number of events across Switzerland	18	19	+ 6
Estimated number of teachers participating	440	470	+ 7

1 Iconomix defines active users as teachers at upper secondary level who are registered on the [www.iconomix.ch](http://www.iconomix.ch) platform and log on at least once in a calendar year. All figures are collected by the SNB and are to be understood as approximations.

2 The reach is the relation between the number of active users and the some 4,200 economics or social studies teachers at upper secondary level.

3 The downward trend in this figure is attributable to the fact that print publications like the Iconomix newspapers are being replaced by digital formats.

4 Units are updated, revised or discontinued, depending on the result of the review.

In Zurich the SNB has an information and events centre open to the public, the SNB Forum. The information centre provides visitors with facts about the SNB. On request it also offers library and archive services, and contact can be arranged with SNB specialists.

**SNB Forum information and events centre in Zurich**

In its events centre, the SNB welcomes school classes, groups of students and other interested people for presentations on the history and tasks of the SNB and on the current banknote series. During the year under review, 25 such groups were received. The SNB also uses the SNB Forum for conferences, seminars, workshops and meetings with internal and external participants. In 2023, the premises were booked around 930 times and were visited by a total of some 5,000 people. There were also a number of virtual events.

A brochure entitled ‘The Swiss National Bank in Brief’ explains over the course of some 60 pages how the SNB fulfils its monetary policy mandate and other major tasks, and describes the organisation and legal basis of the SNB and its activities. The publication is available in German, French, Italian and English and can either be obtained free of charge in print form ([library@snb.ch](mailto:library@snb.ch)) or downloaded as a PDF from the SNB website ([www.snb.ch](http://www.snb.ch)).

**Information for general public**

In addition, the ‘Services & Events’ section of the SNB website contains many questions and answers on topics around the SNB, from the SNB as a company, coins and banknotes, to monetary policy implementation. The SNB also responds to written enquiries from citizens; in the year under review it replied to around 475 enquiries.

**SNB's involvement  
in 'Offene Bundesmeile'  
open days**

The 'Offene Bundesmeile' open days were held in Berne on the first weekend in July as part of the national observance of the 175th anniversary of the Swiss federal constitution. The SNB was also involved. Around 5,000 visitors took the opportunity to have a look behind the scenes at the SNB's premises at Bundesplatz 1. Visitors could take a short guided tour to learn many things about the SNB, from its monetary policy mandate and the role of price stability to the life cycle of a banknote. The main attractions included a real gold bar that visitors could touch.

The very positive public response to the 'Offene Bundesmeile' event is seen as an encouraging sign for the upcoming opening of a visitor centre at the newly designed Kaiserhaus premises very close to Bundesplatz square. To this end, the SNB has entered into a strategic partnership with the Bernisches Historisches Museum (BHM). The visitor centre is scheduled to open in autumn 2025 as part of the re-opening of the Kaiserhaus arcade. The Kaiserhaus, which has belonged to the SNB since 1971, has for several years been undergoing functional, architectural and design renovation work.

**Public lectures and  
presentations**

Members of SNB management regularly give speeches informing the public about the SNB's monetary policy and the underlying considerations. In the year under review, eight speeches were given in addition to the four news conferences. Among other things, the speeches addressed the SNB's role as lender of last resort, independence in research and monetary policy as a critical success factor for Switzerland, and implementing monetary policy with positive interest rates and a large balance sheet. The texts of these speeches are published on the SNB website.

The regional delegates explain SNB monetary policy to the public by giving presentations to associations, local authorities and educational institutions. Each year they give around 20 presentations at universities of applied sciences and upper secondary schools, addressing topics including the present economic environment, current monetary conditions and the SNB's monetary policy. As in previous years, two Swiss upper secondary school classes were invited to the SNB's General Meeting of Shareholders on 28 April 2023 in Berne. The classes invited were from Bulle in the Canton of Fribourg and Baden in the Canton of Aargau.

In 2016, the SNB launched the Karl Brunner Distinguished Lecture Series to publicly mark the centenary of the birth of Swiss economist Karl Brunner (1916–1989). Speakers invited are academics whose research has proven to be particularly relevant to central bank monetary policy practice.

In the year under review, the SNB invited Markus K. Brunnermeier to speak. Mr Brunnermeier is Professor of Economics at Princeton University and Director of the Bendheim Center for Finance. His research focuses on the interaction between financial markets and macroeconomics. His work on price bubbles in stock and real estate markets, systemic risks, liquidity crises and digital currencies is of great practical relevance for monetary policy and financial market regulation.

In 2023, MIT Press published a further volume as part of the Karl Brunner Distinguished Lecture Series, based on the speech given in 2019 by Raghuram Rajan, a professor at the University of Chicago, former chief economist of the International Monetary Fund (IMF) and former governor of the Indian central bank. The book, titled *Monetary Policy and Its Unintended Consequences*, takes a critical look at the extraordinary measures taken by central banks following the 2007/08 financial crisis.

#### Publications

## 4.2 SPECIALIST ECONOMIC KNOWLEDGE

SNB as centre of expertise

The SNB conducts in-house analysis and research in performing its statutory tasks. In so doing it consolidates and expands the existing knowledge base for the SNB's monetary policy decisions, while also ensuring that its specialists keep up to date with the latest developments.

The SNB makes part of its research available to the public in the form of publications. It also holds academic conferences to facilitate the dissemination of specialist economic knowledge in expert circles. The Study Center Gerzensee, an SNB foundation, serves the same purpose.

Conferences, specialist publications and university lectureships

The SNB regularly holds conferences and seminars. In the reporting year, four academic conferences were held (2022: five). In addition, 41 SNB research seminars and 16 technology and finance seminars took place (2022: 28 and 20 respectively).

Research and studies by SNB economists are published in the SNB Working Papers and SNB Economic Studies series, as well as in recognised academic journals. The annual SNB Research Report on the SNB website provides an overview of the latest research activities.

SNB economists hold lectureships at Swiss universities. They impart practical macroeconomic knowledge and specialist expertise in particular areas such as financial stability and the money market. In 2023, they gave a total of 29 lecture courses.

The Study Center Gerzensee was set up as a foundation by the SNB in 1984 and serves as a training centre for economists and bankers from Switzerland and abroad, as well as a venue for academic research and dialogue. The main areas of focus are courses for economists doing doctorates and two to three-week courses for employees of foreign central banks. Gerzensee also hosts a number of academic conferences every year.

In the year under review, six courses for employees of foreign central banks were held at the study centre, with SNB economists involved as lecturers. A total of 159 representatives of 73 central banks took part, a similar number to the previous year.

The Swiss Program for Beginning Doctoral Students runs for 13 weeks and six examination days. A total of 32 participants successfully completed the training in 2022/23. A total of 28 doctoral students are participating in 2023/24.

The week-long Advanced Courses in Economics and Courses in Law and Economics for Doctoral Students and Faculty Members took place a total of eight times. They were attended by a total of 149 people.

Finally, six academic conferences on a range of topics were held at the study centre, which were attended by 278 participants.

For the first time the study centre held an event online for former participants in central bank courses; Huw Pill, Chief Economist at the Bank of England, was a speaker. A total of almost 80 people took part.

### 4.3 ART AND CULTURE

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#### Art holdings

The SNB has been acquiring works of contemporary Swiss art since 1966. The collection contains around 2,000 pieces, including paintings, drawings, photographs, prints, object art and videos. These works of art are used to furnish the SNB's premises. Pieces are also lent to museums for temporary exhibitions. Since 1997, the art holdings have been managed by a curator working with an internal Art Commission.

#### Contributing to culture through art

Building and maintaining these holdings allows the SNB to make a cultural contribution by promoting contemporary Swiss art. The aim is also to lend the SNB a contemporary image by making its premises and workspaces appealing and attractive. Interested employees are regularly offered guided tours of museums, exhibitions and the SNB's buildings. Since 2021, members of the public have been able to view the art holdings on the electronic media wall at the SNB Forum in Zurich. More detailed information on the art holdings is provided in *Art at the SNB – an insight*, a book published in 2022 in collaboration with the Swiss Institute for Art Research (SIK-ISEA), available for order from [library@snb.ch](mailto:library@snb.ch).

