



**BANC OF  
CALIFORNIA**

# ENVIRONMENTAL, SOCIAL & GOVERNANCE

## Building on our Commitments – ESG Highlights for 2022

At Banc of California, we are committed to doing our part to help create a better world and life for our employees, clients, stockholders and the communities we serve. We believe that governance and responsible business practices strengthen our long-term success through our commitment to ethics, integrity and accountability.

Our dedication to Corporate Social Responsibility (CSR) and ESG initiatives are core values that promote transparency, sound corporate governance and doing the right thing at all times. We strive for continuous improvement by taking into account stakeholder feedback and cultivating a culture of service, doing what we say we are going to do and delivering on the expectations we set. This ESG supplement serves as an update to the information and insights available on [www.bancofcal.com](http://www.bancofcal.com) that showcase our commitment toward achieving sustainable growth.

Our ESG focus areas continue to align with the principles of the SASB framework for commercial banks and the United Nations Sustainable Development Goals (SDGs). Unless otherwise noted, the information provided is as of our year-end, December 31, 2022.

### ESG-RELATED MATERIALS

- [Banc of California's CSR report](#)
- [Banc of California's updated new policy statements](#)
- [Banc of California's most recent annual report](#)
- [Banc of California's most recent Proxy Filing](#)

### AWARDS



**2022 HRO Today Association Award and Finalist** – Banc of California was awarded the Diversity, Equity and Inclusion (DEI) Excellence Award; Human Resources Team of the Year finalist



#### Transform Awards

Banc of California was a finalist for the “Team Magnet: Talent Acquisition Strategy of the Year” Transform Award



## ENVIRONMENTAL, SOCIAL & GOVERNANCE OVERSIGHT

The Banc of California Board of Directors is dedicated to upholding its commitment to ESG principles through various board and management committees which are responsible for ESG-related functions and initiatives associated with their respective business areas. In 2022, we aligned the Inclusion, Diversity, Engagement and Awareness (IDEA) Committee, now known as the IDEA Council, with the ESG Working Group, which meets quarterly. The ESG Working Group reports regularly on ESG initiatives to the Compensation, Nominating and Corporate Governance (CNG) Committee of the board.

### ADVANCING ESG INITIATIVES

Banc of California has developed a corporate culture that is committed to making a positive impact on all of our stakeholders. Our ESG focus areas align with the principles of the SASB framework for commercial banks and the areas that we believe matter most to our employees, clients, stockholders and the communities in which we live and work. **In 2022, we continued to advance our ESG initiatives as follows:**

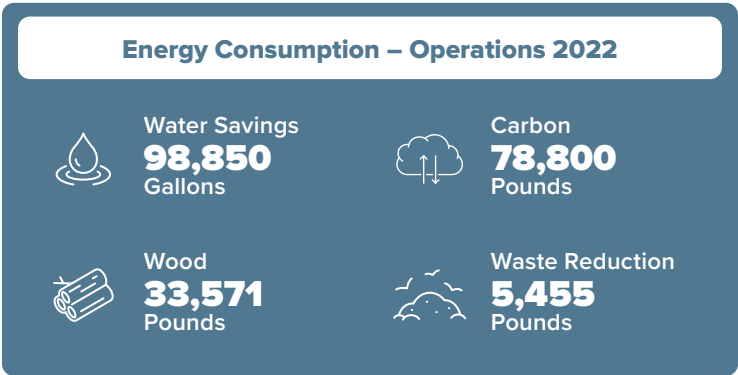
- Linked management’s advancement of ESG initiatives, among other qualitative considerations, to our Short Term Incentive Plan (STIP) executive compensation criteria
- Aligned human capital strategy to our business objectives with a focus on recruiting and retaining talent, encouraging internal mobility, promoting inclusion and diversity, recognizing and rewarding performance, and supporting the health and wellness of our team members
- Supported the communities in which we live and work through our Community Reinvestment Act (CRA) programs, investments and initiatives
- Launched a [Corporate Social Responsibility webpage](#) showcasing how we make a difference in the communities we serve
- Developed and published new policy statements on our corporate website:
  - » [Health and Safety Statement](#)
  - » [Supplier Diversity Statement](#)
- Enhanced several existing policy statements:
  - » [Environmental Statement](#)
  - » [Supplier Code of Conduct Statement](#)
  - » [Human Rights Statement](#)
- Augmented our Commercial Credit Approval Memorandum to better record and track borrower ESG elements and initiatives, with plans to track and evaluate our progress in measuring our lending portfolio impact in future years

### ENVIRONMENTAL STEWARDSHIP HIGHLIGHTS

As part of our ongoing commitment to environmental sustainability, we are making efforts to measure and baseline environmental factors related to our operational footprint.

