

BAYFIRST FINANCIAL CORPORATION

ESG Report



BAYFIRST
S&P Global

Financial Year 2021

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About S&P Global Sustainable1

Sustainable1 is part of S&P Global. A leader in carbon and environmental data and risk analysis, Sustainable1 assesses risks relating to climate change, natural resource constraints, and broader environmental, social, and governance (ESG) factors. Companies and financial institutions use Sustainable1 intelligence to understand their ESG exposure to these factors, inform resilience, and identify transformative solutions for a more sustainable global economy. S&P Global's commitment to environmental analysis and product innovation enables its team to deliver essential ESG investment-related information to the global marketplace. For more information, visit <https://www.spglobal.com/esg/Sustainable1>.

About S&P Global

S&P Global (NYSE: SPGI) is a leading provider of transparent and independent ratings, benchmarks, analytics, and data to the capital and commodity markets worldwide. For more information, visit www.spglobal.com.

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A WORD FROM OUR CEO

I am proud to share our 2021 BayFirst ESG Report. As a company fully dedicated to corporate social responsibility, advancing environmental, social and governance principles is among BayFirst's key strategic objectives.

In every initiative we undertake, and every decision we make, we evaluate the impact on our customers, shareholders, employees, community, and the planet we all share.

Anthony N. Leo
Chief Executive Officer



CORPORATE RESPONSIBILITY & RECOGNITION

2021 AT A GLANCE.

PROVIDING EQUAL ACCESS TO CREDIT ENVOYS (PEACE) TEAM LAUNCH

5 Mortgage Loan Officers
Became NAAMBA Certified Community Leaders



COMMUNITY BANKING STATISTICS

31% Increase
in Checking & Savings Balances

IMPACT

60+ IMPACT Sponsored Community Events  | **33** New Impact Training Programs for Business Owners & Community Groups

MINORITY OWNED BUSINESS LENDING PROGRAM GOAL

Over \$100 Million
in Minority Lending



RESIDENTIAL STATISTICS

Increased Production by 16% Over 2020 | **More than \$2.2 Billion** in Loans Originated



DIVERSITY, EQUITY AND INCLUSION

\$18 Minimum Wage Established



ENVIRONMENTAL, SOCIAL AND GOVERNANCE

100% Carbon-Neutral Banking Centers



PPP LOANS

\$320 MILLION in Funding Small Businesses | **100,000+** Employees Supported



SBA STATISTICS

#1 SBA 7(a) Lender in Tampa Bay for SBA Fiscal Year

INTRODUCTION

OVERVIEW

BayFirst Financial Corp. (*henceforth BayFirst*) operates as the bank holding company for First Home Bank that provides commercial and consumer banking services for businesses and individuals. BayFirst Financial Corp. was founded in 1999 and is headquartered in Saint Petersburg, Florida. The company offers checking and savings accounts, and certificates of deposit. It also provides home loans, including residential mortgages, home equity loans, and home equity lines of credit; and business lending services comprising minority lending programs, PPP loan forgiveness services, SBA loans, and commercial lending services. In addition, the company offers treasury management, merchant, online, and investment services; and credit cards.

As of January 26, 2022, it operated seven full-service office locations in St. Petersburg, Seminole, Pinellas Park, Clearwater, Sarasota, Tampa, and Belleair Bluffs, Florida; and 23 mortgage loan production offices. The company was formerly known as First Home Bancorp, Inc. and changed its name to BayFirst Financial Corp. in May 2021.

The Company adheres to the highest Environmental, Social and Governance (ESG) standards which guides BayFirst in its pursuit of responsible growth and in its efforts to align practices, programs, and initiatives with the vision BayFirst's society has for the future.

BayFirst engaged Sustainable1 to review reporting of its environmental, social and governance (ESG) impacts for the financial year of 2021 (FY2021), which comprised the period from January 1st, 2021, to December 31st, 2021. BayFirst is interested in measuring its baseline ESG impact so that it can track progress against ESG-related activities over time. The results from this report are in line with common sustainability reporting frameworks such as Global Reporting Initiative (GRI), Climate Disclosure Projects (CDP), Sustainability Accounting Standards Board (SASB) and Task Force on Climate-related Financial Disclosures (TCFD), among others, and can satisfy the sustainability reporting requirements for the Nasdaq.

Proactively identifying key materiality issues provides companies with the opportunity to increase their value, both in business and financial terms. Focusing on these material ESG issues can allow companies to positively impact their growth in terms of profit and customers, while failure to address these issues can have a negative effect on a company's reputation and profits. ESG reporting can help BayFirst communicate the company's commitment to sustainable development and its key achievements, practices, and management approaches to its target audiences and stakeholders.

SCOPE

BayFirst assessed and disclosed environmental, social and governance impacts for its buildings and operations.