#### Art in architecture

In addition to purchasing movable artworks, the SNB also commissions works of art in architecture when its properties are renovated. Such works are designed by the artists specifically for the space in question, which gives them an even greater resonance. Three of the 16 works of art in architecture currently held by the SNB are open to the public. One is located in the cashier's hall in the main building in Zurich, and one each in the foyers of the buildings at Nüscherstrasse 22 and Seefeldstrasse 8 in Zurich. Another work, destined for the public inner courtyard of the Kaiserhaus premises in Berne, is at the detailed planning stage.



The renovation of the Kaiserhaus building in Berne has made for protracted construction work in the middle of the city. To mitigate the impact somewhat, from May 2021 to mid-2023 the wall of the building site on Marktgasse was used for alternating art interventions. The works attracted great interest among passers-by.

Culture in public spaces

Also open to the public are the poster exhibitions in the windows of the SNB Forum, which change four times a year. These have been organised in cooperation with the Museum für Gestaltung Zürich (Zurich's Museum of Design) since 2000 and show a broad spectrum of socially relevant topics.

# 5

## Climate and environment

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### **5.1 CLIMATE CHANGE AND THE SNB**

#### **Recommendations of Task Force on Climate-related Financial Disclosures**

This chapter sets forth various aspects of the topic of climate change that are particularly relevant for the SNB. It is based on the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). These recommendations cover information on the climate-related governance structure, on the impacts of climate-related risks and opportunities on business strategy and the handling thereof, on the integration of climate-related aspects into risk management, and on climate-related metrics and targets. The TCFD recommendations are implemented to the extent that they are applicable given the SNB's mandate. The SNB, for example, does not pursue a business strategy, but fulfils the mandate defined by the National Bank Act.

#### **Application within SNB**

The SNB deals with the topic of climate change both as part of its operational activities and in connection with the fulfilment of its mandate. This means that different areas within the SNB are affected. Chapter 5.2, 'Climate-related governance', describes how responsibilities and competencies relating to climate matters are regulated across the bank.

#### **Climate change and SNB's operational activities**

For years, within its own operational activities the SNB has focused on continuously reducing greenhouse gas (GHG) emissions. True to the statement in its Charter that it exercises care in its use of natural resources when carrying out its operational activities, as early as 1996 the SNB introduced an environmental management system. This is used to record the consumption of energy, water and resources, the waste produced, and business travel and transport, and to define and implement reduction measures on this basis.

In the year under review, in line with the TCFD recommendations and further provisions contained in the revised Code of Obligations, the SNB developed a transition plan to demonstrate how operational GHG emissions are to be reduced towards net zero by 2050 at the latest. Chapter 5.3, ‘Operational environmental and climate-related aspects’, describes the way the environmental impact and the GHG emissions of operational activities has developed over the last few years and presents the transition plan, including the metrics used and the targets defined.

The SNB’s monetary policy and its implementation are the subject of the accountability report and are explained in detail in it. The explanations in the following section cite climate-related passages from the report that are particularly relevant with regard to the TCFD recommendations.

Climate change and  
SNB’s mandate

The SNB takes into account possible consequences of climate change for monetary policy, financial stability and the management of currency reserves within the framework of its statutory mandate.

The effects of climate change and climate policy can have far-reaching consequences for the economy and financial markets. For example, extreme weather events can have a short-term impact on the economy and prices by damaging infrastructure or disrupting supply chains. In the long term, a rise in temperature can lead to structural changes in various sectors and influence productivity and economic growth. Furthermore, political measures for the transition to a low-carbon economy can result in price changes for certain goods, particularly in the energy sector. The SNB analyses the above implications of climate change within the framework of its statutory mandate, and assesses the consequences that may arise for monetary policy as a result.

The SNB monitors climate-related risks to financial stability. Climate change could affect banks' traditional core business – e.g. as a result of write-downs on loans to particularly exposed companies and households or due to trading losses caused by valuation adjustments in stock and bond markets. For example, the transition to a low-carbon economy can make the business model of companies or entire industries unviable. Acute weather events such as storms and floods can cause damage to buildings and infrastructure. To monitor these risks, the SNB is in dialogue with FINMA, the State Secretariat for International Finance and other expert bodies. Further information on this is available in the SNB's accountability report and report on financial stability.

Climate risks and adjustments to climate policy can trigger or amplify market fluctuations and influence the attractiveness of investments. From an investment perspective, such risks are essentially no different from other financial risks. The SNB manages the risks of its investments by means of its diversification strategy. Information on the strategy for dealing with climate-related risks in the management of foreign exchange reserves and on the emissions metrics recommended for publication by the TCFD can be found in chapter 5.4, 'Climate-related aspects of investments'.

The SNB monitors the latest climate change developments and findings and, for this purpose, engages in regular discussions with other central banks and institutions as well as the academic and scientific communities, as described in the accountability report. Chapter 5.5 of the Sustainability Report, 'International cooperation on climate-related risks', summarises climate-relevant topics with which the SNB actively engages as part of international monetary cooperation.

## 5.2 CLIMATE-RELATED GOVERNANCE

The internal organisation of the SNB is defined by the National Bank Act and specified in detail in the SNB's Organisation Regulations. Its corporate bodies and responsibilities are explained in the SNB's financial report. The bodies have the following responsibilities in terms of climate-related matters:

**Organisational structure of SNB**

The Enlarged Governing Board is responsible for defining the operational climate strategy and determining the operational climate targets. At the same time, it monitors the progress made annually in terms of operational sustainability performance.

The Governing Board is responsible for the annual accountability report, which states that within the framework of its statutory mandate, the SNB assesses the possible consequences of climate change for the economy and thus for monetary policy. The Governing Board also approves the annual report on financial stability, which contains analyses of climate-related risks to financial stability. In addition, the Governing Board approves the annual Sustainability Report in the first instance. The Governing Board is also responsible for defining investment policy. It thus sets out the investment strategy as well.

The Bank Council definitively approves the Sustainability Report in the second instance. It also monitors the risk management system, which captures and manages all financial risks related to the SNB's investments. Climate-related risks are viewed as a component of financial risk. The committees of the Bank Council support it in its monitoring and oversight function.

As part of its internal organisation, the SNB has created working groups for addressing matters related to climate change.

**Internal working groups on climate-related matters**

The cross-departmental climate change steering group is responsible for the exchange of information and for coordinating the SNB's work and activities in connection with climate change. The steering group is composed of the heads of units for whom the topic is relevant in the fulfilment of their mandate. It is headed by an alternate member of the Governing Board.

The committee on non-financial aspects of asset management deals with all aspects of asset management that go beyond traditional financial considerations. It coordinates all work that is not connected with allocation decisions, including processes for complying with stock exchange law and regulatory requirements, for exercising voting rights, for implementing the exclusion policy, and for analysing investment-related sustainability topics. The committee is composed of the heads of the Risk Management unit, the Asset Management division, and the Legal Services unit.

### **5.3 OPERATIONAL ENVIRONMENTAL AND CLIMATE-RELATED MATTERS**

#### **5.3.1 DEVELOPMENT OF OPERATIONAL METRICS**

This section describes which metrics are used to record environmental impacts and, on this basis, to calculate GHG emissions. It also discusses the main developments in the year under review.

#### **Scope**

The scope of the environmental data relates to the SNB's operational processes, which primarily take place in Berne and Zurich. This includes the processing and distribution of banknotes as well as their destruction and subsequent disposal. The scope also includes business travel and transport, the data centres used by the SNB, the Hasliberg centre and Study Center Gerzensee foundations, the SNB's six representative offices in Basel, Geneva, Lausanne, Lugano, Lucerne and St Gallen, and its Singapore branch.

## OPERATIONAL ENVIRONMENTAL PERFORMANCE METRICS<sup>1</sup>

	2022 <sup>2</sup>	2023	Change In percent
<b>Energy (in MWh)</b>	<b>11 708</b>	<b>11 109</b>	<b>-5.1</b>
Electricity (in MWh)	8 192	8 039	-1.9
Heating (in MWh)	3 516	3 069	-12.7
<b>Business travel and transport (in thousand km)</b>	<b>4 290</b>	<b>5 506</b>	<b>+28.4</b>
<b>Paper (in kg)</b>	<b>14 813</b>	<b>15 298</b>	<b>+3.3</b>
<b>Water (in m<sup>3</sup>)</b>	<b>18 209</b>	<b>18 549</b>	<b>+1.9</b>
<b>Waste<sup>3</sup> (in tonnes)</b>	<b>192</b>	<b>185</b>	<b>-3.5</b>
<b>Refrigerant and fire-extinguishing agent losses (in kg)</b>	<b>31.1</b>	<b>5.3</b>	<b>-83.1</b>

1 The metrics in the table are based on the VfU standard for measuring the operational environmental performance of financial service providers. Cf. [www.vfu.de](http://www.vfu.de) for details (in German only).

