

PROGRESS THROUGH PURPOSE





RACHEL LUMSDEN / "Silent inhabitants: Kriechstrom", 2006

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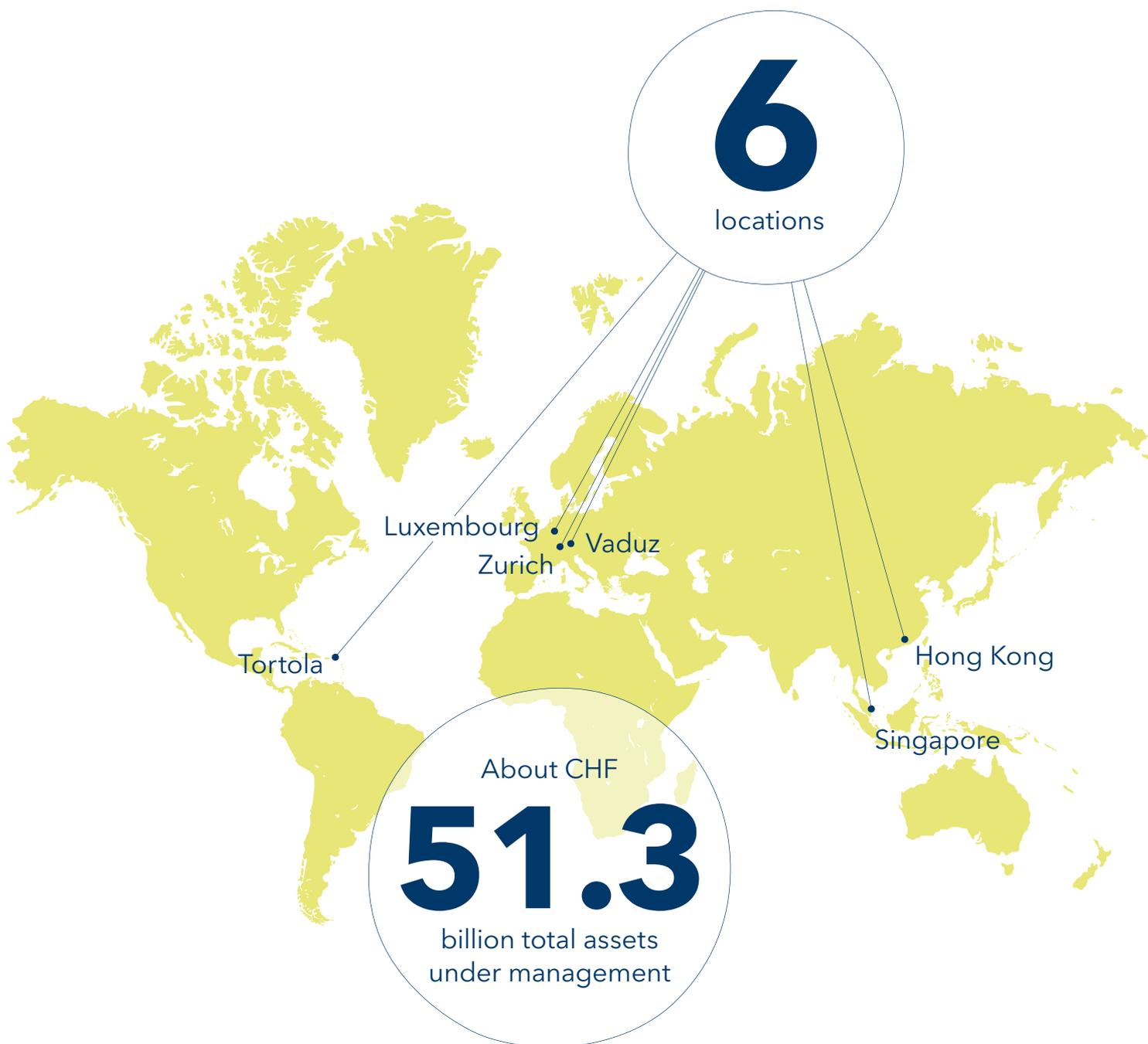
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About CHF

50.6
million group net income

77%
of energy consumption
comes from renewal
sources

Highlights

- An "A" rating from Standard & Poor's
- Included in the "SPI ESG" and "SPI ESG weighted" indices
- Fully implemented ESG criteria in all investment decisions and advisory
- Signatory to the UN PRI and UN PRB
- Commitment to Net-Zero Banking Alliance

Dear Clients, Stakeholders and Friends

The sixth Intergovernmental Panel on Climate Change (IPCC) report released in August 2021 had a clear message: some of the changes set in motion due to climate change are already irreversible, but “strong and sustained reductions” of CO₂ and other greenhouse gas emissions can still limit the extent of changes to air quality and global temperatures. With the Glasgow Climate Pact at COP26 in November 2021, over 450 financial institutions with a combined USD 130 trillion in assets have agreed to reach net zero for their investment and lending portfolios by 2050. The aim is to reduce carbon emissions by 45% by 2030 to achieve the 1.5°C target, the same year that the UN’s 17 Sustainable Development Goals (SDGs) should be achieved. One of the biggest challenges at COP26 and beyond, is the question of adequate funding for this transition, particularly in developing countries.

While climate change poses an environmental, social and financial threat, it is also imperative to view it as an opportunity, as we move further along the Decade of Action. In 2021, as in previous years, large sums of money flowed into sustainable investments, indicating that this development is becoming the norm. According to a report by Climate Bonds Initiative, the value of sustainability-linked bonds issued in the first half of 2021 reached nearly half a trillion in USD terms¹.

In response to these external developments and the convictions of our management, sustainability has been and continues to be at the top of the agenda for VP Bank. We continue to do our part in contributing to the SDGs through our product offering, with an increased focus on impact investing. Furthermore, as a member of the UN Global Compact (UNGC), we continue to be committed to its ten principles and will continue to communicate on our progress. In terms of updates for 2021, we are proud to report that VP Bank became a signatory of the UN Principles for Responsible Investment (PRI) and the UN Principles for Responsible Banking (PRB) as it shows our commitment. The inclusion in the SIX Sustainability Indices shows that we are on the right track. We report on our progress with

our annual Sustainability Report. We also joined the Net-Zero Banking Alliance and launched our Sustainable Plus offering, which allows for a personalised integration of sustainability preferences in an investment portfolio. Furthermore, with ORBIT, VP Bank launched an open investment and structuring platform that provides access to private markets, which are so far difficult to invest in but demonstrate large potential for positive environmental and social impact.

Looking ahead to 2022, we are committed to further honing our sustainable investing approach and enabling our clients to reach their investment, impact and personal goals. As such, we will continue to increase our sustainable product offering and are working on our strategic Philanthropy & Impact offering to support our clients in achieving their impact objectives with the launch of our Philanthropy Catalogue. We are also working relentlessly on our emissions reduction plan to reach net zero by 2026 and create a net-positive impact with our product offering.

The last two years have been extraordinary - both in terms of the circumstances surrounding the pandemic and its consequences across the globe, and the increasing awareness of climate change and the need for a sustainable approach across our economic, social and environmental spheres. We want to take this opportunity to thank our employees for their adaptability, continued commitment to the principles of VP Bank and tireless efforts in ensuring sustainable success and prosperity on the part of our clients. We also want to thank our clients for their continued trust in us. We look forward to realising tomorrow’s opportunities together with you.



Dr Thomas R. Meier
Chairman of the Board
of Directors



Paul H. Arni
Chief Executive Officer

¹ www.climatebonds.net/resources/reports/sustainable-debt-highlights-h1-2021

Dr Brill, as Chief Investment Officer, you are responsible for integrating sustainability into the core of VP Bank's business. What does the ubiquitous topic of sustainability mean to you?

Sustainability has many aspects. Climate change is one. Promoting social diversity and fighting poverty are also vital parts of creating a fairer, more sustainable future. Investors can use their capital to help meet such challenges. These insights are increasingly colouring people's attitudes towards investment. What is the point of high financial returns if they are achieved by flouting one's personal values and beliefs? Isn't it better to put together a portfolio with high financial returns that also helps to combat climate change or improve working conditions in developing countries? In other words, a rewarding portfolio not only in terms of financial returns, but because of its purpose.

Would you say that purpose is what makes all the difference then?

Purpose is often decisive for corporate success and employee satisfaction. So why should it not do the same for a portfolio? To make an impact, investors can choose, for example, to put money into businesses that are active in the development of forward-looking technologies to tackle climate change. Or they can seek to influence corporate policy, either by exercising their voting rights in a listed company or by entering into dialogues with management in the case of a private equity investment. The right approach will depend on the investor's goals, finances and time horizon, but the underlying theme is the same: investing with purpose means creating progress not only in terms of financial success, but in facilitating progress also in terms of societal and planetary well-being.

How has sustainable investing changed in the last few years?

The good news is that the market for sustainable investing is growing, creating more and more opportunities for aligning portfolios purposefully with investor preferences. Switzerland exemplifies the market's growth momentum. According to the latest market research by Swiss Sustainable Finance, a specialist association founded in 2014,

assets managed on a sustainability basis in Switzerland grew tenfold between 2015 and 2020, and the trend shows no sign of slowing. With "Investing for Change", we aim to expand our sustainable investment offering and provide our clients access to new solutions.

In 2021, VP Bank added a Sustainable Plus offering for clients. Sustainability themes can now be smoothly added to a client's portfolio. With a themed approach, investments can be made in a targeted manner in companies whose products or services help reduce emissions or protect the environment in other ways. Client portfolios include investments with which a measurable improvement is achieved, for example green bonds, social bonds and microfinance.

What key message would you like to relay to your VP Bank clients?

Most importantly, I would like to assure our clients that if the purpose is right, investors can achieve an impact that transcends financial return: to the benefit of themselves, the portfolio and the world at large.

Sustainability means progress with purpose.



for VP Bank ss through

VELIMIR ILIŠEVIĆ / "Gefrierpunkt", 2013

VP Bank Group is an internationally oriented banking group. Our business model is based on four strategic business segments:

- **Intermediaries** (trustees, external asset managers and family offices) Strategic focus area with an offering of a comprehensive service platform
- **Wealthy Individuals** Customised wealth management, investment consulting, wealth planning and financing
- **Retail & Commercial Banking in Liechtenstein** Basic banking services and financing of real estate and business ventures
- **Client Solutions** Curated ecosystem (ORBIT) including access to private market investments and digital assets, as well as an international fund competence centre

VP Bank is one of the largest banks in the Liechtenstein financial centre. In addition to its headquarters in Vaduz, Liechtenstein, VP Bank Group operates in five international locations in Switzerland, Luxembourg, Singapore, Hong Kong and the British Virgin Islands. Target markets in Europe

include Liechtenstein, Switzerland, Germany, Luxembourg, some markets in Central Europe and the Nordics markets, (Denmark, Norway, Sweden). In Asia, the target markets consist of Singapore, Hong Kong, Indonesia, Malaysia, Thailand, the Philippines and China.

A large proportion of the Bank's equity capital is held by three anchor shareholders: the foundations Stiftung Fürstlicher Kommerzienrat Guido Feger, U.M.M. Hilti-Stiftung and Marxer Stiftung für Bank- und Unternehmenswerte. This is a guarantee for continuity, independence and stability.

VP Bank's 1,012 employees oversee CHF 51.3 billion in client asset under management. Its client advisors are supported by a global network of partner firms that contribute to the international know-how of our organisation.

Our value creation is underpinned by both our product offering and our business operations that are based on the following core competencies:

- Asset management
- Investment solutions
- Wealth planning
- Financial intermediary services
- Access to private market investments
- International Open Wealth Service Provider
- Serving as an international fund competence centre

As a bank, our greatest potential for making an impact comes from our client offering through our “Investing for Change” initiative. See → section “Investing for Change with our product offering” for more details on this. To ensure good business conduct, remain an employer of choice and lead by setting a good example, we are also committed to investing in change in our business activities. As such, we create a positive impact for all our stakeholders. See → figure 2, “Our value creation” for more details on our impact and → section “Investing in Change in our business activities” for more information on our business activities, including our People Strategy and philanthropic efforts.