#### DIGITAL SIGNATURE PLATFORM

Everyday operational measures allow us to quantify our impact. According to our digital signature platform vendor, we were able to achieve the following savings or reductions:



## PAPER RECYCLING SAVINGS

As part of our partnership to manage facilities waste responsibly, our third-party waste management vendor shredded and recycled



**49.89** METRIC TONS  
OF PAPER IN 2022

This recycling endeavor is equivalent to:

**259** metric tons of CO2 avoided

**4,399** pounds of solid waste avoided

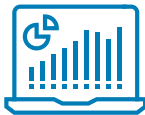
**395,503** liters of water preserved

**1,320** trees preserved

**162,771** kWh of energy saved

**DIGITAL BANKING** provides a more convenient experience for our customers than in-person banking, reduces customer travel to bank locations and saves water, energy, paper and other consumables at our branches.

**eSTATEMENTS  
2022**



55% of all accounts are utilizing online statements, up 7% from last year.



Our business account online statement rate is 74%, up from 64% in 2021.

## ELECTRICITY SAVINGS IN OUR OPERATIONS ARE REALIZED IN THE FOLLOWING WAYS:



All corporate offices are LEED certified



LED lighting in our facilities has provided an annual output savings of approximately 85,000 kWh since implemented in 2020



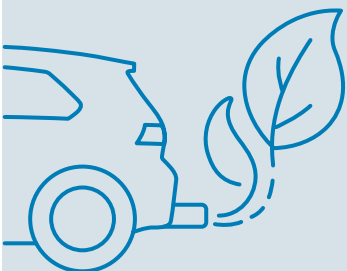
An electronic waste management program is used for technology assets



Our facilities strategy includes purchasing and maintaining energy efficient appliances



Our Headquarters received an ENERGY STAR® score of 81 and generates 35% less in GHG emissions than typical buildings



The Company is in compliance with the **South Coast Air Quality Management District Rule 2202 to reduce motor vehicle source emissions generated from employee commutes** and to comply with federal and state Clean Air Act requirements.



## SOCIAL HIGHLIGHTS

Our commitment to improving the lives of our communities runs deep. Through a variety of programs, we proudly support financial literacy, affordable housing initiatives and community services. We continue to make contributions to enhance the communities in which we do business and serve:

- In August 2022, we launched the new [Banc-On Account](#), which is specifically designed for those taking steps toward financial wellness.
- We increased opportunities related to community Financial Education and Empowerment in 2022 by reaching approximately **3,300 participants in 108 financial education sessions**.

We are focused on supporting our communities in which we live and work. Over the last three years (2020–2022) as part of our commitment to the Community Reinvestment Act, our investments and activities in four key areas have reached new highs.

### OUR COMMUNITY SUPPORT (2020–2022)



Community  
Development Investments

**\$106m+**



Community  
Development Loans

**\$906m+**



Small Business  
CRA Loans in California

**\$438m+**



Employee  
Volunteer & Service

**6,600+ hrs**

We take great pride in supporting organizations and activities that enhance the quality of life in our communities.

- We are proud to continue our collaboration with various organizations and initiatives in our community, which include:
  - » Food Finders
  - » JVS SoCal
  - » Junior Achievement
  - » Raise A Child
- Additionally, we partnered with [Mary Erickson Community Housing](#), where we shared in the spirit of giving by packaging gift cards along with holiday decorations and treats for families located in Southern California; and
- We supported the [Thomas House Family Shelter](#), where employees spread holiday magic by wrapping sleighs full of presents for children of all ages.

### CHARITABLE GIVING 2022

As part of our commitment to these organizations, Banc of California and its employees have donated:



Total Philanthropic Giving  
**Approximately  
\$1 MILLION**

Employee Volunteer  
& Service Hours

**3,061  
HOURS**



# HUMAN CAPITAL HIGHLIGHTS

Our human capital strategy empowers our team members to build a high-performing culture. Among our core business objectives are talent development and creating an environment where everyone has an opportunity to succeed. We are focused on recruiting and retaining top talent, encouraging internal mobility, promoting inclusion and diversity, recognizing and rewarding performance that drives results and supporting the health and wellness of our team members.