2 The 2022 metrics have been retroactively adapted to the new scope, which now includes the Hasliberg centre and Study Center Gerzensee foundations.

3 Excluding building waste and reusable beverage packaging.

The SNB bases its calculation and reporting of operational environmental metrics on the standard of the German association for environmental management and sustainability in financial institutions (VfU), a standard which is widely recognised among financial institutions. The metrics in the table above are captured annually as part of the SNB's environmental management.

In the year under review, overall energy consumption declined by 5.1% year-on-year. This development was the result of a combination of energy savings measures planned for the longer term and short-term measures implemented in connection with possible electricity shortages.

Operational environmental metrics

The SNB's business travel and transport covers both travel by employees for business purposes and cash in transit. In the year under review, the level of travel increased by 28.4% to 5.5 million km versus 2022. Air travel increased by 35% and rail travel increased by 24% versus 2022. The level of business travel and transport has thus returned to close to its pre-pandemic levels. Commuting, which is not included in business travel and transport, is largely done by public transport or bicycle. Employees benefit from the central locations of many SNB buildings. They are also provided with a half fare travelcard for Swiss railways and, where circumstances permit, bicycle parking facilities.

Paper usage and water consumption increased around 3% and 2% year-on-year respectively, owing among other things to greater presence at the workplace than in the years of the pandemic.

Refrigerant agent losses were significantly lower than in 2022. This figure can, however, vary widely from year to year. In the year under review, the commissioning of a new ammonia refrigeration system in Berne was a first step towards replacing climate-damaging refrigerants.

#### Operational GHG emissions by scope

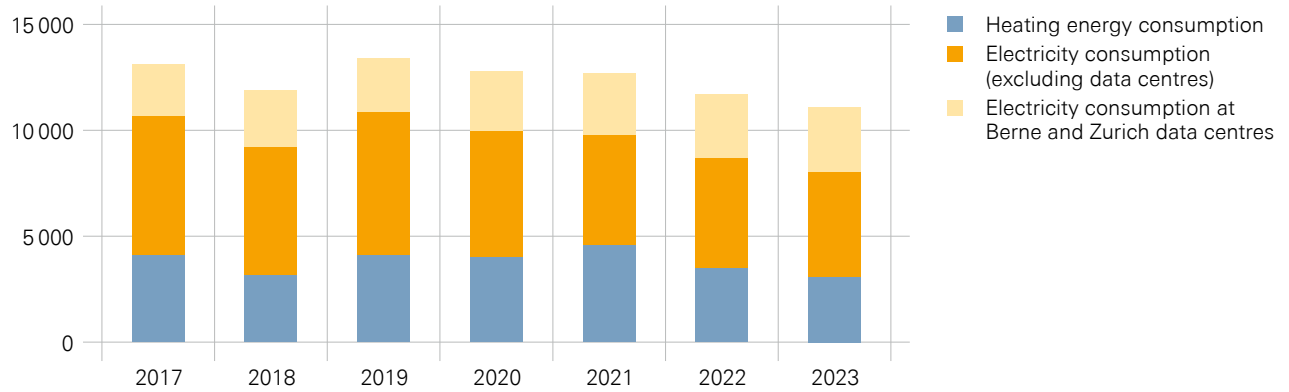
To calculate its GHG emissions, the SNB uses the VfU's standard for measuring the operational environmental performance of financial services providers. The annual absolute emissions in tonnes of CO<sub>2</sub> equivalents are the metric used.

The SNB is also guided by the Greenhouse Gas Protocol, under which operational emissions are broken down into scopes. A distinction is made between direct emissions (scope 1), indirect emissions resulting from the use of energy (scope 2), and other indirect emissions (scope 3).



## ENERGY CONSUMPTION

In megawatt hours

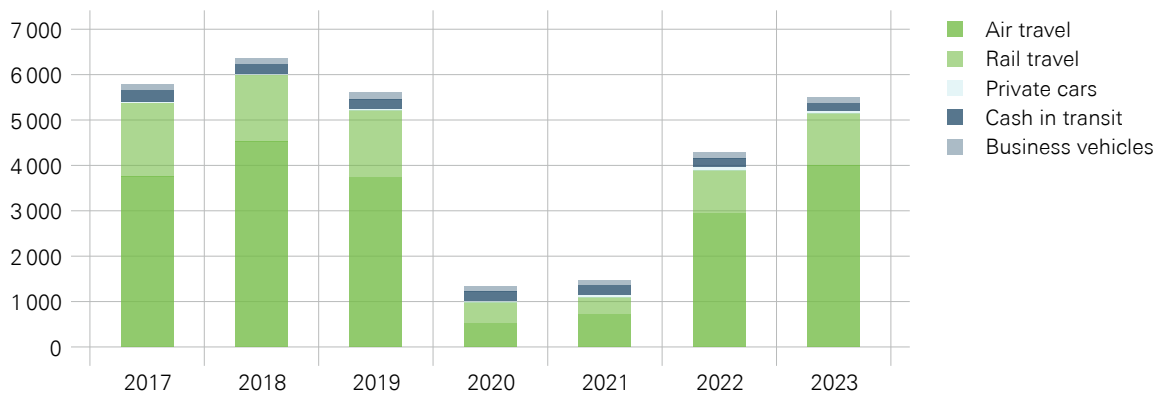


The 2017–2022 figures have been retroactively adapted to the new scope, which now includes the Hasliberg centre and Study Center Gerzensee foundations.

Source(s): SNB

## BUSINESS TRAVEL AND TRANSPORT

In thousand km



The 2017–2022 figures have been retroactively adapted to the new scope, which now includes the Hasliberg centre and Study Center Gerzensee foundations.

Source(s): SNB

The direct scope 1 GHG emissions are produced in the SNB's own buildings and in the foundations' buildings from heat generated using fossil fuels, refrigerant agent losses and test runs of emergency power systems. Scope 1 emissions also result from work-related employee travel and cash in transit.

The indirect scope 2 GHG emissions from the use of energy are generated at the respective suppliers during the production of electricity and district heating for the data centres, the SNB's own buildings and the foundations' buildings.

Other indirect GHG emissions (scope 3) arise at buildings rented by the SNB and from the upstream and downstream stages involved in the production of banknotes, energy and fuel production, paper manufacturing, water treatment, business travel and transport, and the disposal of operational waste and banknotes.

#### Operational scope 1 and scope 2 GHG emissions

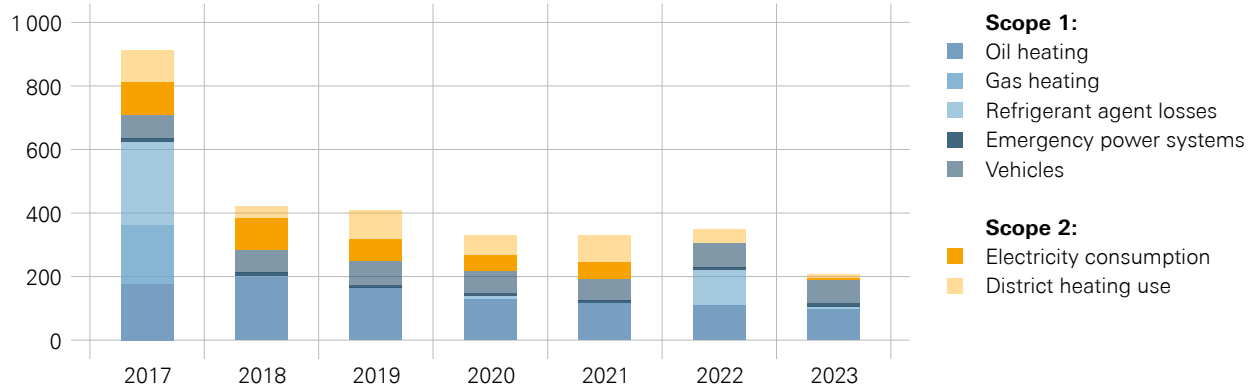
Scope 1 and scope 2 GHG emissions lie within the SNB's direct sphere of influence. For this reason, developments in these categories of emissions are presented in aggregated form.

