

# Identifying Environmental, Social & Governance (ESG) Opportunities & Risks at Silicon Valley Bank

## Environmental and Social Risk Management

### **SVB is adopting an approach to addressing climate, environmental and social issues that is uniquely suited to our business.**

SVB champions and supports entrepreneurs and high-growth businesses that are disrupting traditional sectors and, even in some cases accelerating the transition to a more equitable and sustainable world. We bank entrepreneurs and companies in the technology, life science and healthcare, and wine industries, as well as the private equity and venture capital investors that back them. Our leadership role in the innovation economy and deep experience supporting evolving technologies enable us to contribute to the transition to a more equitable, zero-emission economy by supporting entrepreneurs who are innovating to achieve those outcomes.

### **We currently manage climate, environmental and social risks through our Enterprise Risk Management program and ESG Program Office.**

SVB's Enterprise Risk Management (ERM) framework is designed to identify and manage risks, including credit and reputational risks associated with environmental and social issues. This framework enables us to identify, prioritize and manage risk guided by our Risk Appetite Statement, Risk Taxonomy and supporting policies. This framework also defines roles and responsibilities to promote accountability and a line-of-sight into risk exposures. For example, our Reputational Risk Management Committee informs decision-making on potential risks arising from perceptions of how our business lines and clients may create environmental and social impacts. The Reputational Risk Management Committee has an escalation path to the Enterprise Risk Management Committee, which reports to the Risk Committee of the SVB Board of Directors.

We continually work to strengthen our risk management framework to ensure consistency and complete reach across our various businesses, with tailored approaches to support risk identification and management at the transaction and portfolio levels. While our ERM framework is designed to capture risk exposure, we are developing a more consistent approach to identify environmental, social and governance (ESG) risks across our lending and investment portfolios. We are exploring processes to assess credit, operational and reputational risks from climate, environmental and social issues across business segments in order to streamline policies and processes that will illuminate emerging risks.

## Addressing Business Risk Associated with Climate Change

### **We recognize that climate change presents risk to our business and our clients, and that our business and clients create climate impact as well.**

As an example, fires near our California headquarters and offices across the West are intensifying, exposing the impact of climate change and driving new calls to action. We are developing an approach to address climate risk across our business and among our clients. While we continually assess the credit risks of our loan portfolio, we are enhancing our approach to managing the physical and transition risks to our clients due to climate change, considering the unique profile of our innovative clients. With findings from this assessment, we will enhance our approach to managing climate-driven risks in our lending and investment portfolios.

Because we bank startups that are disrupting traditional industries, we believe our exposure to the transition risks of climate change is modest. While the potential for climate-related risk merits management and attention, so does expanding support to entrepreneurs and investors working on climate solutions, which we are confident outweighs our current limited risk.

### **For SVB and our clients, we believe the transition to a zero-emission economy presents a significant opportunity.**

Given our place within the innovation economy, SVB is well-positioned to provide financial support to companies that are designing efficient and sustainable solutions in response to climate change. Our Hardware and Frontier Technology teams provide research on topics such as the future of mobility in support of clients transforming the transportation sector. SVB's Energy and Resource Innovation (ERI) and Project Finance teams work with more than 475 clients in the energy and resource sectors, supporting clean tech innovation. In 2019, our Project Finance team financed approximately 1,356 megawatts of solar projects and 615 megawatts of renewable energy equipment. Our dedicated ERI team works with clients like OhmConnect, whose software encourages consumers to reduce electricity consumption and find cleaner sources, and Impossible Foods, which develops alternative meat products, reducing carbon emissions from cattle. These are but a few examples of the significant opportunity for both SVB and our clients to support innovation that tackles climate change and improves the well-being of our communities.

## Disclosing our ESG Risk

### **We will continue to evolve and disclose our climate, environmental and social strategies and commitments.**

We are guided by the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) as we enhance our management of climate risks and opportunities and will begin disclosing against TCFD recommendations in 2021. We completed our inaugural CDP response in 2020. We will continue to evaluate our annual Corporate Social Responsibility (CSR) report to ensure we are disclosing ESG data that is important to our investors, communities and other stakeholders. Please view our ESG Reporting page for our ESG disclosures, including our most recent CSR, CDP and SASB reports.