Sustainable Development Goals (SDGs)

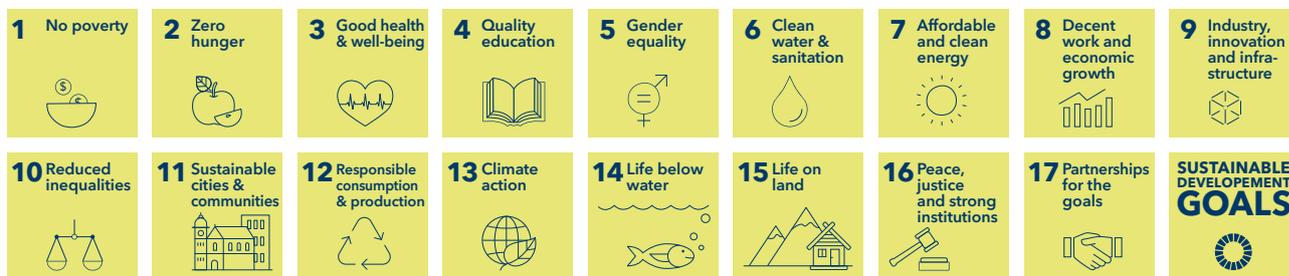


Figure 1

The financial industry has one of the biggest opportunities to create positive and lasting change by directing the flow of capital towards sustainable solutions. Through our strategy, we strive to contribute to the achievement of the SDGs as defined by the UN and to the Paris Agreement. Some of our material topics directly link to various SDGs (see → section “Materiality analysis”), as do our thematic investing products (see → section “Innovation”), and we have integrated the SDGs into our VP Bank Sustainability Score (VPSS) methodology (see → section “Investing for Change”). For more information on our alignment with relevant regulatory frameworks, our compliance with voluntary commitments (Task Force on Climate-related Financial Disclosures [TCFD], UN PRI, UN PRB), as well as our commitment to voluntary disclosure standards (Global Reporting Initiative [GRI], Sustainability Accounting Standards Board [SASB]), see → section Trends, risks and opportunities.

For further information on how our business strategy is aligned with the SDGs, see table 3, our “Material issues definition table”, on page 18, which indicates how our material topics are aligned with specific SDGs.

Our value creation



Our impact highlights

- Integration of sustainability risks and opportunities into all investment decisions
- Active contribution to the Sustainable Development Goals with our client offering and in our business activities
- 77% of our energy consumption is renewable
- VP Bank Foundation grants made to 28 charitable organisations

For our stakeholders



Figure 2

An integrated approach

We believe that progress is only possible if all operational and strategic elements fit together. As such, our Group Strategy 2026, product offering, Sustainability Plan 2026, adherence to regulatory requirements and Philanthropy & Impact offering are all part of the bigger picture that ensures the success and positive impact of our business.



Figure 3

OUR GROUP STRATEGY

In 2021, we started with the implementation of our Group Strategy 2026, based on our business model and value-creation capabilities. The strategy follows the motto “Seize opportunities” and is based on three strategic pillars:



- **Move:** building expertise in the area of asset digitalisation, creating added value from data analysis and the development of private market solutions, expanding our wealth management platform for our clients, developing new business opportunities and expanding our sustainable investment solutions
- **Evolve:** Profitable growth and the strategic and targeted development of the operating business in the core segments
- **Scale:** Process optimisation through standardisation and automation, ensuring the flexibility of our operational platform and consideration of sourcing services

Building on these three strategic pillars, our goals for 2026 are as shown in figure 4 below.

Acting responsibly, sustainably and with foresight are key elements in the implementation of our business strategy. We strongly believe that in order to seize oppor-

tunities we must look to the future, continue what works and adds value, transform what does not and actively embrace change. In 2021, we worked towards progress on all three pillars.

For more information on our Group Strategy 2026 and our progress in 2021, refer to section “Corporate strategy” of our Annual Report 2021.

VP Bank’s commitment to sustainability

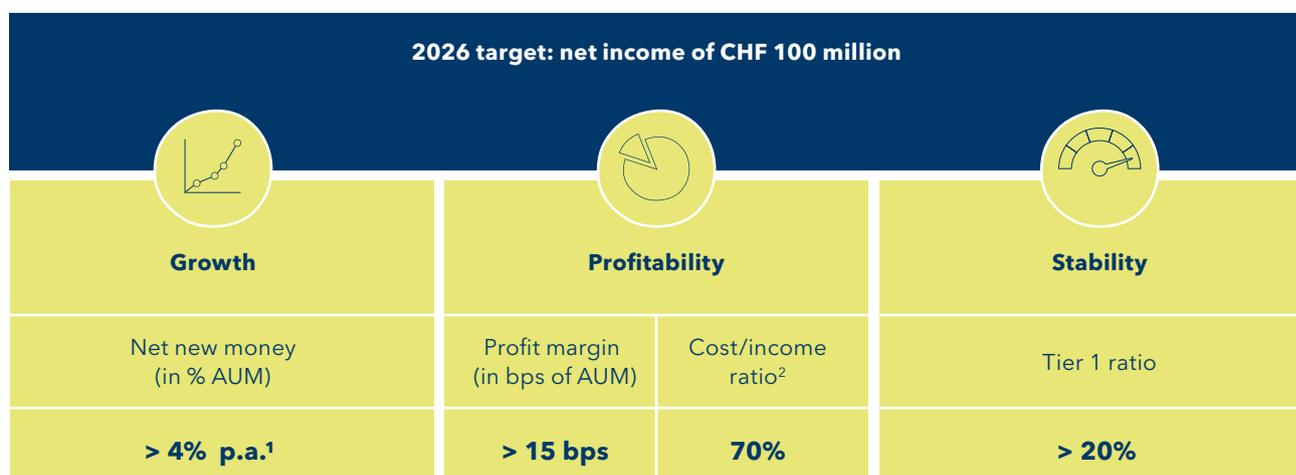
VP Bank supports the Paris Climate Agreement, the UN Sustainable Development Goals and respects human rights. We will work to actively contribute to achieving these goals by embedding sustainability into our business in line with our ambition.

Our decisions and actions will be guided by the following principles:

- Focus on the topics where we have an impact and set targets accordingly
- Integrate sustainability into our investment decisions and advisory processes to identify long-term risks and opportunities
- Support our clients to achieve their sustainability goals through investments and philanthropy
- Partner and engage with stakeholders to drive industrywide improvements
- Communicate on our activities and progress towards our targets

Through these actions we will contribute to a more sustainable economy for the benefit of all our stakeholders.

VP BANK’S STRATEGIC GOALS 2021-2026



¹ Over the cycle 2021-2026

² Total operating expenses / total net operating income

Figure 4

OUR SUSTAINABILITY PLAN 2026: PROGRESS UPDATE

We operate with the mindset that the way we invest today determines our future. As a bank, our duty is to ensure growth, profitability and stability for our clients. This goes hand in hand with having a positive impact on our natural and social environment. By integrating sustainability criteria into all our business processes, we aim to create a positive impact on society and the environment and actively contribute to the sustainable development of the financial sector.

In order to ensure that our collective future is not only safe and stable, but ever improving and prosperous, we have

developed our Sustainability Plan 2026, which supports our core ambitions (see → table 1) and presents what we want to achieve by 2026. On 1 January 2021, the Sustainability Plan 2026 came into action. The progress we made in 2021, is considered the baseline on which we will continue to build to achieve our goals.

The plan encompasses our efforts in investing for change with our product offering and investing in change in our business activities. We are convinced that by consistently implementing this approach we can create positive change as well as drive our Group's sustainable growth.

OUR SUSTAINABILITY PLAN 2026

Investing for Change with our product offering	Investing in Change in our business activities
Integrate sustainability into our investment process	Integrate sustainability into our business activities
Create a net positive impact through our offering	Achieve CO ₂ -neutral operations
Grow assets under management in sustainable investment solutions	Improve gender diversity in our workforce

Achieve "AA" MSCI ESG rating

Table 1



Our sustainability ambition 2026

We want to grow our business while creating a positive impact. We will do this by offering our clients opportunities to invest in solutions to global sustainability challenges through our "Investing for Change" initiative. We will continue to integrate sustainability in everything we do to ensure our credibility. With this ambition, we are well placed to seize today's and tomorrow's opportunities.

Over the course of 2021, we made great progress in our efforts to allow for the integration of sustainability into our product offering. We are working on calculating the CO₂ exposure baseline and VPSS of all our client assets and our own VP Bank investments. This will allow us to create strategies to reduce exposure and move towards a net-positive impact.

The table below provides an overview of our progress towards our targets

	Status - 2021 baseline year	On track or not
Integrate sustainability into our investment process	<ul style="list-style-type: none"> All investments and recommendations must meet minimum requirements. We have applied the VPSS to all discretionary mandates and all recommendations for our advisory clients since 01.01.2021 	Completed
Create a net positive impact through our offering	We are working on calculating our CO ₂ baseline and VPSS of investments both in client portfolios and VP Bank's own investments, which will enable us to reduce exposure and move towards creating a net positive impact. More details will follow in 2022.	On track
Grow assets under management in sustainable investment solutions	In 2021 we launched our Sustainable Plus offering.	On track
Integrate sustainability into our business activities	ESG criteria to be integrated into treasury investment decisions. Review began of ESG integration into Group risk management.	On track
Achieve CO ₂ -neutral operations	Options identified to achieve net-zero. Our reduction plan entails the following steps: <ul style="list-style-type: none"> Reduce consumption Change energy sources Compensate remaining emissions as a last resort 	On track
Improve gender diversity in our work-force	Three women in senior management	Challenging
Achieve "AA" MSCI ESG rating	Significant improvements have been made already with regard to the disclosures required by MSCI and reporting progress. last official rating: BBB	On track

Table 2

From the outset, our aim with the Sustainability Plan 2026 was to set ambitious targets for ourselves and 2021 is the baseline year from which we will measure progress. We have seen some achievements already, but acknowledge some objectives are challenging. Our goal to improve gender diversity is particularly challenging. Measures to promote diversity are not only part of our Sustainability Plan 2026, according to our integrated approach, they are also incorporated into our People Strategy. We are committed to our goal of 25% of all management positions (leadership roles) filled with women. Several measures have been put in place in order to facilitate this goal (Succession Plan, Talent Management, Leadership Curriculum and Flexible Workforce). For more on our People Strategy, see → section "Our people approach (S)".

In order to measure the net positive impact across our offering, we take active steps – for example through our membership of the UN PRB. Next, we are developing our methodology and evaluate potential solutions for creating an overall positive impact. In the area of climate, we are working on estimating the greenhouse gas (GHG) exposure of our investments and develop strategies to achieve net-zero carbon emissions.

Moving forward, we will continue to diligently monitor our progress and work towards achieving our goals. We will draw attention to those areas where we may not be on track and develop actions in response. Throughout this journey, we will be transparent to our stakeholders on the progress achieved.



Our outlook

We will continue to work on achieving the goals formulated in our Sustainability Plan 2026, ensure that we meet all relevant regulatory requirements and continue to contribute to the SDGs and the Paris Agreement. We will also continue our internal training programmes and work with partners to progress towards a sustainable future.

MATERIALITY ANALYSIS

In developing our Sustainability Plan 2026, we assessed where we can have the greatest impact and conducted a comprehensive stakeholder engagement process in 2020, which included a materiality assessment of ESG topics that are most important to our business and to our stakeholders. In selecting the stakeholders, we were committed to integrating as many diverse experiences and perspectives into the conversation as possible.

Together with the stakeholders, we identified the focus areas (see materiality matrix), matched them with VP Bank's core competencies and discussed opportunities and chal-

lenges in our business activities and offering. The investor perspective was integrated by considering disclosure expectations from MSCI² and SASB³. The Group Executive Management (GEM) and the Strategy & Digitalisation Committee of the Board of Directors (BoD) participated in dedicated workshops to define the role of sustainability in the overall Group Strategy and VP Bank's ambition based on the results of the consultations. The Sustainability Plan 2026 was formulated and approved accordingly.