Environmental indicators covered include:

- GHG emissions, scope 1 and 2
- Energy Management
- Water Use
- Waste Generation

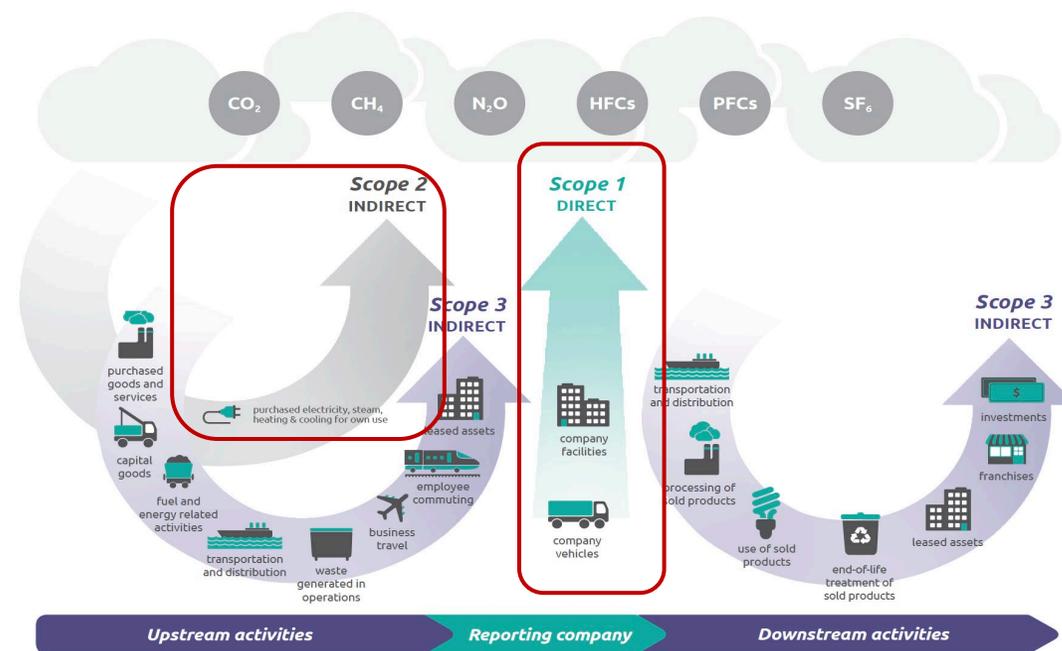
Social indicators covered include:

- Access & Affordability
- Diversity & Inclusion
- Employee Engagement & Training

Governance indicators covered include:

- Financial Inclusion
- Business Ethics
- System Risk Management
- Data Security

SCOPE OF VALUE CHAIN GHG EMISSIONS FOOTPRINT

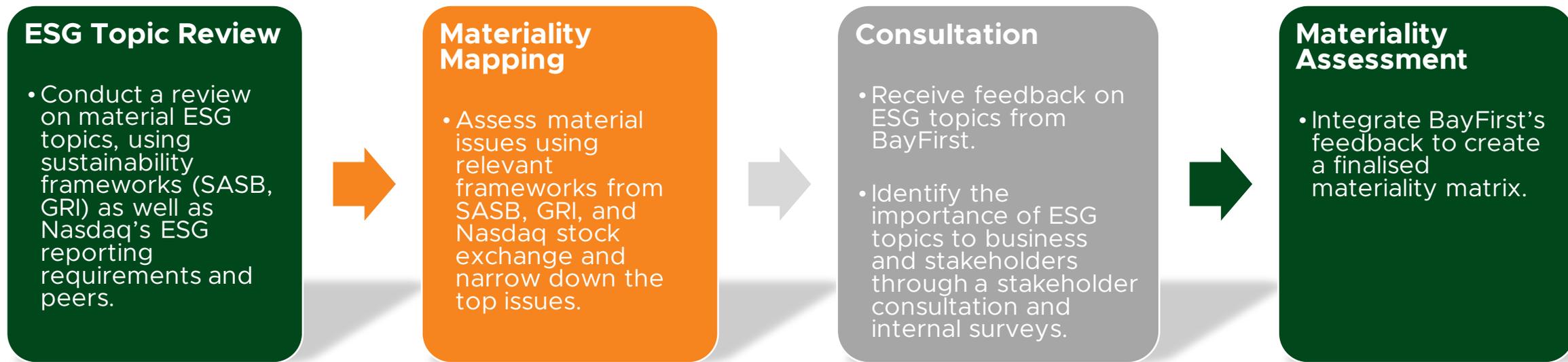


Source: WRI (2015) GHG Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

METHODOLOGY

ESG Materiality- Process Overview

Sustainable1 has prepared BayFirst’s ESG report by identifying the material ESG topics and metrics to BayFirst’s business. BayFirst’s ESG performance has been measured using quantitative and qualitative metrics. The materiality assessment approach is anchored in the SASB (Sustainability Accounting Standards Board) reporting framework. The approach also overlays the GRI (Global Reporting Initiative) and Nasdaq’s ESG reporting requirements to ensure alignment with these frameworks as well.



ESG MATERIALITY ASSESSMENT PROCESS OVERVIEW

METHODOLOGY

Data consolidation and calculation

Sustainable1 considered sector-level materiality to identify ESG issues relevant to BayFirst's operation in the associated sectors. These themes were identified using SASB and GRI, Nasdaq ESG reporting requirements as well as an assessment of peer reporting. This report includes material ESG data from all business units, selected subsidiaries and operations over which BayFirst has operational control.