The SNB's scope 1 and scope 2 GHG emissions have fallen by 77.3% since 2017. On the one hand, this has been the result of measures implemented, for example the replacement of the oil heating system at the Hasliberg centre, substituting natural gas heating with biogas, and the purchase of exclusively renewable electricity. On the other hand, the consumption of energy has also fallen and there has been a significant decline in refrigerant agent losses.

Scope 1 and Scope 2 GHG emissions fell by 40.6% year-on-year to 207 tonnes of CO<sub>2</sub> equivalents in 2023. This sharp decline is primarily due to low refrigerant agent losses. Additional reasons include reduced consumption of district heating, a decline in the consumption of heating oil and lower vehicle mileage.

## OPERATIONAL SCOPE 1 AND SCOPE 2 GREENHOUSE GAS EMISSIONS

In tonnes of CO<sub>2</sub> equivalents

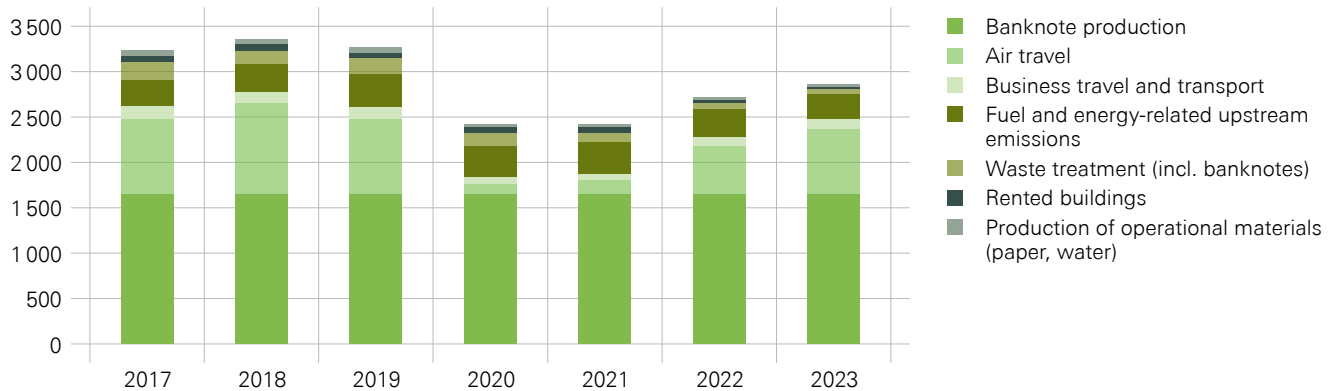


The 2017–2022 figures have been retroactively adapted to the new scope, which now includes the Hasliberg centre and Study Center Gerzensee foundations.

Source(s): SNB

## OPERATIONAL SCOPE 3 GREENHOUSE GAS EMISSIONS

In tonnes of CO<sub>2</sub> equivalents



The 2017–2022 figures have been retroactively adapted to the new scope, which now includes the Hasliberg centre and Study Center Gerzensee foundations.

Source(s): SNB

### Operational scope 3 GHG emissions

The SNB can exercise only an indirect influence on the development of operational scope 3 GHG emissions. In line with the Greenhouse Gas Protocol, when capturing data on emissions the SNB focuses on the emissions categories that are significant for it. Two are especially important. The most important is the production of banknotes. The life cycle assessment published in 2022 included a calculation of the GHG emissions resulting from the manufacture of the ninth banknote series. The calculation was based on the average number of Swiss banknotes produced per year. This comes to around 80 million banknotes. Since the calculation is based on the average number produced per year, the annual GHG emissions remain constant. The report on the life cycle assessment for the ninth banknote series can be downloaded from the SNB website. The second significant category of operational scope 3 GHG emissions is air travel.

Overall, the SNB's scope 3 GHG emissions have fallen 11.8% to 2,860 tonnes since 2017. This reduction in emissions is visible in all categories with the exception of the production of banknotes, as banknotes are accounted for with an annual average figure over their lifetime. Emissions from air travel (-14.0%) and other business travel and transport (-17.5%) are below the 2017 level but have increased noticeably again since the years of the pandemic in 2020 and 2021. Since 2017, there have been large reductions measured in emissions from waste treatment (-73.6%) and the manufacture of operating materials (-64.5%), although these make up only a small share of the total scope 3 GHG emissions.

#### 5.3.2 OPERATIONAL STRATEGY AND RISK MANAGEMENT

This section describes the climate-related risks and opportunities arising from an operational perspective, the areas of impact targeted by the SNB under its operational climate strategy to address these risks and, on this basis, the transition plan the SNB intends to implement with regard to its operational GHG emissions.

### Climate-related risks and opportunities in operational activities

Currently there are no known climate-related risks that could significantly affect the SNB's operational activities.

In the short term, there are operational opportunities arising from the target agreement with the Energy Agency of the Swiss Private Sector (EnAW), of which the SNB has been a member since 1999. With its declaration of membership and target agreement, the SNB undertook to actively reduce operational GHG emissions and optimise energy efficiency by means of a jointly developed catalogue of measures. If the targets are met, there is an opportunity to benefit from reduction in the price of electricity consumed. The target agreement is renewed every ten years and is recognised by the federal government and the cantons. In addition, in 2022, the SNB joined the federal government's energy saving alliance. This brings together organisations that support efforts to ensure the security of supply in the winter by voluntarily taking measures to use energy in a more efficient and sparing manner.

The SNB has been implementing environmental initiatives since as far back as 1989. The main lever in this regard is the forward-looking policy for maintaining the SNB's buildings. In the first few years, these measures were primarily geared to improving energy performance. Since the introduction of systematic environmental management in 1996, it has been possible to comprehensively report on the environmental impact of the bank's operational activities and identify areas for improvement.

#### Operational climate strategy

The operational climate strategy also focuses on the continuous reduction of GHG emissions. The climate strategy consists of four levels. The idea is that GHG emissions should first be avoided, then reduced, and then replaced with the use of low-emission energy sources. Fourthly, the SNB supports climate protection projects covering the extent of its unavoidable emissions.

At level 1, namely avoidance, the energy consumption of the technical installations and their settings is regularly checked, and adjustments and optimisations are carried out. Furthermore, efforts are made to encourage environmentally conscious behaviour among employees.

In order to lower GHG emissions, a key consideration in any capital spending is reducing the consumption of resources and improving energy efficiency. In renovation work, technical and structural measures, such as lake-water cooling, are implemented.

Renewable energy is used as an alternative to fossil natural gas. Since 2018, the SNB has covered its entire gas requirements at its Zurich premises with biogas. Since 2009, most of the SNB's locations in Switzerland have used green electricity from hydroelectric and solar power.

To cover the remaining volume of unavoidable operational GHG emissions, the SNB supports climate protection projects. To this end it uses certificates from projects that meet the Gold Standard Foundation's internationally recognised 'Gold Standard'.

#### Operational transition plan

Based on its climate strategy, the SNB has developed a transition plan in line with the revised Code of Obligations showing how operational GHG emissions can be systematically reduced to net zero. The transition plan revolves around the emissions categories that the SNB can influence directly. The goals are aligned with Switzerland's climate targets and with internationally established standards. In concrete terms, by 2030 scope 1 and 2 GHG emissions are to be reduced by at least 50% versus the 2017 reference year, with net-zero GHG emissions achieved by 2050 at the latest.

The reference year was defined as 2017 because it is the most recent year where the consumption of energy and resources in the SNB's portfolio of buildings was representative. From 2018 to 2022, GHG emissions were heavily influenced by comprehensive renovation work in Berne and by the coronavirus pandemic.