Figure 5

² MSCI ESG ratings include industry-specific, financially relevant factors with the aim of measuring a company's resilience to long-term sustainability risks.

³ The SASB is an independent non-profit organisation that provides industry-specific sustainability accounting standards that help public corporations disclose material, decision-useful information to investors.

MATERIAL ISSUES DEFINITION TABLE

Material topic	SDG alignment where relevant	Definition
 1. Corruption and bribery	Target 16.5: "Substantially reduce corruption and bribery in all their forms"	We refer to our own actions against any misuse of power for private gain within our own value-chain.
 2. Fair business practices and integrity	Target 16.6: "Develop effective, accountable and transparent institutions at all levels"	We refer to our own integrity and responsible business practices that are in no way deceptive, fraudulent or cause injury to any stakeholders.
 3. Corporate governance	Target 16.6: "Develop effective, accountable and transparent institutions at all levels"	We refer to the framework of rules and practices to ensure accountability, fairness and transparency in our relationship with all stakeholders.
 4. Climate change	Target 13.3: "Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning"	We refer to our efforts in both our business activities and product offering to reduce climate-related risks and contribute to the goals of the Paris Agreement.
 5. Equal opportunities and diversity	Target 5.5: "Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life" Target 10.2: "By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status"	We refer to our efforts to promote a diverse workforce and celebrate the value of individual differences while making sure that none of our employees are in any way discriminated against on the grounds of their sex, race, age, ethnicity, religion, sexual orientation, physical abilities and political beliefs.
 6. Sustainable investment	Through sustainable investing, VP Bank and our clients can contribute to various SDGs	We refer to the integration of ESG criteria into our investment decisions and thematic investments for the lasting benefit of both clients and society at large.
 7. Innovation		We refer to our client offering where innovation offers solutions to the sustainability challenges.
 8. Resource efficiency	Target 12.2: "By 2030, achieve the sustainable management and efficient use of natural resources" Target 12.5: "By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse"	We refer to both our own activities and our product offering by identifying opportunities in the efficient use of resources.
 9. Clean energy	Target 7.2: "By 2030, increase substantially the share of renewable energy in the global energy mix"	We refer to our product offering and opportunities in companies providing clean energy solutions.
 10. Digitalisation		We refer to our efforts to increase user-friendliness and accessibility to products and services as well as to ensure an improved client experience.
 11. Environment	This refers broadly to SDGs 12, 14 and 15 to protect and restore the environment	We refer to our efforts to operate in an environmentally friendly manner as well as its consideration in our product offering.
 12. Human rights	Target 8.7: "Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms"	We refer to our adherence to human rights principles in our product offering.
 13. Employment practices	Target 8.5: "By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value"	We refer to our efforts to maintain a safe, diverse and innovative working environment that values and supports its people. This topic relates to "equal opportunities and diversity"
 14. Philanthropy		We refer to the support and donations that VP Bank provides to organisations promoting social and environmental topics.
 15. Volunteering		We refer to the opportunities for our employees to give their time to support various social and environmental causes.

Table 3

When considering what topics are important for VP Bank to focus on, we continue to take into account the double materiality of these topics: what risks/opportunities do sustainability issues pose to our business and what impact do we have on sustainability issues?

In terms of generating a positive impact, we believe that the biggest impacts can be generated through our product offering and continuously working on reducing the CO₂ exposure of our client and VP Bank assets. In addition, we are also convinced that everyone needs to do their part in reaching CO₂ neutrality. As such, we are committed to reducing as much of our own emissions as possible and compensating only as a last resort.

Mitigating potential negative impacts on our social and natural environment starts with integrating sustainability into everything we do - from our product offering to our business operations and our adherence to international standards and guidelines. Similarly, we avoid potential risks in our business operations by integrating sustainability into our risk management processes. For more on this, see → section "Trends, risks and opportunities" and our TCFD framework on pages 24-25.

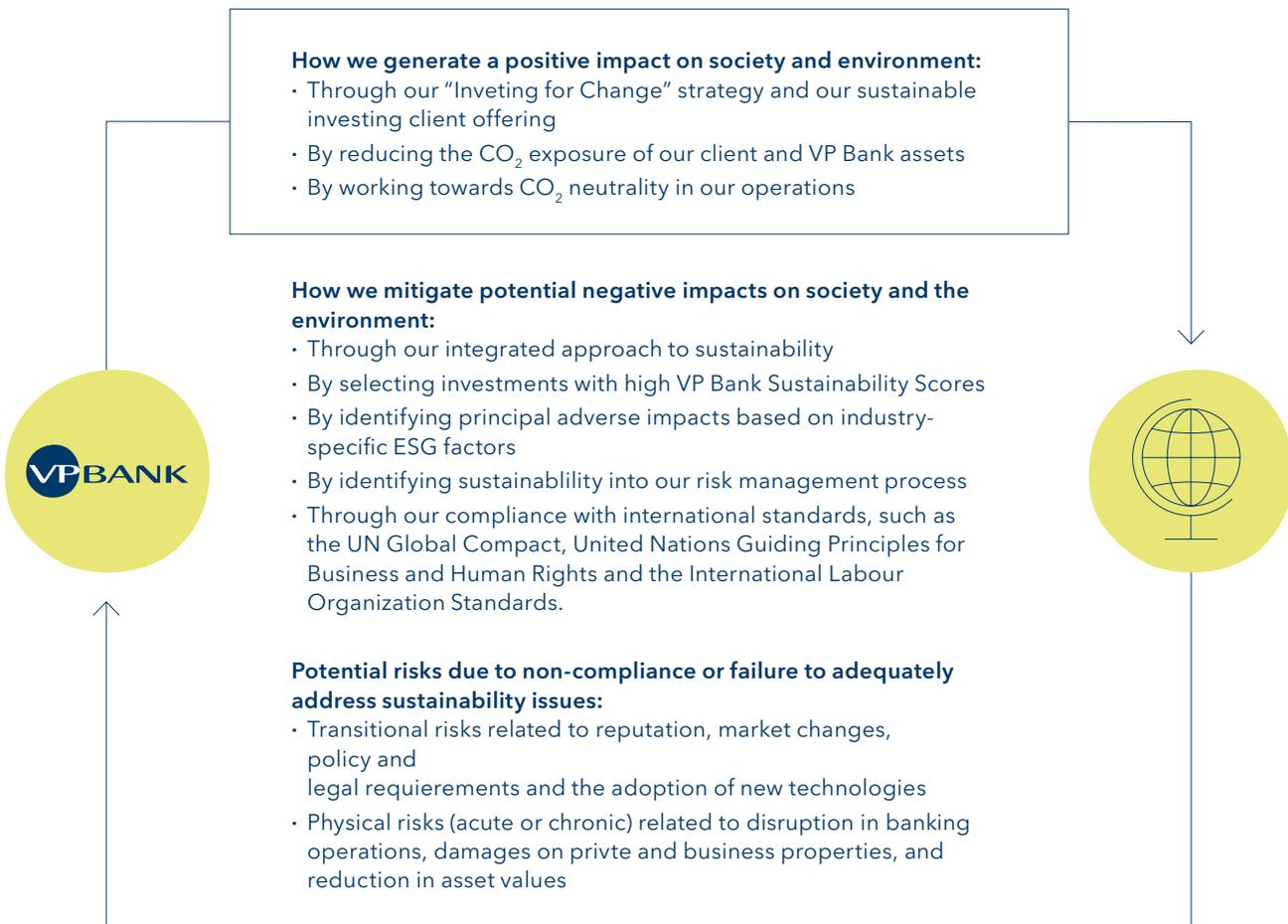


Figure 6

A crucial part in the implementation and monitoring of our Sustainability Plan 2026 is the engagement with our stakeholders. VP Bank engages with internal and external stakeholders on a regular basis. This allows us to identify trends at an early stage, integrate lessons learned into our activities and foster a culture of responsible banking through training and awareness raising across the group.

In addition to the ongoing engagement with the stakeholders listed below, we plan to establish an external advisory panel to further support us in delivering our sustainability ambition.

Our stakeholder engagement activities include the following:

Stakeholders	Form of engagement	Reason for engagement and results
Authorities	<ul style="list-style-type: none"> • Direct dialogue • Engagement through industry associations 	<p>Reason: updating authorities on our activities to implement requirements and manage ESG risks</p> <p>Result: create transparency and confirmation that VP Bank is complying with what is required and implementing the necessary measures to ensure financial stability</p>
Clients	<ul style="list-style-type: none"> • Client discussions and feedback management • Client events 	<p>Reason: informing clients of the benefits of sustainable investing</p> <p>Result: providing transparency to help clients make informed decisions</p>
Board of Directors, Group Executive Management and employees	<ul style="list-style-type: none"> • Employee discussions • Training events • Internal communications and engagement 	<p>Reason: internal stakeholders need to be aware of our sustainability priorities, progress made, and raise attention where we encounter challenges</p> <p>Result: successful achievement of our objectives requires participation of all</p>
Shareholders, investors and financial analysts	<ul style="list-style-type: none"> • Investor events • Sector-specific information sharing 	<p>Reason: identification and management of sustainability risks and opportunities is essential to attract investors and credit providers</p> <p>Result: enhance the value proposition of the Group</p>
Partners	<ul style="list-style-type: none"> • Cooperation with institutes and universities 	<p>Reason: stay abreast of emerging topics and best practices</p> <p>Result: integrate lessons learned into our own actions and contribute to driving change in the industry</p>
NGOs and other stakeholders	<ul style="list-style-type: none"> • Direct dialogue • Engagement through industry associations 	<p>Reason: ensure our objectives are aligned with stakeholder expectations</p> <p>Result: respond to the needs and concerns of stakeholders</p>

Table 4

Client engagement

Engagement with our clients is of utmost importance to us. Our investment philosophy includes providing our clients with transparency on the sustainability performance of their portfolios so they can make informed decisions. Therefore, beginning in early 2021, VP Bank included the VPSS of their investments in their asset statements. This provides the basis for dialogue between clients and their advisors. In addition, VP Bank held client events on the topic of sustainability, including events on purpose investing, which was also the main topic of the fourth issue of the investment magazine «Telescope», and a Dinner with a Difference

Training provided to intermediary clients

In 2021, training was offered to our intermediary clients on sustainable investing, covering why they should apply sustainability to investment decisions and how it can be implemented. 140 clients have participated to date.

The purpose was to examine sustainable investing from a range of perspectives and show the added value it can bring so clients can examine the implications for their businesses.

Topics covered included:

- **WHY** this topic is growing in importance: the reasons for sustainable investing, the link with financial performance, client needs, regulatory drivers and the extent to which sustainable investing is voluntary at this point
- **HOW** sustainability can be implemented: the hurdles and challenges, different investment approaches, how VP Bank implements sustainability in its investments and daily business and how VP Bank can support its clients

Through these engagements, we learned that our intermediary clients agree that this topic is important and relevant to their businesses, but not all have strategies and processes in place to respond. Going forward, we will continue to support our professional clients on their journey towards sustainable investing.

We'd like to thank VP Bank for taking on this pioneering role. This is of great help to start discussions around the topic and create transparency.

/ Intermediary client

Continued training of our client advisors

In 2020, VP Bank launched a training programme for its client advisors to equip them with the knowledge so they can engage with their clients on the value of sustainable investing. Building on this, sustainability was integrated in the weekly sales meetings and Morning Coffee Meetings. Topics covered included addressing greenwashing, updates to the VPSS, trends and updates to our product offering.

Memberships and initiatives

We regard our memberships of the various initiatives below as some of the greatest opportunities we have to work together with our industry to generate a positive impact and ensure accountability. As such, we actively participate in organisations in which we can help promote progress, learn from experts and peers, share knowledge and experience, keep up with emerging topics and support our strategy and commitments.