BayFirst provided Sustainable1 with site location records, fuel and electricity data, water use data, waste data. Based on the information provided, the data covers **100%** of the sites' full-time and part-time employees as well as **100%** of office and parking related floor area.

- Sustainable1 calculated Scope 1 emissions from fuel usage for vehicles.
- Sustainable1 calculated Scope 2 emissions from electricity consumption data.

The Greenhouse Gas Protocol methodology for compiling GHG data is used to assess carbon footprint. This includes the following material GHGs: CO₂ (carbon dioxide), N₂O (nitrous oxide) and CH₄ (methane). The following emission conversion factor sources are used in calculations:

- Fuel usage: EPA 2021
- Purchased electricity: EPA 2021

All commentary and metrics in the social and governance sections of this report were provided by BayFirst. No calculations were required to compile these metrics.

MATERIALITY ASSESSMENT – RESULTS

ESG MATERIALITY

Consultation Results

ESG MATERIALITY ASSESSMENT PRIORITY TOPICS WITH RANKING

Category	No.	Material Issue	Score of Importance to Business (10 is high, 1 is low)	Score of Importance to Stakeholders (10 is high, 1 is low)
Environmental	1	GHG Emissions	5.5	5.7
Environmental	2	Energy use and Efficiency	6.6	6.5
Environmental	3	Water & Wastewater Management	5.8	5.8
Environmental	4	Waste & Hazardous Materials Management	5.6	5.6
Social	5	Access & Affordability	8.7	8.6
Social	6	Diversity, Equality and Inclusion	9.1	8.8
Social	7	Employee Training & Development	8.8	7.8
Governance	8	Financial Inclusion & Capacity Building	8.6	8.6
Governance	9	Business Ethics	9.8	9.5
Governance	10	Systemic Risk Management	9.2	8.6
Governance	11	Data Security	9.3	9.8

ESG MATERIALITY

Materiality Assessment Matrix for BayFirst National Bank

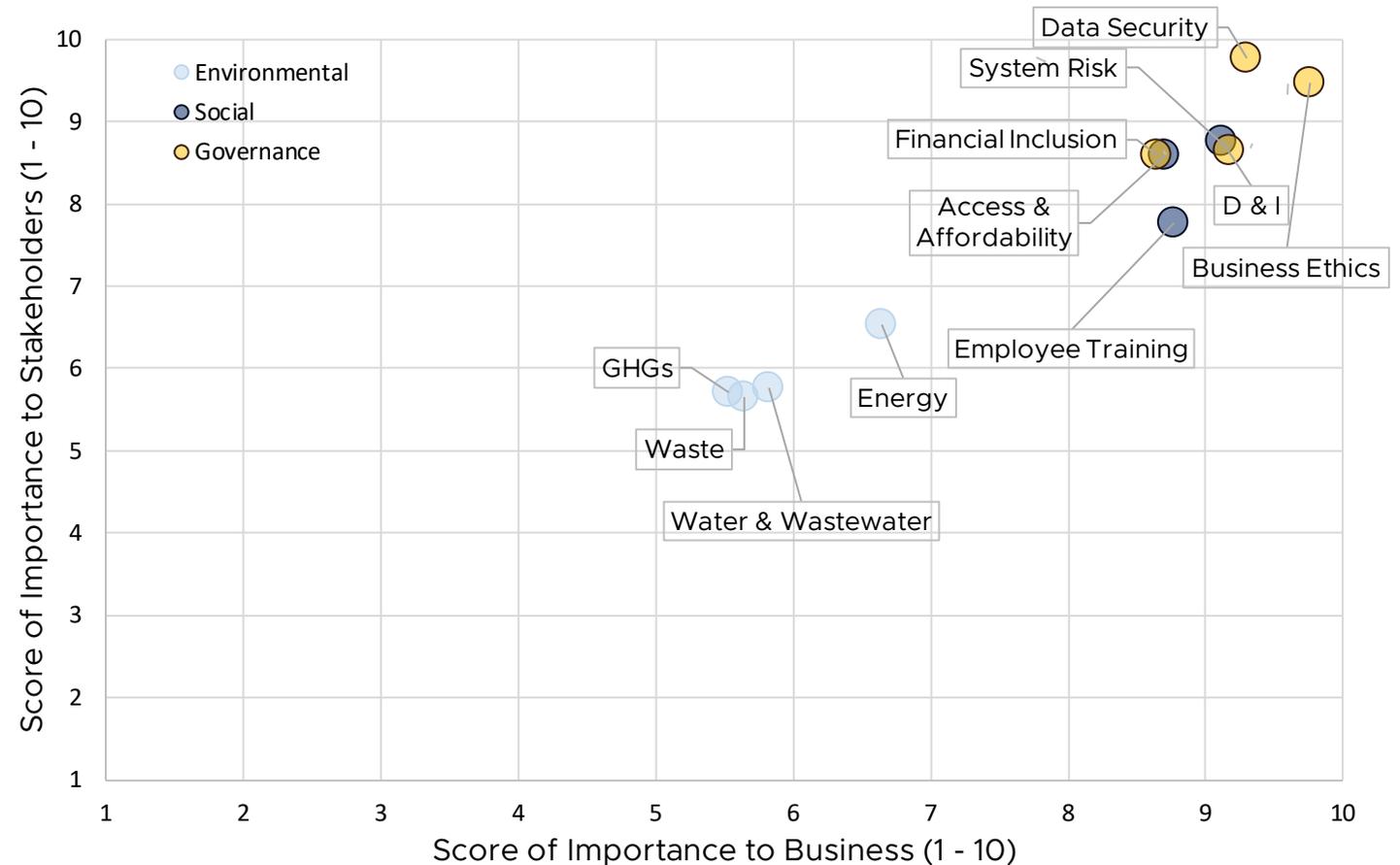
Sustainable1 considered sector-level materiality to identify ESG issues relevant to BayFirst's operation in the associated sectors. These themes were identified using SASB, GRI, Nasdaq as well as an assessment of peer reporting.