- As of 12/31/2022, **686 full-time employees**
- Our internal promotion rate rose 28% year over year
- Our employees **participated in 9,160 hours of training** in 2022 via our internal learning and development programs, including more than **40 interactive training workshops with nearly 2,000 participants**
- We have conducted **Company-wide employee engagement surveys** to solicit feedback from our employees to help us understand what we are doing well and what we can be doing better
- Top three responses by our employees from our most recent pulse survey:
  - 1. I understand Banc of California’s strategy and goals.**
  - 2. I am proud to work at Banc of California.**
  - 3. I have the opportunity to do my best every day.**
- We continue to focus on our diversity and inclusion efforts:
  - » We **promoted 95 of our team members**, up 21% from 2021
  - » We filled **over 63% of our requisitions with diverse candidates**, up 12% from 2021

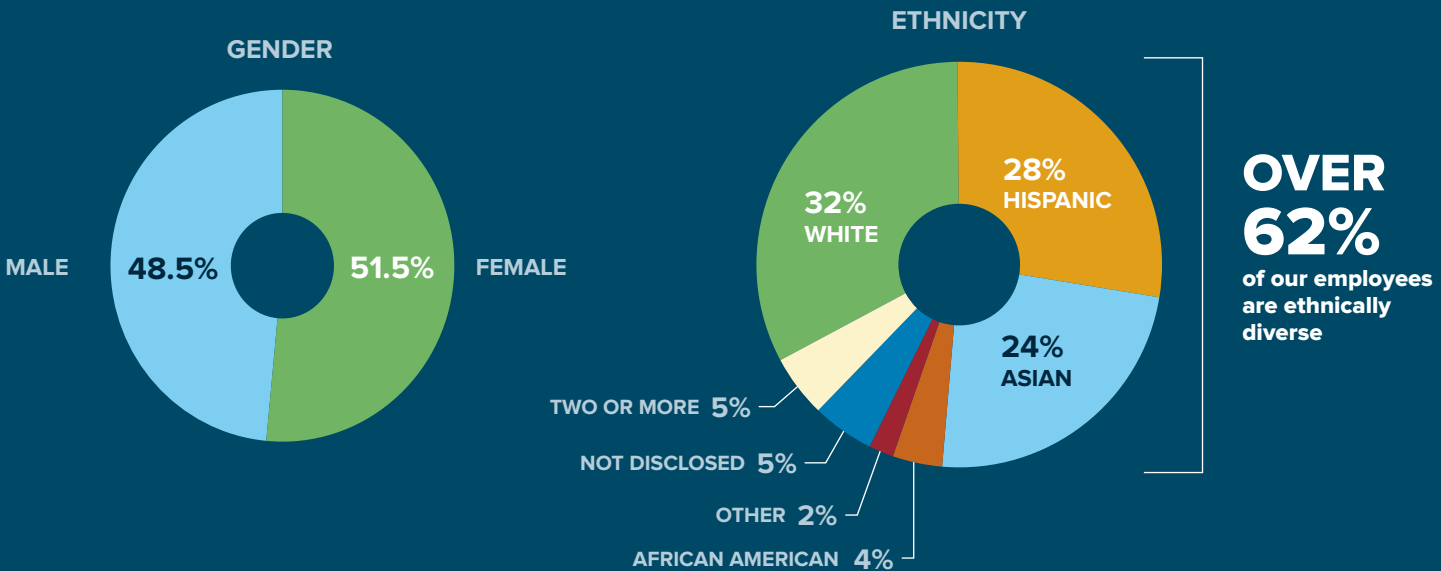
**HIRING & PROMOTIONS 2022**

**11%**  
Open Requisitions Filled by Internal Candidates

**73%**  
Open Requisitions and Promotions Filled by Racially/Ethnically Diverse Candidates

**52%**  
Open Requisitions Filled by Women

The Gender and Diversity makeup of our Team is:



**HUMAN CAPITAL HIGHLIGHTS (continued)**

To ensure a wide range of applicants, we advertise our open positions across multiple recruitment websites that focus on minority recruitment.