VP Bank is a member of the following organisations with a sustainability focus. All memberships in table 5 and associated participation are coordinated by the Sustainability department.

Organisation	Purpose	Joined in
Net-Zero Banking Alliance	<ul style="list-style-type: none"> • Commitment to working together with industry and partners • Becoming an industry leader • Ensuring accountability on set targets • Exchange of knowledge and experiences 	2021
UN Principles for Responsible Banking	<ul style="list-style-type: none"> • Commitment to working together with industry and partners • Becoming an industry leader • Ensuring accountability on set targets • Exchange of knowledge and experiences 	2021
UN Principles for Responsible Investment	<ul style="list-style-type: none"> • Commitment to working together with industry and partners • Becoming an industry leader • Ensuring accountability on set targets • Exchange of knowledge and experiences 	2021
UN Global Compact	Accountability	2016
Swiss Sustainable Finance	Exchange of experiences and knowledge sharing	2016
Swiss Climate Foundation	Support climate-protection measures in Switzerland and Liechtenstein	2012

Table 5

In addition, VP Bank is a member of the Liechtenstein Bankers Association, which tackles various topics that are relevant for the industry, including sustainability.

Efficient and effective sustainability governance is essential in ensuring that we continue to embed sustainability into our business, stay on track with our sustainability goals and recognise potential opportunities and challenges at an early stage. As such, we have put into place a straightforward governance structure and a comprehensive support mechanism by way of our Sustainability Board. The integration of sustainability into the investment and advisory processes is governed by relevant Group policy frameworks, including our investment policy and related compliance and monitoring systems.

Awareness raising across the group is important to support the achievement of our Sustainability Plan 2026. Management is updated regularly on the status of sustainability actions and progress. In addition, Group Sustainability works directly with different functions to inform them of our priorities and targets, which provides a basis to discuss what actions they can take in their area of work. Examples include working with facilities management to develop a plan to achieve CO₂-neutral operations, discussions with risk and compliance colleagues to understand ESG risks to the business, the application of our investment philosophy in our treasury investments and the consideration of sustainability in our internal audit activities.

Governance structure

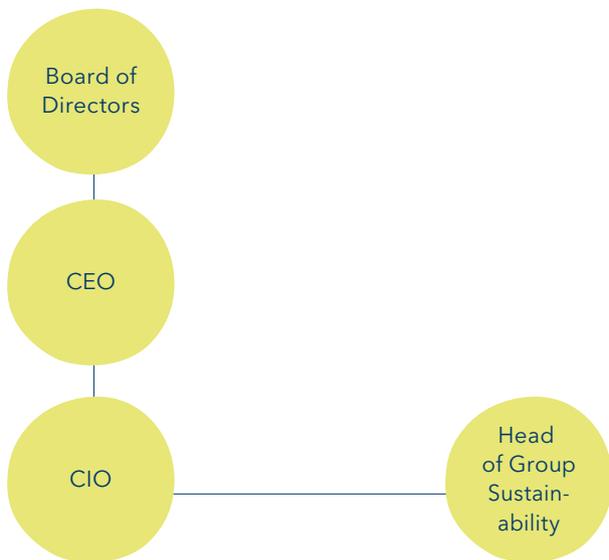


Figure 7

The Group Sustainability department is responsible for setting strategic priorities, developing and implementing the Sustainability Plan 2026 and monitoring progress. This includes supporting different departments with relevant sustainability topics and raising awareness among all employees. The topic of sustainability is firmly anchored in our core business, with the Head of Group Sustainability reporting directly to the Chief Investment Officer (CIO), who in turn reports to the Chief Executive Officer (CEO). Regular updates are provided to the GEM and annually to the Strategy & Digitalisation Committee of the BoD.

Three sustainability key performance indicators (KPIs) are included in the regular monitoring of the overall Group strategy roadmap to inform the GEM of the status and progress made. This ensures that our sustainability targets are included in the regular review of our Group Strategy 2026. The three KPIs are: CO₂-neutral operations, net positive impact through our offering and external ESG ratings.

The Sustainability Board

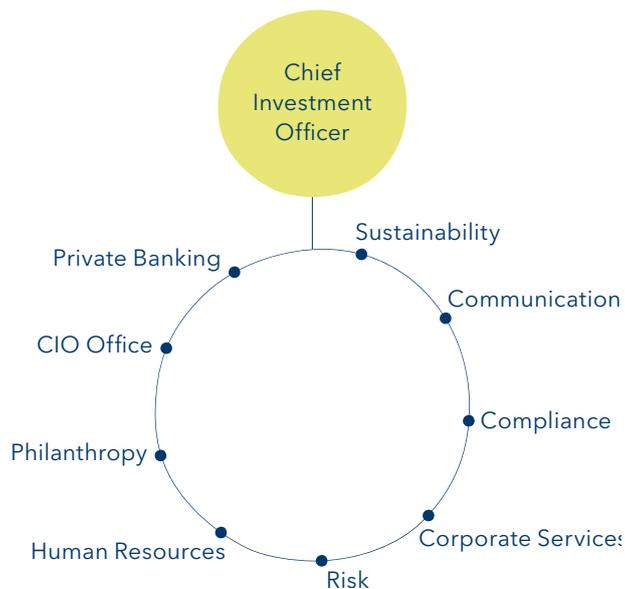


Figure 8

The Sustainability Board supports the implementation of the Sustainability Plan 2026 and ensures consistency across the Bank. It is chaired by the CIO and includes senior representatives from various departments (see → figure 8). The Sustainability Board meets three times per year to review progress, discuss any issues and develop suggestions for further improvements. The meetings are organised by the Head of Group Sustainability.

Our sustainability governance has been vital to our strategy setting and the monitoring of progress and overcoming potential challenges in achieving our overall objectives, including fulfilling our voluntary commitments.

Sustainability continues to be of utmost importance – for our industry and beyond. With less than ten years to achieve the SDGs, progress needs to be accelerated to overcome gaps in funding and development on SDGs that are currently not on track – in particular with regard to mitigating the effects of climate change. The financial industry has one of the biggest opportunities to create positive and lasting change by directing the flow of capital towards sustainability solutions. In order to achieve this global agenda, VP Bank strives to contribute to the achievement of the SDGs as defined by the UN and to the Paris Agreement. This is clearly expressed in our Sustainability Plan 2026 and commitment statement. Some of our material topics directly link to various SDGs (see → section “Materiality analysis”), as do our thematic investing products (see → section “Investing for Change”), and we are working on integrating the SDGs into our VPSS methodology (see → section “Investing for Change”).

In order to effectively respond to the risks and opportunities we are facing, VP Bank’s strategy is informed by the megatrends that shape our industry and our world in general. In terms of sustainability, we are responding to the following trends:

- There is a growing appetite from clients for sustainable investment solutions which has further strengthened our resolve to implement an ESG-compliant investment and advisory process and offer more sustainable investing products. The investments VP Bank makes through its treasury should take into account ESG criteria to support our goal of creating a net-positive impact through our investments.
- Within our industry, there is an increasing awareness of the importance of sustainability, but not everyone knows yet how to respond. As such, VP Bank provides training and information sessions to our intermediary clients and ensures that we keep our clients informed on key changes and opportunities.
- There are increasing requirements for transparency. To stay ahead of the curve, VP Bank voluntarily discloses according to the internationally accepted standards of GRI and SASB. In addition, VP Bank has also joined the TCFD framework. See → section “Trends, risks and opportunities” and our TCFD framework on pages 24–25 on our response to climate change.

In order to effectively address these trends, VP Bank conducted ESG risk management workshops covering transitional risks and physical risks related to sustainability in the following areas: credit lending, operational/reputational risk, treasury investments, financial management and reporting.

Participants formed working groups to develop detailed action and implementation plans for ESG risk management in their respective areas of work:

- Treasury: integration of VPSS in general and SDG 13: “Take urgent action to combat climate change and its impacts” in particular

- Credit risk: Representative Concentration Pathways (RCP) 8.5 scenario: physical risk for the mortgage portfolio; ESG risks in commercial loans
- Operational risk: ESG risk integration in risk assessment

New regulatory requirements

Preparing for upcoming regulatory requirements is part of our risk management process. As of 2021, this includes in particular the EU Action Plan on financing sustainable growth, the Shareholder Rights Directive II (SRDII) and the Capital Requirements Regulation / Capital Requirements Directive (CRR/CRD). We are also preparing for the transition to the Corporate Sustainability Reporting Directive (CSRD), that comes into effect in 2022 and amends the existing reporting requirements of the Non-Financial Reporting Directive (NFRD). Aside from more detailed reporting requirements and reporting according to EU sustainability reporting standards, it also requires the audit (assurance) or reported information and digital ‘tagging’ of the reported information.

In order to facilitate institutional investors exercising their shareholder rights, the Bank will introduce a proxy voting service which allows institutional investors to give their vote instructions on a dedicated platform. We are currently working on implementing the service to make it available to our clients in 2022.

Disclosures on taxonomy-eligible and non-eligible economic activities

As of 31 December 2021, information on taxonomy-eligibility of underlying entities’ economic activities was not yet publicly available and hence, taxonomy-eligibility of VP Bank’s total assets based on publicly available information is equal to zero. Therefore, we chose to estimate their eligibility disclosures using data provided by MSCI and disclose the resulting breakdown voluntarily as per the overview below:

- In accordance with Art. 10 of the Delegated Regulation (EU) 2021/2178 the proportion in our total assets of exposures to Taxonomy-eligible economic activities is 1.30% and to Taxonomy non-eligible economic activities is 1.38%.
- The total assets, on which our calculations are based, exclude mandatory omissions in accordance with Art. 10 of the Delegated Regulation (EU) 2021/2178.
- The excluded proportion in our total assets of exposures to central governments, central banks and supranational issuers and derivatives as referred to in Art. 7(1) and (2) of EU 2021/2178 is 24%.
- The estimated proportion of exposures to undertakings that are not obliged to publish non-financial information pursuant to Article 19a or 29a of Directive 2013/34/EU as referred to in Art. 7(3) of EU 2021/2178 is around 50%.
- Further, we note that the proportion of our trading portfolio and on demand inter-bank loans in our total assets is 4%.

Contextual information in support of the quantitative indicators

We only included direct equity and bond investments for the calculation of the exposures to taxonomy-eligible eco-

conomic activities due to data availability constrains and also as we were not able to identify loans to clients, which could be considered to be undertakings that are obliged to publish non-financial information pursuant to Article 19a or 29a of Directive 2013/34/EU. For some exposures in the numerator, no data on the taxonomy-eligibility of the underlying entity's economic activities was available. In that case we omitted said exposures from the numerator. To be able to distinguish an investment as an exposure to an undertaking that is obliged to publish non-financial information pursuant to Article 19a or 29a of Directive 2013/34/EU, we included data from Refinitiv Datastream in addition to MSCI to broaden the data base. If we did not have enough data available ascertain that an investment has to be considered as an investment as an exposure to an undertaking that is obliged to publish non-financial information pursuant to Article 19a or 29a of Directive 2013/34/EU, we did not include it in the numerator. We have chosen to only include funds and private market investments in the denominator of our calculations due to a lack in reliability of fund eligibility data provided by MSCI. Due to aforementioned reasons, our eligibility and non-eligibility exposure from client loans and loans to other financial institutions is disclosed as 0%. For listed debt and equity instruments, eligibility exposure is 6.37% while it is 6.75% for non-eligibility exposure.

Sectorwise our exposure to Taxonomy-eligible economic activities, within our debt and equity instruments, is within communication services, utilities and basic materials while our largest exposure to Taxonomy non-eligible economic activities can be found within basic materials, consumer non-cyclicals and utilities.

Outlook

Regulation will become a key component of the bank's suitability and product governance specifications. Additionally, the bank will determine to what extent it will consider the financing of taxonomy-aligned economic activities in the investment process related to its off-balance and on-balance sheet assets including for example the product design process, treasury or loan origination.