Adjacent figure shows the ESG materiality graph for BayFirst National Bank. The material topics shown in the graph are identified across three categories – Environment, Social and Governance.

The bubbles in light blue represent material environmental topics, the bubbles in dark blue represent material social topics, the bubbles in yellow represent material governance topics.

The y-axis represents the importance of the material topics to stakeholders on a scale of 1 to 10. The stakeholder scores are an BayFirst's assessment based on management's interactions with external stakeholders. The x-axis represents the importance of the material topics to the business on a scale of 1 to 10, with 1 being the lowest and 10 being the highest score.

BAYFIRST'S ESG MATERIALITY MATRIX, FY2021



ENVIRONMENTAL IMPACT

 Sustainable1



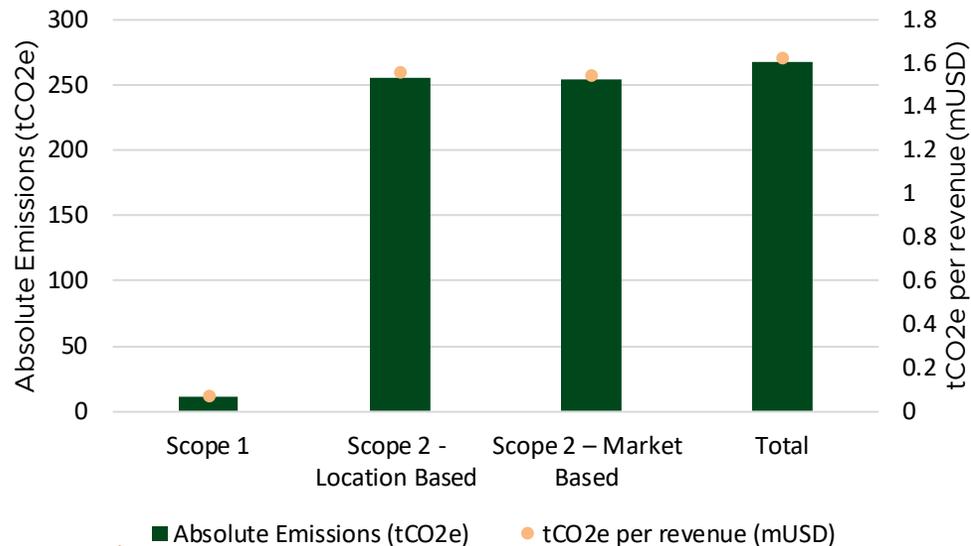
Greenhouse Gas Emissions

Sustainable1 reviewed BayFirst’s environmental data for FY2021, this included environmental data for commercial banking division and residential mortgage division within the scope. Table below relates the key findings for environmental impacts for BayFirst. These impacts are described in absolute terms and in intensity terms by revenues (165 mUSD) and by employees (77). The intensities of GHG emissions normalized by revenue and total employees were 1.62 tCO₂e/mUSD and 3.47 tCO₂e/employee, respectively.

DIRECT AND INDIRECT OPERATIONAL GREENHOUSE GAS EMISSIONS FOR BAYFIRST, FY2021

SCOPE	Emissions (tCO ₂ e)	Contribution %	tCO ₂ e per revenue (mUSD)	tCO ₂ e per employee
Scope 1	11.8	4%	0.07	0.15
Scope 2 - Location Based	255.3	96%	1.55	3.32
Scope 2 – Market Based	256.1	-	1.54	3.33
Total (Location Based)	267.1	100%	1.62	3.47

GHG EMISSIONS ABSOLUTE AND INTENSITY VALUES, FY2021



Direct (Scope 1) GHG Emissions

Direct emissions are GHG emissions from organizational operations (or scope 1) derived from propane, diesel, natural gas consumption for boiler, gas turbine, diesel generators, owned transportation and refrigeration processes. BayFirst’s scope 1 emissions are from fuel usage in owned vehicles and is in magnitude of 11.8 tCO₂e.