We are committed to creating an inclusive working environment filled with unique perspectives and ideas. The effort is a resounding success, and we have filled a majority of open positions with qualified female and/or minority candidates.

**AWARDS**



**Annual Circle of Excellence Award**  
To outstanding employees who exemplify our six Principles of Success



**Annual President's Award**  
Celebrating the highest-performing team members for generating new loans and deposits

**GOVERNANCE & RESPONSIBLE BUSINESS PRACTICES HIGHLIGHTS**

We are committed to sound and effective corporate governance practices that promote transparency and accountability and are intended to build value for the Company's stockholders. Our strength and stability, along with our commitment to building deep relationships with our clients, are what make Banc of California the leading relationship-focused business bank in California.

**Business Ethics & Compliance**



- [Code of Business Conduct and Ethics Policy](#)
- [Whistleblower Policy](#)
- Every employee certifies that they have read, understand and agree to comply with the Ethics Code. Furthermore, 100% of employees are trained on Consumer Financial Protection regulations as part of our commitment to serving our customers

**Incorporation of Environmental, Social & Governance Factors in Credit Analysis**

- We aim to manage the risks within our business by incorporating ESG considerations, including climate related risks, into our processes for managing and governing risk across our financial services and investments
- For more information, please review our annual report on [Form 10-k](#)

**Risk Management & Business Continuity**



- Our Bank's Risk Appetite Framework has been designed to document and support prudent and measured risk taking across the Bank, including a risk appetite statement, qualitative risk statements for each risk category, quantitative metrics supporting each risk category and a defined governance process for monitoring and reporting
- We perform capital stress tests annually to assess the impact of adverse changes in the economy on our capital base

GOVERNANCE & RESPONSIBLE BUSINESS PRACTICES HIGHLIGHTS (continued)

- Our New Products Working Group is responsible for ensuring that a full and robust review/assessment of all internal controls has occurred before any new product or service is launched or before any material changes occur in existing products. The group includes representation from operations, information technology, finance, legal, risk/compliance and credit (as needed).
- Our compliance management system policy program establishes that compliance with all applicable state and federal statutes, regulations and supervisory guidance is the responsibility of every director, officer, employee and agent of the Bank. Our compliance training program encompasses three focal areas:
  1. Online training of the regulations that are essential for Bank personnel’s job functions
  2. Targeted risk-based, role-specific training for Bank personnel
  3. Ongoing compliance and job training
- As part of Banc of California’s Code of Business Conduct and Ethics Policy, activities related to political spending and lobbying activities are restricted. Banc of California donated no money to political campaigns and spent no money on lobbying activities in 2022
- In 2022, we furthered our commitment to diversity throughout the supply chain, outlined in our [Supplier Diversity Statement](#)
- Diverse suppliers accounted for 8.6% of our qualified supplier spend
- Banc of California maintains a [Third-Party Provider Code of Conduct](#) along with our [Human Rights Statement](#), which sets out our intention to ensure compliance with laws and regulations across our supply chain
- All of our suppliers acknowledge the Third-Party Provider Code of Conduct
- Data Security and Customer Privacy
  1. Cybersecurity is an enterprise-wide risk that is subject to control and monitoring at various levels of management throughout the Bank. We continuously improve our cybersecurity and business resilience capabilities and have controls in place to help safeguard our clients’ information and privacy.
  2. The Board maintains oversight of our security program through its Risk Committee, which oversees our information technology management program and reviews risks related to information security and cybersecurity as well as the steps taken by management to control for such risks. The Risk Committee oversees and reviews quarterly reports on significant matters of corporate security, including cybersecurity and data privacy. We maintain a formal information security management program under the direction of our Chief Information Security Officer and corporate cyber insurance, which are subject to review and oversight by the Risk Committee and the Board, respectively. For more information, please see the [Joint Enterprise Risk Committee Charter](#)
  3. [Privacy Policy](#)

SASB

Banc of California utilizes the IFRS Foundation’s SASB Standards for the Commercial Banks (FN-CB) Industry to identify key ESG disclosures related to the risks and opportunities of the sector for reporting. Please find our most recent [SASB disclosure here](#).

UN  
SDGs



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Saturday: 9:00 a.m.–1:00 p.m. PT

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