In terms of operational scope 3 GHG emissions, the 'air travel' emissions category lends itself to setting targets, as it is relevant for the SNB because it accounts for a relatively high proportion of emissions and can be influenced indirectly. The target is to reduce scope 3 GHG emissions from SNB air travel by 2030 by at least 50% versus the 2017 reference year. The SNB will decide at a later date on targets in this category beyond 2030. In the period from 2031 to 2050, the airlines themselves will face the challenge of implementing the sort of transition plans envisaged under the Carbon Offsetting and Reduction Scheme for International Aviation (CORSA) programme.

While the production of banknotes results in even higher GHG emissions, as things stand at present options similar to those available for air travel do not exist for influencing such emissions or for measuring progress on an annual basis. Options for the SNB to influence these emissions will primarily arise when banknotes are developed further. For example, with the introduction of the ninth banknote series, it was possible to clearly reduce the environmental and climate-related impact by comparison with the eighth series. This was the finding of the report on the life cycle assessment of the ninth banknote series published in 2022. Environmental compatibility will continue to be an important criterion alongside stringent anti-counterfeiting and product quality requirements.

Emissions in the other scope 3 categories are comparatively low and thus of little relevance in terms of targets.

The SNB's transition plan presents a comprehensive approach to dealing with operational GHG emissions. Accordingly, the environmental goals for climate protection for the 2016–2025 period, covered to date in the SNB's sustainability reporting, are now included in the transition plan and are no longer explicitly reported.

### **5.3.3 METRICS AND TARGETS FOR THE IMPLEMENTATION OF THE TRANSITION PLAN**

This section describes the concrete measures and metrics which are to be used to achieve the targets of the transition plan and to measure progress.

The targets of the transition plan – reducing operational scope 1 and 2 GHG emissions by at least 50% by 2030 versus 2017 and achieving net-zero emissions by 2050 at the latest – are to be achieved through a combination of various climate-related measures. These will be implemented over the periods 2017 to 2030 and 2031 to 2050 and will focus on technical improvements leading to significant reductions in emissions.

**Reduction in operational scope 1 and 2 GHG emissions**

Measures through to 2030, which in some cases have been in implementation since 2017, include replacing the existing oil heating systems and substituting natural gas heating with biogas. Also in the period up to 2030, all electricity consumed is to be in the form of climate-friendly products as well as solar power produced by the SNB itself at suitable sites. For buildings with district heating, the transition plan also envisages switching to green energy products.

Measures relating to the electrification of the SNB's fleet of vehicles and the replacement of climate-damaging refrigerants are also already being implemented but will not have been completed until after 2030. When it comes to the electrification of its fleet, the challenge facing the SNB is that transporting cash involves the use of specialised vehicles for which electric alternatives are unlikely to be available in the short term.

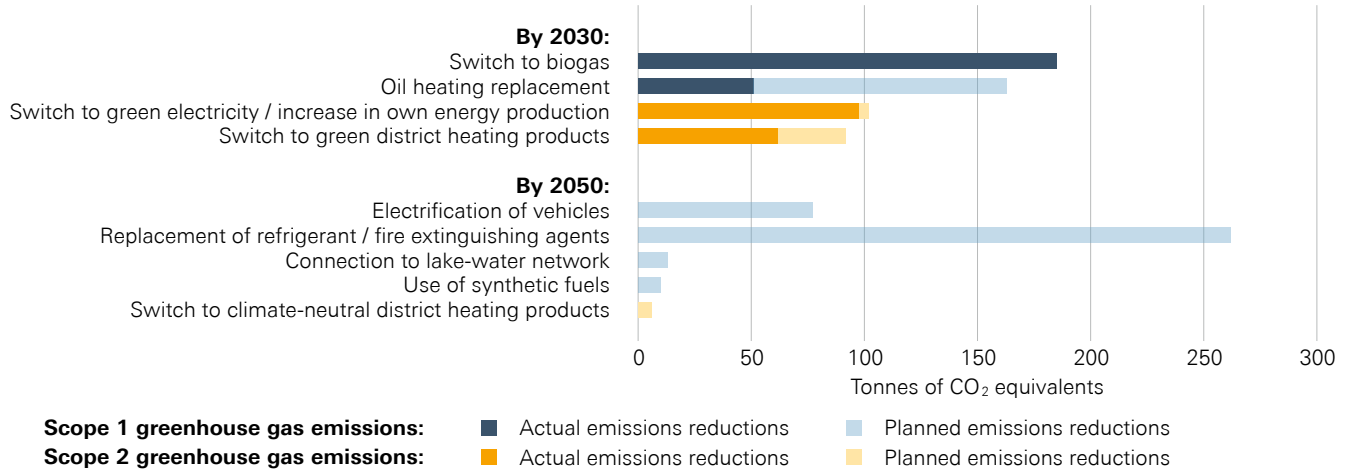
In the period from 2031 until 2050 at the latest, the SNB's emergency power systems are to be run on climate-friendly synthetic fuels and the buildings in Zurich that are not already cooled and heated with lake water are to be connected to the planned lake-water network. This could also enable the replacement of the remaining oil and gas heating systems. However, the SNB has only a minor influence on the feasibility of measures over this long-term horizon, since this depends on technological developments and the progress made on large projects by third parties.

**Reduction in scope 3  
GHG emissions from  
air travel**

A combination of measures will be implemented to reduce scope 3 GHG emissions from air travel by at least 50% by 2030, including using virtual communication technologies and choosing air tickets that include shares of sustainable aviation fuel, in other words kerosene made from non-fossil raw materials. Developments and the status of target achievement will be reviewed annually and the measures adapted accordingly.

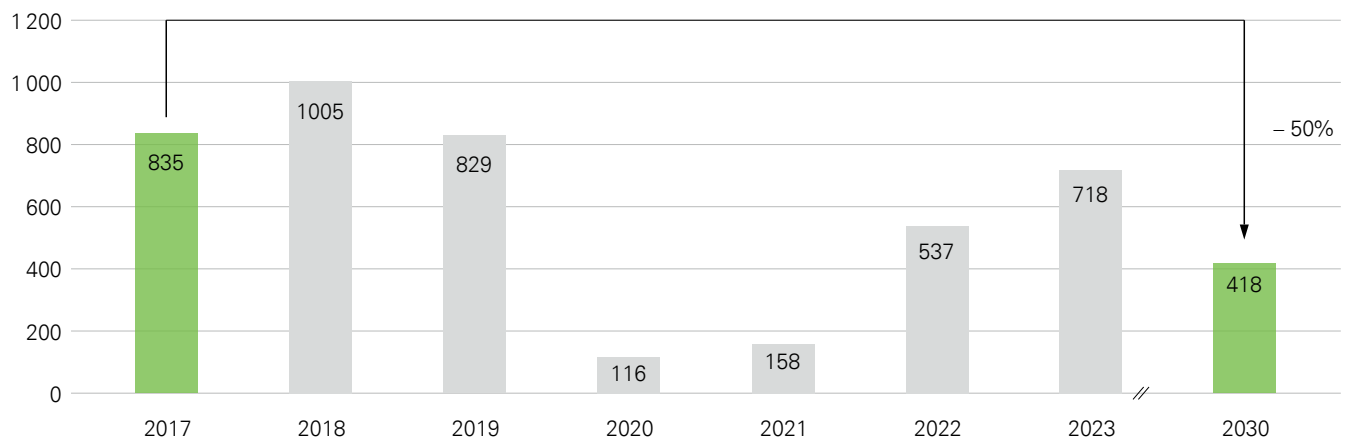


## MEASURES AND THEIR REDUCTION CONTRIBUTIONS COMPARED TO REFERENCE YEAR (2017)



## DEVELOPMENT AND TARGETS, GREENHOUSE GAS EMISSIONS FROM AIR TRAVEL

In tonnes of CO<sub>2</sub> equivalents



Source(s): SNB

## 5.4 CLIMATE-RELATED ASPECTS OF INVESTMENTS

### 5.4.1 STRATEGY AND RISK MANAGEMENT

#### Investment principles

The SNB's investment policy is governed by its monetary policy. It must ensure that it has the necessary room for manoeuvre in its monetary policy at all times and therefore focuses on liquidity and long-term value preservation. The investment approach is geared to large holdings of liquid assets and broad diversification. In regulatory policy terms, the SNB is not authorised to pursue structural policies. Thus, it may not influence economic, political or social developments through its investment policy. This also applies to pursuing a plan to reduce the GHG emissions related to its investments, for example. Pursuing objectives other than that of ensuring price stability, as defined in its mandate, could lead to conflicts of interest, thereby making it more difficult for the SNB to fulfil its mandate.