Indirect (Scope 2) GHG Emissions

The second component of BayFirst National Bank’s GHG emissions relates to indirect (or scope 2) emissions from the consumption of purchased electricity. BayFirst’s scope 2 emissions (location-based) during FY2021 were 255.3 tCO₂e. 100% of the electricity was purchased from the grid.

Energy Use & Efficiencies

The total electricity consumed at BayFirst National Bank during FY 2021 was 651,062 KWh. Two company owned vehicles have consumed 5,064 liters of petrol in FY 2021.

The management’s goal is to achieve EnergyStar rating of 75+ for all buildings as well as to get LEED certified and continue to maintain Carbon Neutral status. For example, one branch is LEED certified, two are in the review process. One branch achieved 88 EnergyStar score.

BayFirst has implemented following initiatives for energy management

- **Replaced and installed high-efficiency HVAC systems at all locations and in turn eliminated usage of R-22 product**
- **New roof systems with ISR (initial solar reflectivity) of 89 and SRI (solar reflectance index) of 113 were installed at 3 locations**
- **Installed electric vehicle charging stations at all locations.**

Water Use

Sustainable1 has estimated the water withdrawal for BayFirst in FY 2021 based on data provided by the company. BayFirst is not involved in any water abstraction or reuse activity and the water is sourced entirely from the municipal supply.

Table below highlights the absolute water use for BayFirst. Total water use is 809 m³ and the water intensity of BayFirst per mUSD of revenue generated is 4.9 m³ of water. Water use per employee is 10.5 m³.

WATER USE AND INTENSITY FOR BAYFIRST, FY2021

	<i>Quantity (m³)</i>	<i>Contribution %</i>	<i>m³ per revenue (mUSD)</i>	<i>m³ per employee</i>
Supplied Water	809	100%	4.9	10.5

ENVIRONMENTAL IMPACT

Waste Management

Sustainable1 has estimated the waste generated for BayFirst in FY 2021 based on the data received from BayFirst. BayFirst’s total non-hazardous waste is 9,040 gallon, the primary of which is the general office waste comprising of paper, food waste, metal, plastic and other municipal waste. Waste generation intensity per employee is 117.4 gallon/employee. Waste generation intensity per million dollar is 54.8 gallon/million dollar. Tables below details the total waste generated by BayFirst in FY 2021. Hazardous waste generated by BayFirst is printer cartridges, used battery and electronic scrap.

BayFirst facilities are served by Waste Management (WM) company for garbage collection and corresponding counties recycling services at each location. Waste Monitoring Process is designed and implemented in accordance with LEED Certification (USGBC) requirements.

BayFirst has two company-wide policies for waste management:

1. EQ Green Cleaning Policy
2. Ongoing Purchasing and Waste Policy

Branches have achieved cumulative score of 73//100 in ARC (LEED) waste certification system. Each branch has plan in place, including batteries and lamps recycling procedures. Each branch is **Carbon-Neutral certified** since 2021.

NON-HAZARDOUS WASTE FOR BAYFIRST, FY2021

	Waste (gallon)	Contribution
Paper	3,760	42%
Food Waste	1,920	21%
Metal	1,440	16%
Plastic	960	11%
Glass	960	11%
Total	9,040	100%

HAZARDOUS WASTE FOR BAYFIRST, FY2021

	Quantity(pcs)	Disposal Method
Printer Cartridges	120	Recycled
Electronic Scrap	27	Upcycled
Used Battery	200	Recycled
Total	347	

SOCIAL IMPACT



Access and Affordability

Affordable Products

BayFirst has taken several measures to improve its product affordability. In this regard, the Company initiated a NuStart Checking (now called Essential Checking) account in 2017 to help those in difficult credit circumstances that have been expelled from the banking system to get back into the banking system. As of today, there are around 24 such accounts worth of \$137,000. BayFirst also created the Minority Owned Business Lending Program (MOBLP) in December 2020, which underscores the Bank's commitment to combating the financial challenges facing minority-owned small businesses. This initiative earned \$3MN interest income during FY2021 period. The Company formed a team PEACE (Providing Equal Access to Credit Envoys) in June 2021 which focuses on serving the needs of minority and low-to-moderate income borrowers in every phase of the homebuying process

Human Rights and Labor Practices

Labor Rights

BayFirst complies with all federal, state, and local laws protecting children in the workplace, and it adheres to Fair Labor Standards Act. The Bank does not have a policy on child and forced labor

Human Rights

BayFirst currently, does not have a specific policy regarding human rights, but it does have an employee handbook that outlines the benefits afforded to all employees and defines the expectations for its employees. The Bank maintains a Code of Conduct and a Code of Ethics. The Bank complies with all federal, state, and local laws prohibiting discrimination in employment.