Our response to climate-related risks

The IPCC report published in August 2021 was referred to as «Code Red for Humanity» and found that human activity is changing the climate in every region of the world. Many of these changes are becoming irreversible and we are fast reaching the globally agreed threshold of a 1.5°C increase. Because of the importance of this issue, VP Bank has two specific targets to contribute to the Paris Agreement: creating a net-positive impact through our offering and conducting our operations in a CO₂-neutral way. To classify climate-related risks (i.e. physical and transition risks), VP Bank has adopted the risk terminology proposed by the TCFD framework and reports on recommended disclosures in four areas: governance, strategy, risk management and metrics and targets.

TCFD Disclosures

Governance

Board oversight of climate-related risks and opportunities

The BoD bears overall responsibility for risk management, including climate change as a potential risk for VP Bank. The Risk Committee (VRI) assists the BoD in fulfilling its risk management duties.

Management's role in assessing and managing climate-related risks and opportunities

GEM is responsible for the implementation and observance of the Risk Policy approved by the BoD. It operationalises the BoD's risk appetite and ensures compliance monitoring. It also monitors VP Bank's progress towards targets. The Chief Risk Officer (CRO), as a member of the GEM, is responsible for independent risk monitoring.

Progress in 2021: An update was provided to the VRI with regard to the activities VP Bank has undertaken to identify and manage ESG risks, especially climate-related risk.

An update was provided to the Strategy & Digitalisation Committee of VP Bank's approach to sustainability more broadly.

A practice group consisting of subject matter experts was formed to operationalise the change process in VP Bank's risk framework and to respond to climate-related risks and opportunities in 2022. The group consists of members from different risk control and management departments and the Head of Group Sustainability. Meeting frequency and content will be determined in 2022. The group will report to the CRO (GEM) and BoD via the existing Group Risk Report.

Outlook: Moving forward, VP Bank will further elaborate its climate risk strategy to address risk and leverage opportunities. ESG risk management training sessions will be held to improve knowledge regarding identifying and assessing ESG risk.

Strategy

Short-, medium-, and long-term climate-related risks and opportunities

For VP Bank, sustainability and especially climate-related risks do not form a new category of risks but are subsumed under the existing categories. This approach is in line with the FMA Fact Sheet 2021/1 – Dealing with ESG Risks, published in 2021. Potential impacts are detailed in the table below.

Transition risks	Risks and opportunities related to the transition to a lower-carbon economy	Financial risks
Policy and legal	<ul style="list-style-type: none"> New regulatory requirements FMA/EBA Enhanced emissions-reporting obligations (scope 3) 	
Technology	<ul style="list-style-type: none"> Higher productivity of new technologies leading to competitive advantage New competitors Costs to adopt/deploy new practices and processes 	Credit risk (default by businesses), market risk (repricing of assets)
Market changes	<ul style="list-style-type: none"> Increasing demand for green financial products and services Abrupt and unexpected shifts in energy costs Repricing of assets (securities valuation, fossil fuel reserves) 	Credit risk (default by businesses), market risk (repricing of assets)
Reputation	Shifts in consumer preferences (avoiding stigmatised sectors)	
Physical risks	Risks related to the physical impacts of climate change	Financial risks
Acute	<ul style="list-style-type: none"> Disruption in banking operations Damages to private and business properties (credit collateral) Disruptions to supply chain 	Operational risk, credit risk (default by businesses), market risk (repricing of assets)
Chronic	Changes in precipitation patterns could cause decreased asset values (real estate in hazard zones)	Credit risk

Table 6

Impact of climate related risks and opportunities on our businesses, strategy, and financial planning

Update: To understand ESG and especially climate risks, dedicated workshops were held with participants from credit risk, treasury, operational risk and financial management.

The project, integration of ESG risk in risk management frameworks, as part of the EU Action Plan on financing sustainable growth, is led by the CRO.

We have published two statements on our website. First, a statement describing our strategic handling of sustainability risks. Second, a statement summarizing how we identify and address ESG risks and impacts into our investment decision process.

Outlook: In 2022, an elaboration of a climate risk strategy (i.e. how to address risk and leverage opportunities) is planned. ESG risk management training sessions will be held to improve knowledge regarding identifying and assessing ESG risk.

Scenario planning and resilience of our strategy

We will continue to further develop our approach to double materiality and are planning on conducting a thorough impact analysis and scenario planning.

Risk management

Processes for identifying and assessing climate-related risks.

Climate change scenarios have typically longer time horizons than the traditionally used time horizons in assessing risk. Often, the impacts on macroeconomic and financial outcomes are unclear and challenging to quantify.

2021 Update: To understand ESG, and especially climate-related risks, dedicated workshops were held with participants from credit risk, treasury, operational risk and financial management (see above).

Outlook: Further departments will receive training sessions next year.

Processes for managing climate-related risks.

Risk management goes hand in hand with comprehensive risk monitoring, which is conducted independently of risk management activities in both functional and organisational terms. Risk monitoring comprises risk control and risk reporting.

2021 Update: VP Bank will integrate ESG risks in bottom-up and top-down assessments in 2022. Both risk assessments form the basis for the risk inventory, risk appetite and strategy. Results of risk assessments influence future controlling and reporting activities.

Integration into our overall risk management.

Climate change and the resulting climate-related risks are seen as financial risks that have to be integrated into existing risk management frameworks. Risk management comprises all measures, at all organisational levels, that are intended to actively influence banking risks that have been identified as significant. VP Bank will consider climate-related risks in the risk-bearing capacity and Internal Capital Adequacy Assessment Process / Internal Liquidity Adequacy Assessment Process.

Outlook: Climate-related risks will be integrated into our risk inventory and strategy in 2022. Integration of ESG risk into our risk management framework is also part of our adaption to the EU Action Plan on financing sustainable growth.

Metrics and Targets

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

VP Bank has established different metrics to assess and monitor climate-related risks and to ensure the future resilience of VP Bank's business model.

- Current emissions of our own operations
- Total energy consumption and related GHG emissions
- Scope 1 and Scope 2 emissions
- VPSS of own investment and lending portfolio
VPSS bond portfolio, 31.12.2021
Total exposure = CHF 2,575 million
Coverage VPSS = 93%
- CO₂ footprint of own investment and lending portfolio

Industry Group	Distribution	VPSS
Financials	24%	7.2
Sovereign	15%	5.0
Regional (state/province)	7%	6.9
Corporates	54%	4.8

Table 7

Table 7 reports on the portfolio distribution (issuer) and corresponding average VPSS score. Of the CHF 2,575 million invested in bonds, 93% are covered by VPSS. Thereof, 24% of the issuers are Financials, 15% Sovereign, 7% regional (state/province) and 54% corporates.

Outlook: We are working on calculating the CO₂ exposure baseline and the VPSS of all our client assets. This will allow us to create strategies to reduce exposure and create a net-positive impact.

Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions, and the related risks

VP Bank discloses its CO₂ emissions covering its own activities. For more details on this refer to → section "Our environmental approach (E)".

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

VP Bank has set targets which cover both its investment activities and its operations:

- Achieve net-positive impact through client offering
- Achieve CO₂-neutral operations (focusing on our energy consumption and business flights)
- Achieve an "AA" MSCI ESG rating
- Achieve net-zero emissions in our lending and investment portfolios (in line with our Net-Zero Banking Alliance membership)

Material topics:



Sustainable investment



Innovation

Our Investing for Change approach

At VP Bank, we know that integrating ESG factors into the investment process not only results in better decision-making and the discovery of new investment opportunities but represents the way we can have the most significant net-positive impact through our offering, including in the area of climate change.

In 2020, we launched our “Investing for Change” initiative to actively bring about positive change through sustainable investing. Under this initiative, we have developed a sustainability assessment methodology to guide our investment decisions and launched products with an ESG focus. Since January 2021, we have been integrating sustainability risks and opportunities into all investment decisions.

Through thematic investing, we identify future topics and companies that are responding to social and environmental changes in a significant way. We do not treat sustainability as a product, but consistently incorporate it into our investment processes and include it in the portfolio construction for our discretionary mandates and in the advice we pro-

vide to our clients. By doing so, we enable our clients and investors to seize opportunities on the financial markets and profit sustainably.

There are many approaches to sustainable investing. Our application can be seen in figure 9.

To guide our investment decisions, we developed VPSS to capture the elements we consider important. This approach has several benefits, since it:

- incorporates our own philosophy, values and criteria;
- centres on integration and not exclusion;
- allows for transparency at the portfolio level;
- enables the comparison of different asset classes and financial instruments; and
- allows clients to adjust their sustainability profile.

In 2021, we added the SDG and Impact Exposure subcomponent to the VPSS. For more information on the VPSS and a detailed description of the methodology and its inclusion and exclusion criteria, visit our website. To find out what VPSS includes and what it means for our client advisory services, watch our video with Tobias Wehrli, Head of Intermediaries & Private Banking of VP Bank Group.

Sustainable Investing			
Negative Screening	Positive Screening	Thematic	Impact
Investments are excluded based on lagging performance and controversial behaviours. Minimal exposure to problematic products.	Investments are screened based on ESG rating, ESG momentum, business practices and business activities.	Solutions to specific environmental or social challenges (e.g. climate change, health).	Intentionally generate a measurable, beneficial social and environmental impact alongside a financial return.
Reduce risk	Include opportunities	Focus on opportunities	Address specific preferences
Applied to all investment decisions	Applied to all investment decisions	Offered	Offered

Figure 9



Figure 10

Our Investing for Change client offering

Aside from the VPSS, which describes our approach to sustainability integration, we are committed to continuously optimising our product offering and providing our clients with relevant investment opportunities. In 2020, we introduced our Risk Optimised ESG Equity funds and the Green City Basket. In 2021, we integrated sustainability criteria into all discretionary mandates and launched our Sustainable Plus offering.

The Sustainable Plus Mandate

In 2021, VP Bank added a Sustainable Plus offering for clients. Sustainability themes can now be smoothly added to a client's portfolio. With a themed approach, investments can be made in a targeted manner in companies whose products or services help reduce emissions or protect the environment in other ways. Client portfolios include investments with which a measurable improvement is achieved, for example green bonds, social bonds and microfinance.

Clients can choose from five sustainability themes in order to invest according to their preference:

- Environment and climate action
- Health and demographic change
- Renewable energies and a circular economy
- Equal opportunity, education and security
- Sustainable infrastructure

More information on our approach to thematic investing can be found on our website.

In a further 2021 update to our client offering, VP Bank undertook a strategic realignment to become an international Open Wealth Service provider. We have partnered with InvestCloud to design and implement this solution. For more information on this, refer to sections "Strategic orientation" and "Strategic partnerships" of our Annual Report 2021.

Our VP Client Solutions unit, founded in 2020, provides unique solutions to access and unlock the potential of private markets in general and impact investing in particular. In 2021, the ORBIT Ecosystem and ORBIT Core platform were launched. They connect our partners and clients to a carefully curated private market offering, featuring attractive investment opportunities and structuring capabilities in direct and collective private markets.

The “Move” pillar of our Group Strategy 2026 refers to the opening up of new business opportunities and the importance of this topic is reflected in our material topic “Innovation”. We are convinced that sustainability and innovation are inherently linked and symbiotic. As such, we strive to continuously improve our client offering not only through our sustainable investing product offering but in our Philanthropy & Impact client offering as well.

For more information on the “Move” pillar of our Group Strategy 2026 and our innovative client offering, refer to section “Strategic orientation” of our Annual Report 2021.

Our Philanthropy & Impact approach

Our clients increasingly want to give their wealth a purpose and match philanthropy with meaningful, sustainable investments. Our Philanthropy & Impact approach helps clients achieve this objective. We enable our clients to support causes that align with the values and the purpose they want to pursue, to create a legacy or to continue their life purpose in the form of a trust or foundation.