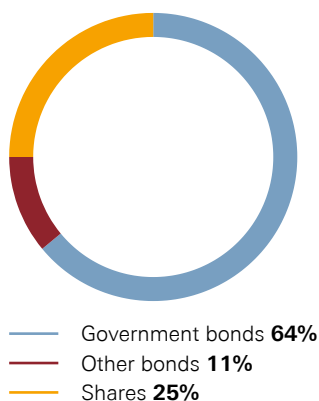
#### Portfolio structure

Foreign exchange reserves account for around 90% of the SNB's currency reserves. At the end of 2023, they amounted to CHF 655 billion. They primarily consist of bonds (75%) and equities (25%). The bond portfolio principally contains liquid government bonds. It also comprises an allocation of around 11% in less liquid bonds including corporate bonds, quasi-government bonds and bonds issued by supranational organisations and local authorities. These bonds have high ratings (investment grade) and are broadly diversified.

When it comes to equities, the SNB aims for broad global market coverage. Equities are managed passively according to a set of rules based on a strategic benchmark comprising a combination of equity indices for various markets and in various currencies. Changes in the global market portfolio are almost fully reflected in the SNB's equity portfolio.

#### BREAKDOWN OF FOREIGN EXCHANGE RESERVES

In percent



Total: CHF 655 billion  
End-2023; source(s): SNB

The corporate and public-sector issuers in which the SNB invests can be subject to both transition risks and opportunities as well as physical risks and opportunities. These can influence the issuers' financial situation and thus also the value of the SNB's investments in the short or longer term. Research on the impacts of climate-related risks is evolving on an ongoing basis. The SNB follows this research closely and analyses the findings. It is in regular dialogue with academic institutions and other central banks.

**Climate-related risks and opportunities in investment portfolio**

The SNB's strategy for managing risks consists among other things in ensuring that its assets are invested on a broadly diversified basis. With this investment approach, the SNB ensures that the equity and corporate bond portfolios' exposure to different risks is similar to that of the global universe of companies, and that structural changes in the global economy are also reflected in the SNB's portfolio. The management of credit risks involves, inter alia, the use of credit ratings from different agencies. These ratings capture all the measurable, financially material risks. The bonds within the foreign exchange reserves have high ratings. From an investment perspective, climate risks are essentially no different from other financial risks. The management of market and credit risks thus also covers climate-related risks.

**Managing climate-related risks of investments**

**5.4.2 METRICS**

To be able to assess the climate-related risks of its investments, the SNB calculates the exposure of equities and corporate bonds to climate-sensitive sectors and conducts scenario-based climate stress tests on equities as well as on corporate and government bonds. This enables it to assess how transition-related and physical risks and opportunities could affect the portfolio. It also calculates various emissions metrics for the portfolio in accordance with the TCFD recommendations.

**Methods used to measure climate-related risks of investments**

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## The SNB's approach to calculating emissions metrics

### *TCFD recommendations*

The TCFD recommendations for the financial sector and asset owners call for the disclosure of two emissions metrics, total carbon emissions (TCE) and weighted average carbon intensity (WACI). The disclosure of further emissions metrics such as the carbon footprint (CF) is recommended. For the specific calculation of emissions metrics, reference is made to the standard developed by the Partnership for Carbon Accounting Financials (PCAF) for the financial industry.

### *The SNB's approach*

The SNB calculates selected emissions metrics for the main asset classes held in its foreign exchange reserves. Disclosure focuses on asset classes for which there are currently emissions metrics with established methods of calculation and for which a market standard exists.

For the equity and corporate bond asset classes, three metrics are calculated: TCE, CF and WACI. TCE (total carbon emissions) corresponds to the aggregate emissions of the companies according to the proportion of shares or corporate bonds held by the SNB, where  $i$  stands for each individual company and  $N$  for the total of all companies in the portfolio:

$$TCE: \sum_i^N \frac{\text{current value of investment}_i}{EVIC_i} \times \text{emissions}_i$$

The *current value of investment* corresponds to the market value in USD of the investment in a company at the cut-off date and the *EVIC* (enterprise value including cash) to the last available enterprise value in USD, including cash, at the end of the financial year. The enterprise value is calculated as total company value (market capitalisation of the company, preferred equity, minority interest and total debt). *Emissions* represents the figure for the last reported or estimated scope 1 and 2 GHG emissions of the individual companies. TCE is expressed in tonnes of CO<sub>2</sub> equivalents.

To relate TCE to the size of the SNB's portfolio, the carbon footprint (CF) is also disclosed. This relative metric shows the total financed portfolio emissions normalised by the market value of the portfolio in question.

$$CF: \frac{\sum_i^N \frac{\text{current value of investment}_i}{EVIC_i} \times \text{emissions}_i}{\text{current portfolio value}}$$

The *current portfolio value* is the portfolio market value per asset class on the cut-off date. CF is expressed as tonnes of CO<sub>2</sub> equivalent per USD million of portfolio value.

WACI shows the carbon intensity of the securities of the companies in the investment portfolio. To calculate this metric, the total emissions are normalised by the revenue of the companies in the portfolio.

$$WACI: \sum_i^N \frac{\text{current value of investment}_i}{\text{current portfolio value}} \times \frac{\text{emissions}_i}{\text{issuer's revenue}_i}$$

The *issuer's revenue* is the last available figure for the company's revenue. The WACI for equities and corporate bonds is expressed in tonnes of CO<sub>2</sub> equivalents per USD million of issuer's revenue.

So far, no market standard has been established for the calculation of the two metrics TCE and CF for government bonds. For this reason, for the time being only the WACI is disclosed as a metric for government bonds. To this end, the total emissions of a state are normalised by gross domestic product (GDP) adjusted for purchasing power parity (PPP).

$$WACI: \sum_i^N \frac{\text{current value of investment}_i}{\text{current portfolio value}} \times \frac{\text{emissions}_i}{\text{PPP adj. GDP}_i}$$

*Emissions* represent the entire GHG emissions released within a country. *PPP adj. GDP* is the value of GDP adjusted for purchasing power parity. The WACI for government bonds is expressed in tonnes of CO<sub>2</sub> equivalents per USD million of GDP.

**Selection of portfolios for emissions metrics**

The disclosed emissions metrics cover the equities, corporate bonds and government bonds held in the SNB's foreign exchange reserves. Externally managed investments are also included. Derivatives, repos, cash and portfolios not belonging to the foreign exchange reserves are not included. Presently, subsovereigns, supranationals and agencies are not disclosed, as no market standards currently exist for these asset classes.

**Portfolio emissions included in emissions metrics**

The GHG emissions data necessary to calculate the various emissions metrics for companies in the portfolio are divided into three scopes in accordance with the Greenhouse Gas Protocol. Scope 1 covers the direct emissions of the companies and scope 2 the indirect emissions resulting from the use of energy. Other indirect emissions are assigned to scope 3. At present the coverage of scope 3 data for the companies in the portfolio is limited and the data quality is still insufficient. Many of the available scope 3 data are based on estimates by third-party providers or voluntary and only partially verified information from the companies themselves. For this reason, the SNB uses the companies' scope 1 and 2 GHG emissions to calculate the emissions metrics for equities and corporate bonds.

For government bonds, a distinction is made between production-based and consumption-based emissions. Given that the availability of data for consumption-based emissions is currently limited, production-based emissions are used for the calculation of emissions metrics. The production-based view of government emissions raises the problem of double counting in a portfolio with other asset classes, as a company's emissions are allocated to equities and corporate bonds on the one hand and to government bonds on the other. For this reason, the SNB lists portfolio emissions separately by asset class in line with the PCAF standard.

When interpreting emissions metrics, the following key points should be noted. The emissions data are in some cases based on estimates made by data providers. In addition, emissions metrics are not influenced by actual emissions alone, but also by the GHG emissions scopes included and a series of other factors, such as the date the emissions data were updated, the balance sheet data of the companies, and the GDP data for the different countries. This can make it difficult to compare emissions metrics for different investors and over time.