SOCIAL IMPACT

Employee Diversity and Inclusion

Diversity and Inclusion

BayFirst is committed to creating an enabling work environment for its employees. BayFirst has set up a council for Diversity, Equity and Council which is responsible for ensuring that the Bank reflects the values, respects the viewpoints, and acknowledges the differences of the community it serves and the people its employees. Table below details Bayfirst’s employee distribution across age groups, gender, and management levels. Overall, there are 603 employees and has 47% male and 53% female representation. The largest age group in the company are employees between 30 to 50 years (51%), followed by employees over 50 years (35%) and employees under 30 years (14%). BayFirst has workforce belonging to diverse ethnicity, where Black or African American accounts for 10% of the total workforce, Hispanic or Latino holds 11%, Asians 2% and Whites accounts for 74%. BayFirst monitors diversity in its workforce by way of voluntary information gathering census of employee base by Human Resources department. BayFirst maintains policies for non-discrimination and gender diversity and these practices are outlined in its code of conduct.

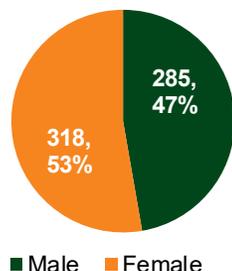
EMPLOYEE REPRESENTATION (ACTIVE EMPLOYEES), FY2021

Metric	Category	Board	Executive	Office	Non-office
Age Group	Under 30	-	-	5	75
	30-50	-	4	81	218
	Over 50	-	4	56	146
Total			8	142	439

DIVERSITY BY ETHNICITY (ACTIVE EMPLOYEES), FY2021

Metric	Category	Asian	Black or African American	Hispanic or Latino	White
Ethnicity	non-Executive	2%	10%	11%	74%
	Executive (Senior management)	12.5%	-	-	87.5%

GENDER REPRESENTATION, FY2021



In FY2021, there were no temporary workforce. During this period, the overall turnover rate was 27.84%. The voluntary turnover rate is 32% and the involuntary turnover rate is 11.7%. In order to improve employee retention, the Company offers multiple benefits and cultural environment such as full remote or hybrid working options and a minimum wage of \$18 per hour.

SOCIAL IMPACT

Employee Engagement and Training



Training and Development and Benefits

In FY2021, BayFirst provides on an average 10.3 hours of training to each male employees and 8.5 hours of training to its female employees. These training are mandatory for all employees. BayFirst provides both internal and external training courses to its employees. Internal training includes entry level job training; soft skills training; eLearning courses on compliance, IT security, BSA/AML,HR (DEI), Business & Leadership skills; and mentorship programs. BayFirst support employees with external education on ATD certificate courses, NAGGL, Cornerstone content, Moody's Omega financial training, Florida Bankers Association certificate courses and tuition assistance and student loan repayment programs.

At non-Executive level 95% of the eligible employees and at Executive level 100% of the employees received performance and career development reviews during the reporting period.

BayFirst aims for broader training & development goals and ambitions which contribute to BayFirst's initiative of expanding production by creating and fostering product knowledge opportunities and sales learning opportunities. BayFirst strives to be a premier workplace by creating position and individual learning plans for employees to encourage increased job satisfaction, career mapping, and succession planning. The Company is also expanding its scope of learning and development to include community outreach through a financial certification program, financial literacy library and multitude of VTO opportunities. Additionally, Bayfirst is in the process of developing a process of required training for the purpose of meeting regulatory and compliance requirements.

The Bank provides all employees with best-in-class employee benefits including a comprehensive suite of healthcare coverage.



GOVERNANCE **IMPACT**



Financial Inclusion and Capacity Building

BayFirst is one of the most prolific small business lenders in the country. As of 31st December 2021, the Bank had 3,761 loans to small businesses throughout the US, totaling \$864 million in gross principal balance. The Bank maintains a very good relationship with the local small business development center and provides technical assistance to its members.

The bank offers no-cost retail checking accounts and tracks CRA census tract data for each customer. BayFirst is developing the capability in 2022 to identify and track previously unbanked, underbanked or underserved customers.

In April 2022, during Financial Literacy Month, the Bank will launch a campaign to target underserved communities. This campaign will be managed by the Community Engagement Officer and the Bank will offer a customized in-person course taught by banking experts. This course will be focused on low to moderate-income local students in minority communities. This data will be tracked through the Community Spark system.

Business Ethics

Anti-corruption and Business Ethics policies

The Board of Directors of BayFirst adopted a Code of Ethics On July 27, 2021 as contemplated by the Sarbanes-Oxley Act of 2002. BayFirst also maintains a privacy policy, whistleblower policy, ESG policy and Copyright and Disclosure practices that can be found on its website. Links/URL to these policies are provided below:

- Ethics and Anti-Corruption - http://s28.q4cdn.com/571839741/files/doc_downloads/governance/BayFirst_Financial_Corp_-_Code_of_Ethics.pdf
- Data Privacy - <https://bayfirstfinancial.com/privacy-policy/>
- Whistleblower Policy - http://s28.q4cdn.com/571839741/files/doc_downloads/governance/2022/05/Policy-1690-Whistleblower-and-Internal-Compliant-3.29.22.pdf
- ESG Policy - http://s28.q4cdn.com/571839741/files/doc_downloads/2022/ESG-Policy-Statement.pdf
- Disclosure Practices/ Restatements of information - <https://bayfirstfinancial.com/copyright-disclosures/>
- Discriminatory Lending – The Bank maintain numerous policies and procedures for ensuring nondiscriminatory mortgage practices including ECOA Policy, UDAAP Policy, HMDA Policy, Truth in Lending Policy, RESPA Policy, FDCPA Policy, SCRA Policy, Community Reinvestment Act Policy, ESG Policy, and Fair Lending Policy.