We plan to offer our clients philanthropy and impact solutions based on the following four pillars:

a) Philanthropy Catalogue: This catalogue comprises the collection of carefully curated charitable initiatives and causes that our clients can select from, across all VP Bank entities. The charities chosen are catalogued in order of the 17 SDGs. Clients can also choose solutions according to a preferred country of engagement. Foundations set up by our clients and people actively engaged with our initiatives are included in the catalogue.

b) Venture Hybrid Philanthropy: A new model of hybrid philanthropy will be created in order to support our clients on the journey of combining investments and philanthropy, by connecting sustainable investments with social impact donations to charitable causes listed in the Philanthropy Catalogue.

c) Philanthropy Advisory: VP Bank has trusted shareholders who are specialised in helping families to set up, structure and maintain trusts and foundations. Our aim is to expand these partnerships further.

Philanthropy Events

As a business unit within Client Solutions, we pride ourselves on providing a holistic experience for our clients that includes exclusive, invitation-only experiences that help us to connect with and better serve the investment and philanthropic interests of our clients.

Dinner with a Difference

In September 2021, we were able to host our first “Dinner with a Difference”- an event that we are planning to host regularly, to bring together individuals who have a common interest in philanthropy. Every “Dinner with a Difference” will highlight a particular foundation or charity. In 2021, the event took place at Schloss Schauenstein, with guest speaker Lola Grace - a well-known philanthropist. As the founder of the Middle East Children’s Institute (MECI), she shared her experience growing up in a crisis-impacted environment and what eventually inspired her to establish what is now her ultimate endeavour, the MECI foundation. With a specific focus on addressing the needs of children, young adults and women in conflict areas of the Middle East, the MECI Foundation is an internationally recognised NGO, empowering individuals most affected by conflict.

ORBIT experiences

Together with Roland Gumpert Automotive, we shared with our guests the new, production ready Gumpert methanol/hydrogen electric mobility vehicle “Nathalie”. Exclusive and by invitation only, the event took place at Gumpert headquarters in Ingolstadt, Germany and was one of two unique opportunities organised by VP Bank Client Solutions under the ORBIT experience for private clients. Companies focused on innovative sustainable solutions hold the key to technological achievements that can trickle down from high-end performance cars to the everyday SUV or estate vehicle. We offer our clients the opportunity to play a role in the investment and financing phase of such endeavours.



Material topics addressed in this subsection:



Fair business practices and integrity



Corruption and bribery



Digitalisation

Our approach

While we believe that we can have the greatest impact with our client offering, positive change starts with our own behaviour and, as such, an important pillar of our Sustainability Plan 2026 is our effort to invest in change in our business activities. By this, we mean:

- adhering to best-practice standards and principles to guide us in our daily activities;
- actively contributing to the sustainable development of the finance industry; and
- upholding our tradition of innovation, competence and courage, while continuously evolving and refining not only our product offering, but also our business practices and contribution to society.

We promote client proximity and trust through voluntary commitments to ethical principles in business practices and create a solid foundation for operating principles. Our Code of Conduct, which is well established at VP Bank, and the Bank's values and management principles, underpin VP Bank's binding commitment to ethically correct management and serve as a guide for good conduct. VP Bank's business relationships, both internal and external, are in line with the principles of the International Convention on Human Rights and International Labour Organisation Standards. This includes a ban on forced or child labour in all locations where VP Bank operates. Violations of the Code of Conduct or VP Bank rules are penalised through disciplinary measures and consequences, as authorised under labour law.

We regularly consult with our stakeholders with regard to our activities and progress. This approach also applies to our commitment to good governance, fair business practices and tax compliance. For more on our stakeholder engagement activities, see → section "Stakeholder engagement".

In 2021, VP Bank initiated a review of the existing Conflict of Interest and Code of Conduct framework and further tightened the requirements for all employees to ensure we are up to the highest standards in these areas.

In the reporting period, VP Bank was involved in legal and regulatory proceedings associated with its regular banking business. For more details, refer to section "Notes to the consolidated financial statement/Litigation" of our Annual Report 2021.

Reporting of violations

Employees who identify a suspected violation of the Code of Conduct or any VP Bank rules are required to immediately report it to their direct supervisor, Compliance, Group Internal Audit or the local whistle-blowing office. Supervisors forward the report to Compliance or Group Internal Audit. Employees who, in good faith, inform the responsible office of a suspected violation need not fear any personal disadvantages as a consequence. This applies even in cases where it transpires that no violation has occurred. Confidentiality is assured, subject to the applicable legal provisions.

Mandatory training

VP Bank also has rules covering key topics such as banking secrecy, data protection, conflicts of interest, insider information and data integrity, and areas such as equal opportunities and social media. These are reinforced through periodic communications and mandatory training sessions. All employees must complete annual trainings on identifying potential conflicts of interest, the Code of Conduct, data protection and IT security. Additional mandatory training on subjects such as financial crime and market abuse, among others, is completed according to roles and functions. Furthermore, tools to report potential conflicts of interest and outside business activities are implemented.

Conflicts of interest and anti-corruption measures

Conflicts of interest may arise between the Bank and clients, between individual clients, between the Bank, its governance bodies, employees and clients and within VP Bank Group or between VP Bank subsidiaries and other financial services companies. Such conflicts may involve traditional banking transactions or other business opportunities and purposes. A comprehensive set of rules and

supporting processes (e.g. with respect to benefits) exist to maintain objectivity and prevent conflicts of interest. VP Bank acts in the best interests of its clients. To that end, a strict division of tasks exists between the Asset Management, Investment Advisory, Trading, Financial Analysis, Financing, Risk Monitoring and Clearing departments and Chinese walls prevent the sharing of sensitive information in this regard.

VP Bank works actively to combat bribery, which is the basis for corruption, the granting or receiving of advantages and financial crimes in the banking business. This objective is accomplished, on the one hand, through ongoing training for client advisors and, on the other, through internal monitoring and control measures.

Tax compliance

VP Bank is fully committed to the clean money strategy of the Liechtenstein banking centre and therefore adheres to the corresponding binding provisions of the Liechtenstein Bankers Association. Through their conduct and activities, VP Bank employees do not support any unauthorised transaction that would serve to reduce taxes or duties or conceal tax-related information. In addition, VP Bank observes all national and international tax regulatory requirements such as the Qualified Intermediary (QI) regime, the Foreign Account Tax Compliance Act (FATCA) and the Automatic Exchange of Information (AEOI).

Regarding its own tax strategy, VP Bank pursues a strategy geared towards long-term value creation and does not utilise aggressive tax practices of any kind. Transfer prices for services within the Group are based on the market value (arm's-length principle). VP Bank does not adopt structures that lead to taxation in low-tax countries without performing corresponding business activities there.

Digitalisation

We are acting on the increasing needs of clients for the digitalisation of banking services with the ongoing development of our VP Bank client portal, focusing on transparency and accessibility. Now, all clients are able to log in to our client portal, even if they do not need specific e-banking services. In addition to that, we developed with a partner a fully integrated web-based cloud solution to import ESG data to VP Bank systems. These ESG scores are shown in client portfolios.

With last year's implementation of a new relationship manager cockpit, we enabled a significant increase in efficiency and effectiveness in handling administrative tasks. For example, we have extended the functionality with onboarding of prospects and digital event management invitations, including acceptance by clients. By outsourcing IT infrastructure to a hosting specialist, we are now able to benefit from a larger data centre that operates at scale and is therefore more sustainable both in terms of hardware and electricity needed per individual company⁴.

For further information on our digitalisation approach, refer to our website.

The security of personal data is of utmost importance, not only but especially in context of digitalisation. We therefore refer to the country-specific factsheets on data protection information on our website.

⁴ <https://www.swisscom.ch/en/business/enterprise/themen/cloud/nachhaltigkeit-cloud.html>

OUR PEOPLE APPROACH (S)



Material topics covered in this subsection:



Equal opportunities and diversity



Employment practices



Philanthropy



Volunteering

Our approach

For VP Bank, a management approach that embraces sustainable corporate leadership plays an essential role in its overall success. Leadership for us means going beyond compliance and good governance and extends beyond our product offering. True sustainability includes the well-being of our employees and the communities we operate in. As such, we are committed to continuously improving our employment practices and social conduct.

VP Bank provides modern and appealing working conditions. In addition, motivation and health have an impact on individual performance and therefore we promote a working atmosphere where all employees feel comfortable and empowered. VP Bank encourages its employees to develop and implement their own ideas and offers them training and continuing education opportunities.

Our People Strategy

We know that only enthusiastic employees will inspire our clients and therefore support the achievement of the Group goals for 2026. To seize current and future opportunities for change and contribute to the sustainability of the financial sector, we have developed our People Strategy, which is composed of four central pillars:

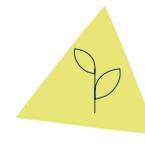
Talent Academy

At VP Bank, we define talent as individuals who show the following four characteristics: readiness (for job enrichment/enlargement within one year), change ability, growth mindset and a clear commitment to the corporate culture.



Excite Talents

We attract and retain exceptional employees by creating employee experiences that motivate and inspire.



Grow For Future

We know what unique skills our employees bring to the table and work to develop them in a variety of ways.



Love To Empower

Our leaders inspire and guide our employees to use change as the basis for growth.



Connect to Collaborate

Our inclusive culture makes our employees feel welcome and encourages them to work together in a collaborative and agile manner.

Figure 11

In 2021, we set up our Talent Academy - a range of modules that participants take part in on the job - to strengthen and develop our talented employees. We have started with 19 participants and are planning to add more next year.

Leadership Curriculum

Not only recognising the potential of our employees, but using and developing it in a targeted manner, is one of the most important aspects of good leadership for our managers. Leaders also need to be inspiring to help our employees to grow. VP Bank needs strong leaders to bring our vision, our Group Strategy 2026 and our Sustainability Strategy to fruition.

In order to provide our managers with the best-possible support, our Leadership Curriculum takes place annually from September to November. Via videoconference, all of our 180 managers meet in cross-hierarchical, cross-locational and cross-divisional groups to exchange ideas on opportunities, experiences and relevant topics to generate and share helpful inputs for everyday life.

SAQ certification

VP Bank also continuously invests in the training of our client advisors. Apart from individual development measures, client advisors undergo a certification process according to Swiss Association for Quality (SAQ) standards. In order to keep their certificates, client advisors participate in numerous training sessions to maintain their professional advisory skills. Such training sessions foster the digital skills of our client advisors and provide them with valuable information in the fields of compliance, advisory, sales and more.

External development programmes

VP Bank supports training and further education in line with the requirements of the Group. For such purpose, funds are granted annually within the budget framework to support the employees' individual development within the line or at the locations. In Liechtenstein, 27 people (previous year: 26) completed development programmes with a diploma and 29 people (previous year: 38) were in ongoing training at the end of 2021.

Equal opportunities

Employees and managers are hired according to strict qualification criteria, regardless of age, gender, sexual orientation or nationality. VP Bank is committed to diversity at every employee and management level and offers all employees equal employment and promotion opportunities. The evaluation of employees' work performance is fair and objective. Whenever possible, those on long-term sick leave are reintegrated into the work environment and are offered professional support.

Remuneration

VP Bank's remuneration policy provides a binding Group-wide framework for remuneration practice, thereby ensuring that VP Bank personnel are compensated according to uniform guidelines and that the principle of equal pay for equivalent work is systematically applied. VP Bank Group's remuneration policy and practices are simple, transparent and include ESG aspects.

The overall remuneration of VP Bank Group employees is made up of the fixed remuneration element plus potential further elements, such as variable remuneration, as employee stock ownership programme and fringe benefits. The remuneration policy in general and the appropriateness of the fixed salary is reviewed annually and, if necessary, adjusted accordingly.

VP Bank encourages employees to identify with VP Bank by means of an employee stock ownership programme. The stock ownership programme enables employees to subscribe annually to a defined number of bearer shares of VP Bank Ltd, Vaduz, at a preferential price, subject to a three-year restriction on selling these shares.

Employee representation

Freedom of association is guaranteed throughout VP Bank in accordance with applicable legal regulations. Employment contracts are negotiated mainly on an individual basis rather than through collective bargaining.