**Remarks on emissions metrics for investments**

The emissions metrics disclosed are backward-looking. They are calculated on the basis of historical emissions and thus do not represent any forecasts of the future development of emissions of companies or governments or any forecasts of how well a company or government will manage the transition to a lower-emissions future.

The amount of foreign exchange reserves held by the SNB is determined by the needs of monetary policy. It is also influenced by price and currency fluctuations. In recent years, for example, foreign exchange reserves increased strongly, only to decline again because of losses in 2022 and foreign currency sales in 2023. The value of the TCE emissions metric depends directly on the size of an investor's portfolio. The absolute emissions metric TCE is therefore not suitable for comparisons with other investors.

The relative emissions metrics (CF and WACI), by contrast, are not dependent on the size of the portfolio. Within an asset class they therefore allow comparisons between investors or with a benchmark.

Since the SNB's investment approach involves broad market coverage for equities and, to a somewhat lesser extent, for corporate bonds, the values of the relative emissions metrics for these portfolios roughly correspond to the values for global market portfolios. Major changes in these metrics occur over time, especially in the event of structural adjustments, for example with the deployment of new technologies or the use of new sources of energy. Such changes in the global economy are also reflected in the SNB's equity and corporate bond portfolio. The historical carbon intensities of the SNB's portfolios also more or less match those of a global market portfolio, and this should apply to future figures for the intensity of emissions, too.

The relative emissions metrics calculated for the various asset classes within the foreign exchange reserves are similar to those for equivalent portfolios of other international investors. Over the 2022 period, the figures for the individual asset classes were also similar to those of other central banks.

The values for the WACI of government bonds cannot be compared with the WACI of other asset classes. For one thing, the GHG emissions included vary and, for another, different normalisation values are used for the calculation of WACI metrics. The WACI calculated for the SNB's government bonds for the year under review is slightly higher than the figure for equities and corporate bonds. However, drawing conclusions about the various asset classes from these metrics is not expedient.



## EMISSIONS METRICS FOR EQUITIES AND CORPORATE BONDS<sup>1</sup>

Emissions metrics for investments in 2023

	2023	Data coverage In percent of portfolio market value
<b>Shares held in the foreign exchange reserves</b>		
Total carbon emissions (TCE) (in tCO <sub>2</sub> eq. <sup>3</sup> )	10 213 558	99.8
Carbon footprint (CF) (in tCO <sub>2</sub> eq./USD million invested <sup>4</sup> )	53	99.8
WACI (in tCO <sub>2</sub> eq./USD million corp. revenue <sup>5</sup> )	120	99.8

### Corporate bonds held in the foreign exchange reserves<sup>2</sup>

Total carbon emissions (TCE) (in tCO <sub>2</sub> eq. <sup>3</sup> )	1 964 231	76.7
Carbon footprint (CF) (in tCO <sub>2</sub> eq./USD million invested <sup>4</sup> )	50	76.7
WACI (in tCO <sub>2</sub> eq./USD million corp. revenue <sup>5</sup> )	144	93.9

1 KPMG Ltd independently reviewed the TCE, CF and WACI metrics for equities and corporate bonds in the foreign exchange reserves to provide limited assurance (cf. Independent auditor's report). The SNB bases its emissions metrics on MSCI data (emissions data, data on EVIC and corporate revenue).

2 Corporate bonds also include covered bonds.

3 Greenhouse gas emissions in tonnes of CO<sub>2</sub> equivalents

4 Per USD million in portfolio value

5 Per USD million in corporate revenue

## EMISSIONS METRIC FOR GOVERNMENT BONDS<sup>1</sup>

	2023	Data coverage In percent of portfolio market value
<b>Government bonds held in the foreign exchange reserves</b>		
WACI (in tCO <sub>2</sub> eq. <sup>2</sup> /USD million adj. GDP <sup>3</sup> )	184	100

- 1 KPMG Ltd independently reviewed the WACI metric for government bonds in the foreign exchange reserves to provide limited assurance (cf. Independent auditor's report). The SNB bases its emissions metrics on MSCI data (emissions data) as well as on data from the World Bank (GDP, PPP [current international \$]; <https://data.worldbank.org/indicator/NY.GDP.MKTP.PP.CD;CC> BY-4.0; unamended original data).
- 2 Greenhouse gas emissions of a country in tonnes of CO<sub>2</sub> equivalents
- 3 Per million of gross domestic product adjusted for purchasing power parity, in USD

### 5.5 INTERNATIONAL COOPERATION ON CLIMATE-RELATED RISKS

As part of its mandate, the SNB participates in the multilateral dialogue on climate-related financial risks and is to this end involved in international committees. This includes participating in the Network for Greening the Financial System (NGFS), the Finance Track of the G20, the Financial Stability Board (FSB), and the Basel Committee on Banking Supervision (BCBS). The SNB's main objectives in international cooperation are to support global, targeted approaches to dealing with climate risks, to share experience, and to continuously build knowledge.

In macroeconomic analyses the SNB takes account of climate-related factors with an eye to better evaluating the effects of climate risks on key economic variables such as prices, interest rates and GDP. To this end, the SNB is actively involved in the NGFS's 'Scenario Design and Analysis' and 'Monetary Policy' workstreams, which analyse the impact of climate change and climate policy on the economy and the consequences for monetary policy.

**Focus topics**

As part of its mandate to contribute to financial stability, the SNB, in close cooperation with FINMA, is involved in endeavours to create an international framework for dealing with climate-related risks. This work takes place in bodies such as the BCBS, the FSB and the NGFS. The BCBS concentrates on the question of how climate risks can be managed within the existing Basel rules, while the FSB investigates the system-wide effects of climate risks. Within the framework of the NGFS, the SNB supports the sharing of experience and work to develop methodologies for central banks to evaluate climate risks. This includes analysing climate scenarios and conducting stress tests. The SNB uses scenarios and guidelines from the NGFS to evaluate climate risks in the Swiss banking system.

As a member of the NGFS's 'Net Zero for Central Banks' workstream, the SNB contributes to work on sustainable investment practices, climate-related reporting and sustainable management. Beyond this, the SNB and the Federal Department of Finance are members of the Sustainable Finance Working Group (SFWG) of the G20 Finance Track.

Switzerland contributes to the Resilience and Sustainability Trust (RST) run by the International Monetary Fund (IMF). The RST enables the IMF to grant long-term credits at preferential terms. These are primarily intended to help small and poorer countries overcome structural challenges, particularly in connection with climate change. To this end, the SNB makes a loan of SDR 500 million available to the IMF.

**Contribution to IMF's Resilience and Sustainability Trust**

# Glossary and abbreviations

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CAS	Certificate of Advanced Studies
CF	Carbon footprint. This relative metric shows the total financed portfolio emissions normalised by the market value of the portfolio in question.
CO <sub>2</sub>	Carbon dioxide
CO <sub>2</sub> equivalents	Climate impact of greenhouse gases converted into the corresponding amount of CO <sub>2</sub>
Gold Standard for climate certificates	The Gold Standard builds on the Kyoto Protocol rules for determining CO <sub>2</sub> savings achieved with projects. Going beyond this, however, it also ensures the further environmental, social and economic value added by a project.
Greenhouse gases (GHG)	Gaseous substances that contribute to the greenhouse effect: carbon dioxide (CO <sub>2</sub> , used as the reference value), methane (CH <sub>4</sub> ), nitrous oxide (laughing gas, N <sub>2</sub> O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulphur hexafluoride (SF <sub>6</sub> )
Greenhouse Gas Protocol	The Greenhouse Gas Protocol is an international standard for the accounting and reporting of greenhouse gas emissions by companies, other organisations and the public sector.
GRI	Global Reporting Initiative, standards for sustainability reporting by companies and other organisations
kWh/MWh	Kilowatt hour/megawatt hour: units for measuring energy; 1 MWh is 1,000kWh
Life cycle assessment	A life cycle assessment is a means of calculating the environmental impact associated with a product, factoring in its life cycle phases.
PCAF	Partnership for Carbon Accounting Financials, an organisation that has developed a standard enabling the financial industry to calculate emissions metrics
TCE	Total carbon emissions, total financed emissions. This absolute metric indicates the aggregate greenhouse gas emissions of companies according to the proportion of shares or corporate bonds held by an investor.
TCFD	Task Force on Climate-related Financial Disclosures, an organisation that publishes recommendations for climate-related reporting
VfU	German association for environmental management and sustainability in financial institutions, Frankfurt am Main
WACI	Weighted average carbon intensity. This metric shows the greenhouse gas emissions intensity of securities in an investment portfolio.