GOVERNANCE

Business Ethics – Continued...

Audits

The bank maintains both external and internal auditors that provides third line of defense as is expected for any insured depository institution. External audit function is provided by FORVIS, formerly, DHG Partners and Internal audit is performed by Crowe and Elliot Davis.

Anti-corruption Risk Management

Operational risk assessments are performed annually with all risk assessments focused on risk related to corruption. In FY2021, eight operational risk assessments are performed. *ACH risk, wire risks, e-banking risks, fraud risk, ID theft/red flags risk, vulnerability and penetration test, outsourcing third party risk* are some of the risk assessed.

Anticorruption Training

All employees and board members are required to read and attest to the Company's and Bank's Code of Ethics and Employee Code of Conduct

GOVERNANCE

Systemic Risk Management

At BayFirst, ESG aspects are duly deliberated at all strata of management. The company has set up an ESG committee both at the Board level and at the Management level. Both these Committees meet at regular intervals totaling up to four meetings in a year. Recently the Committees jointly developed the ESG policy and policy statement.

While the bank does not currently overlay ESG aspects in its approval or underwriting process, it intends to incorporate elements of its ESG policy to evaluate its investments and loan policies.

BayFirst periodically updates its capital plan and has hired an independent third party to perform voluntary stress tests on its capital on an annual basis. The overall exposure to securities financing transactions is minimal with no net exposure to written credit derivatives. The loan portfolio is tracked up to the sixth digit level of its corresponding NAICS code.

Data Security and Customer Privacy

Data security and customer privacy are critical aspects of interest at BayFirst. The company has set up internal policies and guidelines to facilitate information security, incident response, and business continuity. The *Information Security Policy* details the protocol for the collection, usage, and retention of customer information. The Media Retention Policy details the removal and destruction of sensitive information contained on any storage device. Any data stored in a bank-owned device is encrypted with adequate access controls. BayFirst has implemented a security operations center (SOC) to assess all data coming from scans and logs. An enhanced detection and response system identifies and addresses data security risks, including the use of third-party cybersecurity standards. Andrew Gehling, the Information Security Officer, is responsible for the Cyber security strategy at the organizational level. In addition, the Information Security Officer, IT Steering Committee, and Cybersecurity Council are responsible for overseeing cybersecurity within the company.

Annual assessment through the Federal Financial Institutions Examination Council (FFIEC) Cybersecurity Assessment Tool (CAT) enables BayFirst to understand the current level of risk mitigation and the corresponding gap, if any, with an ideal state. BayFirst had no data security breaches in the last financial year. It does not provide client information to market for secondary purposes. The data is only used internally to sell bank products and investment services. Old electronic equipment is disposed of with the help of a third party that provides video evidence of the destruction of the data storage device. Additionally, BayFirst utilizes a Security information and event management (SIEM), does testing for phishing, and does scanning for internal credentialed vulnerabilities on a monthly basis.

APPENDIX

Sustainability Frameworks

- **SASB** – Available for 77 industries, the SASB Standards identify the subset of ESG issues most relevant to financial performance in each industry. They aid in generating sustainability information which is financially material.
- **GRI** – The GRI Standards are structured as a set of modular, interrelated reporting standards. They follow a multi-stakeholder process.
- **Nasdaq ESG Reporting Guide**– Reporting guidelines for publicly listed and private companies to assess and manage non-financial performance across ESG aspects and to provide a mechanism to communicate with their stakeholders, including investors.
- **TCFD** – Recommendations for climate-related disclosures that could promote more informed investment, credit, and insurance underwriting decisions and enable stakeholders to understand better the concentrations of carbon-related assets in the financial sector and the financial system’s exposures to climate-related risks.