Employees in Liechtenstein and Luxembourg are represented by the employee representation organisation (Arbeitnehmervertretung – ANV), which acts as a contact point for employees to mediate with regards to various topics such as dismissals or the protection of employee interests. This represents 80% of the total workforce. All suggestions, complaints and personal concerns are handled with the utmost discretion and dealt with in regular meetings. The work of the ANV is based on the Rules of Participation, adopted by the Executive Board. The ANV must be informed and involved by the Executive Board if the general conditions of employment are to be changed or if a reduction in the number of employees is planned. The President of the ANV and the HR division management meet regularly to exchange views on current HR topics. Between VP Bank and VP Fund Solutions, a joint works council represents the interests of the employees of both companies. The works council is committed to the protection and improvement of working conditions and the preservation of the employment situation and jobs.

EMPLOYEE STATISTICS

	Total 2021	Total 2020	Men 2021	Men 2020	Women 2021	Women 2020	% men 2021	% men 2020	% women 2021	% women 2020
Number of employees	1012	990	600	600	412	390	59%	61%	41%	39%
Permanent contracts	952	941	571	573	381	368	60%	61%	40%	39%
Temporary contracts	60	49	29	27	31	22	48%	55%	52%	45%
Full-time employment	809	766	545	535	264	231	67%	70%	33%	30%
Part-time employment	203	224	55	65	148	159	27%	29%	73%	71%
Voluntary turnover	11.5%	6%	12.2%	5.5%	10.5%	6.7%	–	–	–	–

DIVERSITY DATA

	Total 2021	Total 2020	Men 2021	Men 2020	Women 2021	Women 2020	% men 2021	% men 2020	% women 2021	% women 2020
Board of Directors	8	8	5	5	3	3	63%	63%	38%	38%
Management level 1	6	5	6	5	–	–	100%	100%	0%	0%
Management level 2	29	25	26	24	3	1	90%	96%	10%	4%

Table 8

IT outsourcing

In 2021, VP Bank transitioned to an outsourcing of its IT services to Swisscom. A project team including representatives of the line management and Human Resources worked closely together in order to support the affected employees, both by maintaining close contact and by offering guidance regarding their planned integration into Swisscom in May 2022. This included digital and physical meetings to pass on all necessary information about the entire transfer phase (employment conditions, offering, final placement). Regular project meetings and weekly exchange sessions between the HR project leaders of VP Bank and Swisscom ensured a close coordination of the necessary activities. All affected employees were offered a placement within Swisscom. In addition to the employees who accepted this offer, some were also able to take up a new position internally and others left VP Bank during the project phase.

Employee statistics and diversity

Table 8 provides the current employee statistics of VP Bank Group. Employee data for the entire VP Bank Group is stored in a centralised data system. Authorised personnel are able to extract information and generate reports. As of 31 December 2021, VP Bank Group employed 1012 people, 174 of whom were client advisors. The employee turnover rate for 2021 was 11.5% (6% in 2020).

This increase in unintended fluctuation is mainly caused by the announced outsourcing of IT infrastructure, and corresponding higher number of exits that were initiated by employees. For more details, refer to section "Employees" of our Annual Report 2021.

VP Bank Foundation

Serving the public interest, being good neighbours and giving back to the communities we operate in is a matter of course for us. Our social engagement is therefore another avenue where we practise sustainability and put our values into action.

The VP Bank Foundation supports projects, institutions and individuals who show outstanding commitment to environmental and sustainability issues. Its central goal is to promote values that are of lasting importance to society.

In 2021, the VP Bank Foundation granted sponsorship in the amount of approximately CHF 180,000. Among the main beneficiaries in the area of education and science were the Zukunft.li Foundation and the UFL Private University in the Principality of Liechtenstein.

Within the scope of cultural sponsorship, the Foundation pursues a policy that is less oriented towards large projects and large institutions. By supporting the foundation Lebenswertes Liechtenstein, which was co-founded by the VP Bank Foundation, a contribution is being made to securing Liechtenstein's future in a holistic manner, in social, ecological and economic terms. In the area of

climate protection, the VP Bank Foundation supports the project "Principality of Liechtenstein - Pioneer(s) for a climate-friendly and sustainable society" of the myclimate foundation. With the "Aktion Lichtblick", the VP Bank Foundation made contributions to 28 social organisations, institutions and associations in Liechtenstein.

Overall, the distributions in 2021 were as follows:

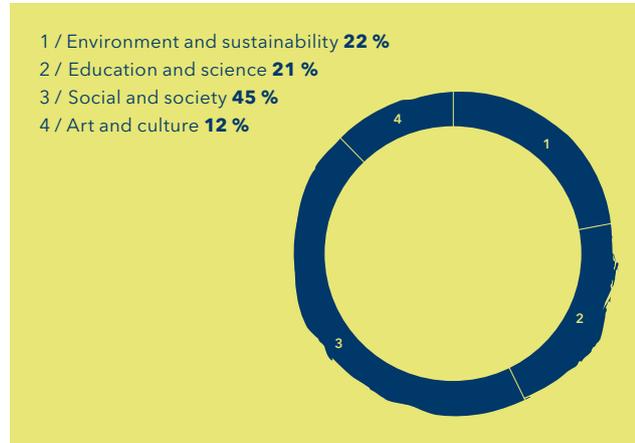


Figure 12

Volunteering

The Volunteering Day programme was initiated by VP Bank in 2015. It enables employees in Liechtenstein and Switzerland to spend one day working for non-profit organisations that are active in the areas of social welfare, continuing education or the environment. In 2021, 22 employees took advantage of this opportunity.



Material issues addressed in this subsection:



Climate Change



Clean Energy



Environment



Resource efficiency

Our approach

The Paris Agreement has mapped out the path ahead to combat climate change. Parties to the agreement all committed to bringing CO₂ emissions down to net zero by 2050. At VP Bank, our goal is to achieve CO₂-neutral operations by 2026. Our stakeholders agree on the importance of this topic and have ranked climate change and resource efficiency as two of our most material topics in terms of our business activities. In order to ensure that we stay on the right track with our targets, we will regularly consult with our stakeholders and monitor our progress. For more on our stakeholder engagement process, goals and material topics, see → section 2.3.

Climate change and clean energy

VP Bank Group has a long history of using renewable energy. A photovoltaic system on the roof of the Giessen building in Vaduz has been providing environmentally friendly energy for 25 years. The photovoltaic systems generated a total of 176,770 kWh in 2021. Other technologies deployed in some of our offices include LED lighting, motion-detection lighting and various sources of renewable energies such as using the heat of groundwater.

In our goal to achieve CO₂-neutral operations, we apply the mitigation hierarchy:

- **Reduce** where we can: e-charging facilities in Liechtenstein garages (currently thereof 11) help to promote electric vehicles; installed energy-efficient office equipment: LED lighting, more efficient printers
- **Use clean energy** where available: installation of photovoltaic system in Liechtenstein more than 25 years ago, clean electricity where it is available, mix of renewable energy use in different locations, use of groundwater-driven heat pumps, switch from oil heating to natural gas in Liechtenstein
- **Offset** only as a last resort: in locations where we have no control over the energy source (e.g. Singapore), we will buy offsets

Total energy consumption per employee at the Bank's Liechtenstein facilities has fallen significantly over the years. In 2021, 5,634 kWh were recorded, 43% fewer than in 2010.

Environment and resource efficiency

Our internal environmental efforts not only extend to clean energy and a reduction of our CO₂ footprint. We have also put in place stringent waste management and resource-efficiency solutions. Part of this is an increased focus on digitalisation and the reduction of our paper consumption. Our waste disposal concept ensures that we recycle and reduce waste where possible.

In our Liechtenstein offices, paper consumption for instance decreased from 68.03 tonnes in 2004 to 25.27 tonnes in 2021, supported by a 7.5-tonne reduction in the past year. Paper consumption per employee was 0.04 tonnes in 2021, compared to 0.15 tonnes in 2004.

The total amount of waste fell to 125 tonnes in Liechtenstein in 2021, substantially lower than in 2020. VP Bank's discarded waste paper is shredded in an in-house recycling unit and compressed into briquettes. With this process, roughly 14.6 tonnes of paper briquettes were produced at the Liechtenstein location in 2021. They were collected by a local recycler and put to new uses.

What is more, water consumption at our offices fell over the past two years, after it had risen slightly due to the growing number of employees from 2015 to 2019. In 2021, 4,942 m³ were recorded for Liechtenstein. Water consumption per employee was 7.8 m³, compared to 8.4 m³ in the previous year.

A further measure taken at VP Bank is our partnership with Drink & Donate. Employees receive a reusable glass bottle, thus reducing the demand for individual plastic bottles. With our 2021 donation, we are supporting Helvetas in the construction of a solar-powered water supply for a school in Benin. This will give schoolkids and teachers long-term access to clean drinking water.

Supply chain

All our suppliers must comply with relevant regulations and international standards. A significant portion of our procurement is consulting- and IT-related and we therefore do not face the same large-scale supply chain challenges as other industries.

Part of our IT strategy is the replacement of our current workstations. The procurement of around 1,000 new laptops represents a major investment for VP Bank Group. Sustainability was an important criterion in the evaluation, which took place in 2021. The selected products have the "TCO certified" label.

ENERGY CONSUMPTION (SCOPE 2)

	2021	2020
Total energy consumption (MWh)	4,662	4,417
Non-renewable (MWh)	1,062	941
Renewable (MWh)	3,600	3,475
Renewable (%)	77%	72%
CO ₂ emissions (tonnes)	292	247

Note: 2020 CO₂ emissions have been corrected to include natural gas heating in Liechtenstein. Table 9

Business travel (scope 3)

We leverage digital tools more than ever, which help us reduce business travel while still continuing to provide the high-quality service to our clients. Where we cannot avoid business flights, we offset the GHG emissions. In the past two years, business travel has been impacted by COVID-19, but we expect lasting changes in terms of trips taken, with online meetings increasingly becoming the norm.

Employees in Liechtenstein, Switzerland and Luxembourg are obliged to use a dedicated travel agency. The agency provides us with the following volume:

	2021	2020
Flight distance (kilometres)	680,580	316,983
CO ₂ emissions (tonnes)	164	96

Table 10

ABOUT THE SUSTAINABILITY REPORT

The Sustainability Report is written in accordance with GRI Core and SASB asset management standards. The Sustainability Report addresses all material topics and discloses our management approach for each. The scope of individual material topics can be found in the → definition table 3.

This Sustainability Report can be read in conjunction with the Annual Report 2021 for additional information. Links to relevant policies and standards are included in this Sustainability Report and where further information is available. This Sustainability Report has not been externally verified.

Contact point for questions regarding the Report or its contents:

Group Sustainability

VP Bank Ltd
Aeulestrasse 6
9490 Vaduz
Liechtenstein
sustainability@vpbank.com

Energy consumption

The table below provides information on the energy type and the basis for the CO₂ emissions estimation for each location.