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# Independent auditor's report to the Governing Board of the Swiss National Bank

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## Subject

### **INDEPENDENT LIMITED ASSURANCE REPORT ON SELECTED SUSTAINABILITY INFORMATION**

We have undertaken a limited assurance engagement on selected sustainability information of the Swiss National Bank (hereafter 'SNB') in the Sustainability Report 2023.

Our independent limited assurance engagement involved the computation of the seven climate metrics for the following asset classes in accordance with the standards for the financial industry developed by the Partnership for Carbon Accounting Financials (hereafter 'PCAF'):

- Equities – Total carbon emissions, carbon footprint, weighted average carbon intensity
- Corporate bonds – Total carbon emissions, carbon footprint, weighted average carbon intensity
- Government bonds – Weighted average carbon intensity

In the Sustainability Report 2023, the seven climate metrics for the three asset classes are presented in the two tables under the title 'Emissions metrics for investments in 2023' in chapter 5.4.2 'Metrics' (pp. 65–66).

Our assurance engagement does not extend to information in respect of earlier periods or to any other information included in the attached report or any other report, including any images, audio files or embedded videos.

Based on the procedures we have performed as described under the ‘Summary of work we performed as basis for our assurance conclusion’, and the evidence we have obtained, nothing has come to our attention that causes us to believe that the seven climate metrics for the three asset classes have not been calculated, in all material respects, in accordance with the standards developed by the PCAF for the financial industry.

**Conclusion**

We do not express an assurance conclusion on information in respect of earlier periods or on any other information included in the attached report or any other report, including any images, audio files or embedded videos.

The climate metrics for the three asset classes were calculated according to the PCAF standards developed for the financial industry. Consequently, the Sustainability Report 2023 needs to be read and understood together with this standard.

**Understanding of SNB’s method for preparing Sustainability Report 2023**

Due to the inherent limitations of any internal control structure, it is possible that errors or irregularities may occur in disclosures of the Sustainability Report 2023 and not be detected. Our engagement is not designed to detect all internal control weaknesses in the preparation of the Sustainability Report 2023 because the engagement was not performed on a continuous basis throughout the period and the audit procedures performed were on a test basis.

**Inherent limitations in preparing Sustainability Report**

**Governing Board's responsibilities**

The SNB's Governing Board is responsible for:

- selecting or establishing suitable criteria for preparing the Sustainability Report 2023, taking into account applicable law and regulations related to reporting the sustainability information;
- the preparation of the Sustainability Report 2023 in accordance with the internally defined criteria;
- designing, implementing, and maintaining internal control over information relevant to the preparation of the Sustainability Report 2023 that is free from material misstatement, whether due to fraud or error.

**Auditor's responsibilities**

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the Sustainability Report is free from material misstatement, whether due to fraud or error;
- forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- reporting our independent conclusion to the SNB Governing Board.

As we are engaged to form an independent conclusion on the Sustainability Report 2023 prepared by the Governing Board, we are not permitted to be involved in the preparation of the Sustainability Report 2023 as doing so may compromise our independence.

**Standards applied**

We performed a limited assurance engagement in accordance with the International Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements other than Audits or Reviews of Historical Financial Information' issued by the International Auditing and Assurance Standards Board (IAASB).



We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior.

**Independence and quality control**

Our firm applies the International Standard on Quality Management (ISQM) 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, issued by the IAASB. This standard requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our work was carried out by an independent and multidisciplinary team including assurance practitioners and sustainability experts. We remain solely responsible for our assurance conclusion.

We are required to plan and perform our work to address the areas where we have identified that a material misstatement in the Sustainability Report 2023 is likely to arise. The procedures we performed were based on our professional judgment. Carrying out our limited assurance engagement on the Sustainability Report included, among others:

**Summary of work we performed as basis for our assurance conclusion**

- assessment of the design and implementation of processes and internal controls to calculate the relevant climate metrics for the three asset classes;
- inquiries of employees responsible for the determination and consolidation as well as the implementation of internal control procedures regarding the selected disclosures;
- inspection of selected internal and external documents to determine whether the calculation of the climate metrics is supported by sufficient evidence.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

KPMG LTD

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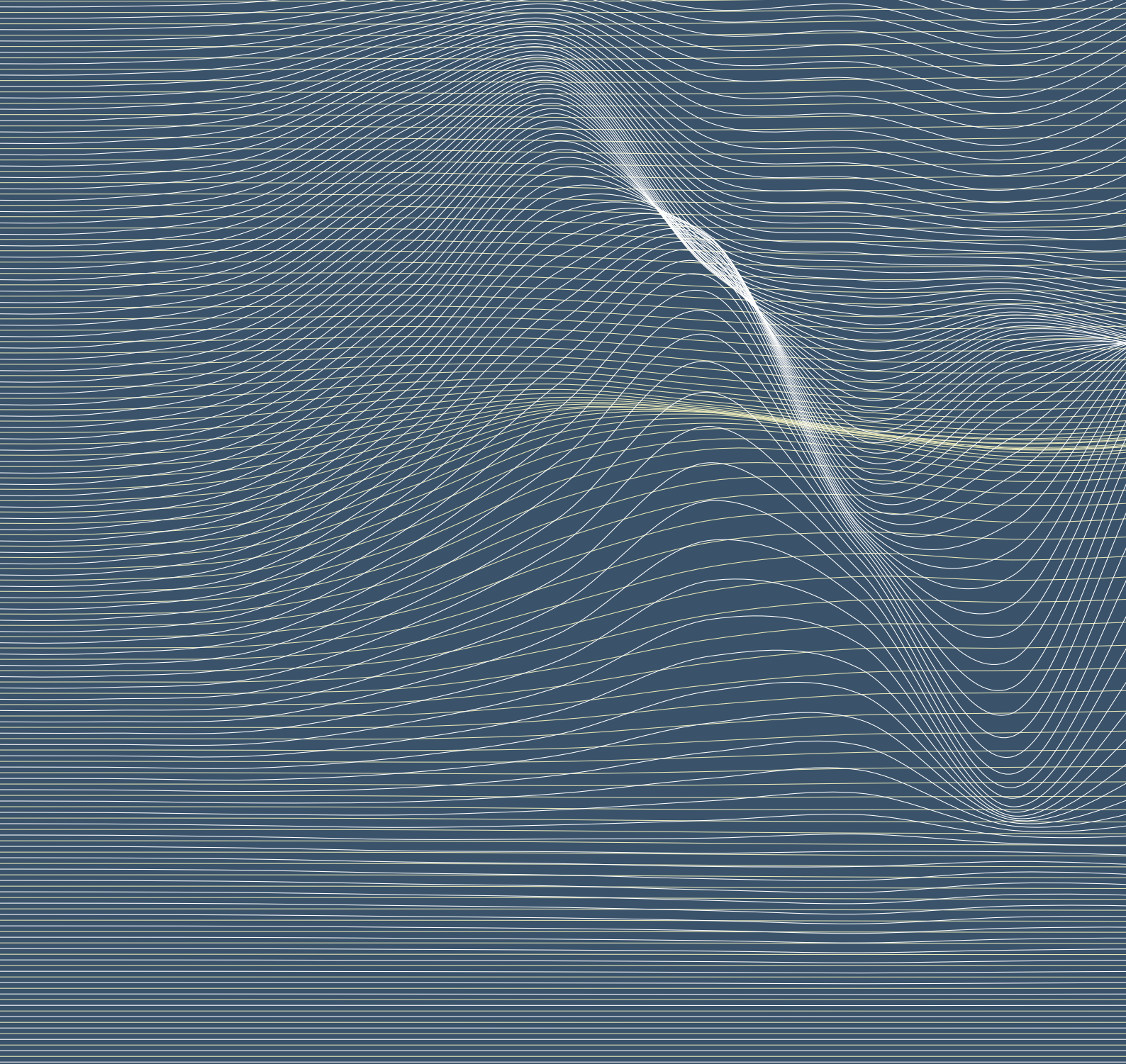
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