ESG REPORTING FRAMEWORKS



Appendix II

ESG Topics

S. No.	Material ESG Topics	Brief Description
1	GHG Emissions	<p>Emissions (Scope 1)- Direct GHG emissions occur from sources that are owned or controlled by the company, for example, emissions from combustion in owned or controlled boilers, furnaces, vehicles, etc.</p> <p>Emissions (Scope 2)- Generation of purchased electricity consumed by the company. Purchased electricity is defined as electricity that is purchased or otherwise brought into the organizational boundary of the company. Scope 2 emissions physically occur at the facility where electricity is generated.</p> <p>Emissions (Scope 3)- Scope 3 emissions are a consequence of the activities of the company but occur from sources not owned or controlled by the company. Some examples of scope 3 activities are extraction and production of purchased materials; transportation of purchased fuels; and use of products and services.</p>
2	Energy use and Efficiency	<p>The category addresses environmental impacts associated with energy consumption. It addresses the company's management of energy in manufacturing and/or for provision of products and services derived from utility providers (grid energy) not owned or controlled by the company. More specifically, it includes management of energy efficiency and intensity, energy mix, as well as grid reliance. Upstream (e.g., suppliers) and downstream (e.g., product use) energy use is not included in the scope.</p>
3	Water & Wastewater Management	<p>The category addresses a company's water use, water consumption, wastewater generation, and other impacts of operations on water resources, which may be influenced by regional differences in the availability and quality of and competition for water resources. More specifically, it addresses management strategies including, but not limited to, water efficiency, intensity, and recycling. Lastly, the category also addresses management of wastewater treatment and discharge, including groundwater and aquifer pollution.</p>
4	Waste & Hazardous Materials Management	<p>Total weight of waste by type and disposal method-The primary types of waste streams for most financial institutions would be paper and waste IT products.</p>

Appendix II

ESG Topics

S. No.	Material ESG Topics	Brief Description
5	Access & Affordability	The category addresses a company's ability to ensure broad access to its products and services, specifically in the context of underserved markets and/or population groups. It includes the management of issues related to universal needs, such as the accessibility and affordability of health care, financial services, utilities, education, and telecommunications.
6	Diversity, Equality and Inclusion	The category addresses a company's ability to ensure that its culture and hiring and promotion practices embrace the building of a diverse and inclusive workforce that reflects the makeup of local talent pools and its customer base. It addresses the issues of discriminatory practices on the bases of race, gender, ethnicity, religion, sexual orientation, and other factors.
7	Employee Training & Development	This relates to training and development opportunities available to employees
8	Financial Inclusion & Capacity Building	(1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development; Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers; Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers

Appendix II

ESG Topics

S. No.	Material ESG Topics	Brief Description
9	Business Ethics	<p>The category addresses the company’s approach to managing risks and opportunities surrounding ethical conduct of business, including fraud, corruption, bribery and facilitation payments, fiduciary responsibilities, and other behavior that may have an ethical component. This includes sensitivity to business norms and standards as they shift over time, jurisdiction, and culture. It addresses the company’s ability to provide services that satisfy the highest professional and ethical standards of the industry, which means to avoid conflicts of interest, misrepresentation, bias, and negligence through training employees adequately and implementing policies and procedures to ensure employees provide services free from bias and error.</p>
10	Systematic Risk Management	<p>The category addresses the company’s contributions to or management of systemic risks resulting from large-scale weakening or collapse of systems upon which the economy and society depend. This includes financial systems, natural resource systems, and technological systems. It addresses the mechanisms a company has in place to reduce its contributions to systemic risks and to improve safeguards that may mitigate the impacts of systemic failure. For financial institutions, the category also captures the company’s ability to absorb shocks arising from financial and economic stress and meet stricter regulatory requirements related to the complexity and interconnectedness of companies in the industry.</p>
11	Data Security	<p>The category addresses management of risks related to collection, retention, and use of sensitive, confidential, and/or proprietary customer or user data. It includes social issues that may arise from incidents such as data breaches in which personally identifiable information (PII) and other user or customer data may be exposed. It addresses a company’s strategy, policies, and practices related to IT infrastructure, staff training, record keeping, cooperation with law enforcement, and other mechanisms used to ensure security of customer or user data.</p>

Appendix III

ESG Index

	Material ESG Topics	GRI	SASB	NASDAQ	PEERS
1	GHG Emissions	GRI 305-1a, GRI 305-2a, GRI 305-2b	EM-IS-120a	Yes	Yes
2	Energy use and Efficiency	GRI 302-1a, GRI 302-1b, GRI 103-2c	HC_DY 130a.1	Yes	Yes
3	Water & Wastewater Management			Yes	Yes
4	Waste & Hazardous Materials Management	GRI 306-1a, GRI306-2a, GRI 103-2c, GRI 306-2b, GRI 306-2c, GRI 306-5a, GRI 306-5b, GRI=306-5c		Yes	Yes

Appendix III

ESG Index

S. No.	Material ESG Topics	GRI	SASB	NASDAQ	PEERS
5	Access & Affordability		HC-DY-240a.1., HC-DY-240a.2	Yes	Yes
6	Diversity, Equality and Inclusion	GRI 103-2c, GRI 405-1a, GRI 405-2a		Yes	Yes
7	Employee Training & Development	GRI 404-1b, GRI 404-2a, GRI 404-3a, GRI 103-2c	HC-DY-330a.1, HC-DY-330a.2	Yes	Yes
8	Financial Inclusion & Capacity Building			Yes	Yes

Appendix III

ESG Index

S. No.	Material ESG Topics	GRI	SASB	NASDAQ	PEERS
9	Business Ethics	GRI 206-1, GRI 205-1, GRI 205-2, GRI 205-3	HC-DY-510a.1	Yes	Yes
10	Systematic Risk Management			Yes	Yes
11	Data Security	GRI 418-1a, GRI 418-1b	HC-DY-230a.2, HC-DY-230a.1, HC-DY-230a.3	Yes	Yes

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