Location	Source of energy and basis for emissions estimation
VPBCH	Information obtained from providers. Heating: 25% biogas, 75% natural gas. Emission factor: 0.137 kg CO ₂ /kWh. ⁵ Consumption information excludes our offices at Talstrasse 62, as data is not available. However, this is a small office.
VPBLU	100% hydroelectricity
VPBSG	Information obtained from provider. ⁶ Electricity: average grid emission factor is 0.4080 kg CO ₂ /kWh. Fuel mix is 95% natural gas, 3.2% renewable, 1.2% coal and 0.6% diesel and fuel oil. Cooling: excluded from total consumption as data is not available.
VPWHK	Information obtained from provider. Emission factor: 0.71 kg CO ₂ /kWh. ⁷
VPBVG	Emissions are estimated since no emission data is available from provider. ⁸ Electricity: generated from oil that is shipped in.
VPBLI	100% renewable: 78% hydropower and 22% solar including own photovoltaic system Heating: 100% natural gas. Emission factor: 0.198 kg CO ₂ / kWh

Table 11



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⁵ <https://www.energie360.ch/de/energie-360/wissen/erdgas-biogas/>

⁶ https://www.ema.gov.sg/statistic.aspx?sta_sid=20140729MPY03nTHx2a1

⁷ https://www.hkelectric.com/en/CorporateSocialResponsibility/CorporateSocialResponsibility_CDD/Documents/SR2020E.pdf

⁸ <https://cambioclimatico-regatta.org/index.php/en/documents-and-tools/item/analysis-of-grid-emission-factors-for-the-electricity-sector-in-caribbean-countries>

GRI Standard		Reference
ORGANIZATIONAL PROFILE		
102-1	Name of the organization	VP Bank AG
102-2	Activities, brands, products, and services	→ 2021 Sustainability Report: VP Bank at a glance, page 9; Our Value chain, page 10
102-3	Location of headquarters	→ 2021 Sustainability Report: VP Bank at a glance, page 9
102-4	Location of operations	→ 2021 Sustainability Report: VP Bank at a glance, page 9
102-5	Ownership and legal form	→ 2021 Sustainability Report: VP Bank at a glance, page 9
102-6	Markets served	→ 2021 Sustainability Report: VP Bank at a glance, page 9
102-7	Scale of the organization	→ 2021 Sustainability Report: VP Bank at a glance, page 9
102-8	Information on employees and other workers	→ 2021 Sustainability Report: Employee statistics, page 34
102-9	Supply chain	→ 2021 Sustainability Report: Supply chain, page 37
102-10	Significant changes to the organization and its supply chain	→ 2021 Annual Report: Segment Reporting, page 102
102-11	Precautionary Principle or approach	→ 2021 Sustainability Report: Trends, risks and opportunities, page 23
102-12	External initiatives	→ 2021 Sustainability Report: Memberships and initiatives, page 21
102-13	Membership of associations	→ 2021 Sustainability Report: Our sustainability plan 2026: Progress update, page 16; Memberships and initiatives, page 21
STRATEGY		
102-14	Statement from senior decision-maker	→ 2021 Sustainability Report: Letter from Chairman and CEO, page 5
102-15	Key impacts, risks, and opportunities	→ 2021 Sustainability Report: Trends, risks and opportunities, page 23-25
ETHICS AND INTEGRITY		
102-16	Values, principles, standards, and norms of behaviour	→ 2021 Sustainability Report: Our business approach, page 31-32 → 2021 Annual Report: Corporate Governance, page 75
102-17	Mechanisms for advice and concerns about ethics	→ 2021 Sustainability Report: Reporting of violations, page 31
GOVERNANCE		
102-18	Governance structure	→ 2021 Sustainability Report: Sustainability governance, page 20 → 2021 Annual Report: Organisational structure, page 22-26
STAKEHOLDER ENGAGEMENT		
102-40	List of stakeholder groups	→ 2021 Sustainability Report: Stakeholder engagement, page 20-21
102-41	Collective bargaining agreements	→ 2021 Sustainability Report: Employee representation, page 34
102-42	Identifying and selecting stakeholders	→ 2021 Sustainability Report: Stakeholder engagement, page 20
102-43	Approach to stakeholder engagement	→ 2021 Sustainability Report: Stakeholder engagement, page 20-21
102-44	Key topics and concerns raised	→ 2021 Sustainability Report: Stakeholder engagement, page 20-21
REPORTING PRACTICE		
102-45	Entities included in the consolidated financial statements	→ 2021 Annual Report: Segment Reporting, page 102; Principles underlying financial statement reporting and notes, page 120
102-46	Defining report content and topic Boundaries	→ 2021 Sustainability Report: Our sustainability plan 2026, page 15-16; Materiality analysis, page 17-19
102-47	List of material topics	→ 2021 Sustainability Report: Material topics, page 18
102-48	Restatements of information	→ 2021 Sustainability Report: About the Sustainability Report, page 39
102-49	Changes in reporting	→ 2021 Sustainability Report: About the Sustainability Report, page 39
102-50	Reporting period	→ 2021 Sustainability Report: About the Sustainability Report, page 39
102-51	Date of most recent report	→ 2021 Sustainability Report: About the Sustainability Report, page 39
102-52	Reporting cycle	→ 2021 Sustainability Report: About the Sustainability Report, page 39
102-53	Contact point for questions regarding the report	→ 2021 Sustainability Report: About the Sustainability Report, page 39
102-54	Claims of reporting in accordance with the GRI Standards	→ 2021 Sustainability Report: About the Sustainability Report, page 39
102-55	GRI content index	→ 2021 Sustainability Report: GRI table, page 41-43
102-56	External assurance	→ 2021 Sustainability Report: About the Sustainability Report, page 39
205 - ANTI-CORRUPTION. RELATES TO "CORRUPTION AND BRIBERY"		
103	Explanation of the material topic and its Boundary	→ 2021 Sustainability Report: Materiality analysis, page 17-19
	The management approach and its components	→ 2021 Sustainability Report: Our business approach (G), page 31-32 → 2021 Annual Report: Risk management of VP Bank Group, pages 132 and 147-148 → Code of Conduct, Organisations and Business Regulations, Articles of Association
	Evaluation of the management approach	→ 2021 Sustainability Report: Our business approach (G), page 31-32

GRI Standard		Reference
206 - ANTI-COMPETITIVE BEHAVIOUR. RELATES TO "FAIR BUSINESS PRACTICES AND INTEGRITY"		
103	Explanation of the material topic and its Boundary	→ 2021 Sustainability Report: Materiality analysis, page 17-19
	The management approach and its components	→ 2021 Sustainability Report: Our business approach (G), page 31-32 → 2021 Annual Report: Corporate Governance, page 75 → Code of Conduct, Organisations and Business Regulations, Articles of Association
	Evaluation of the management approach	→ 2021 Sustainability Report: Our business approach (G), page 31-32 → 2021 Annual Report: Corporate Governance, page 75
207 - TAX. RELATES TO "CORPORATE GOVERNANCE"		
103	Explanation of the material topic and its Boundary	→ 2021 Sustainability Report: Materiality analysis, page 17-19
	The management approach and its components	→ 2021 Sustainability Report: Our business approach (G), page 31-32
	Evaluation of the management approach	→ 2021 Sustainability Report: Our business approach (G), page 31-32 → 2021 Annual Report: Legislation and supervisory authorities, page 68; Principles underlying financial statement reporting and notes, page 120
302 - ENERGY. RELATES TO "CLIMATE CHANGE", "CLEAN ENERGY" AND "ENVIRONMENT"		
103	Explanation of the material topic and its Boundary	→ 2021 Sustainability Report: Materiality analysis, page 17-19
	The management approach and its components	→ 2021 Sustainability Report: Our environmental approach (E), page 36-37
	Evaluation of the management approach	→ 2021 Sustainability Report: Our environmental approach (E), page 36-37
305 - EMISSIONS. RELATES TO "CLIMATE CHANGE" AND "ENVIRONMENT"		
103	Explanation of the material topic and its Boundary	→ 2021 Sustainability Report: Materiality analysis, page 17-19
	The management approach and its components	→ 2021 Sustainability Report: Our environmental approach (E), page 36-37
	Evaluation of the management approach	→ 2021 Sustainability Report: Our environmental approach (E), page 36-37
306 - EFFLUENTS AND WASTE. RELATES TO "RESOURCE EFFICIENCY" AND "ENVIRONMENT"		
103	Explanation of the material topic and its Boundary	→ 2021 Sustainability Report: Materiality analysis, page 17-19
	The management approach and its components	→ 2021 Sustainability Report: Our environmental approach (E), page 36
	Evaluation of the management approach	→ 2021 Sustainability Report: Our environmental approach (E), page 36
401 - EMPLOYMENT. RELATES TO "EMPLOYMENT PRACTICES"		
103	Explanation of the material topic and its Boundary	→ 2021 Sustainability Report: Materiality analysis, page 17-19
	The management approach and its components	→ 2021 Sustainability Report: Our people approach (S), page 33-35
	Evaluation of the management approach	→ 2021 Sustainability Report: Our people approach (S), page 33-35
405 - DIVERSITY AND EQUAL OPPORTUNITY. RELATES TO "EQUAL OPPORTUNITIES AND DIVERSITY"		
103	Explanation of the material topic and its Boundary	→ 2021 Sustainability Report: Materiality analysis, page 17-19
	The management approach and its components	→ 2021 Sustainability Report: Our people approach (S), page 34-35
	Evaluation of the management approach	→ 2021 Sustainability Report: Our people approach (S), page 34-35

GRI Standard		Reference
406 - NON-DISCRIMINATION. RELATES TO "EQUAL OPPORTUNITIES AND DIVERSITY"		
103	Explanation of the material topic and its Boundary	→ 2021 Sustainability Report: Materiality analysis, page 17-19
	The management approach and its components	→ 2021 Sustainability Report: Our people approach (S), page 33-35
	Evaluation of the management approach	→ 2021 Sustainability Report: Our people approach (S), page 33-35
412 - HUMAN RIGHTS ASSESSMENTS. RELATES TO "HUMAN RIGHTS"		
103	Explanation of the material topic and its Boundary	→ 2021 Sustainability Report: Materiality analysis, page 17-19
	The management approach and its components	→ 2021 Sustainability Report: Investing for Change, page 27-28; Our business approach (G), page 31
	Evaluation of the management approach	→ 2021 Sustainability Report: Investing for Change, page 27-28; Our business approach (G), page 31
413 - LOCAL COMMUNITIES. RELATES TO "PHILANTHROPY" AND "VOLUNTEERING"		
103	Explanation of the material topic and its Boundary	→ 2021 Sustainability Report: Materiality analysis, page 17-19
	The management approach and its components	→ 2021 Sustainability Report: Our Group Strategy 2026, pages 13-14; Innovation, page 29; Our people approach (S), page 35
	Evaluation of the management approach	→ 2021 Sustainability Report: Our Group Strategy 2026, page 13-14; Innovation, page 29
MATERIAL TOPIC (NOT COVERED BY REPORTING STANDARDS): SUSTAINABLE INVESTMENT		
103	Explanation of the material topic and its Boundary	→ 2021 Sustainability Report: Materiality analysis, page 17-19
	The management approach and its components	→ 2021 Sustainability Report: Stakeholder engagement, page 20-21; Investing for Change, page 27-28
	Evaluation of the management approach	→ 2021 Sustainability Report: Stakeholder engagement, page 20-21; Investing for Change, page 27-28
MATERIAL TOPIC (NOT COVERED BY REPORTING STANDARDS): DIGITALISATION		
103	Explanation of the material topic and its Boundary	→ 2021 Sustainability Report: Materiality analysis, page 17-19
	The management approach and its components	→ 2021 Sustainability Report: Trends, risks and opportunities, page 24; Our business approach (G), page 32; Our people approach (S), page 35 → 2021 Annual Report: Client advisory, page 59
	Evaluation of the management approach	→ 2021 Sustainability Report: Digitalisation, page 32
MATERIAL TOPIC (NOT COVERED BY REPORTING STANDARDS): INNOVATION		
103	Explanation of the material topic and its Boundary	→ 2021 Sustainability Report: Materiality analysis, page 17-19
	The management approach and its components	→ 2021 Sustainability Report: Materiality analysis, page 17-19
	Evaluation of the management approach	→ 2021 Sustainability Report: Innovation, page 29

Disclosure	Report Reference
FN-AC-270 - TRANSPARENT INFORMATION AND FAIR ADVICE TO CUSTOMERS	
FN-AC-270a.1: (1) Number and (2) percentage of covered employees with a record of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings	We do not currently keep a record of this issue and omit reporting.
FN-AC-270a.2: Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of financial product-related information to new and returning customers	We do not currently keep a record of this issue and omit reporting.
FN-AC-270a.3: Description of approach to informing customers about products and services	→ 2021 Annual Report: Client Advisory, pages 58-60
FN-AC-330 EMPLOYEE DIVERSITY AND INCLUSION	
FN-AC-330a.1: Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees	→ 2021 Sustainability Report: Our people approach (S), page 34
FN-AC-410: INCORPORATION OF ENVIRONMENTAL, SOCIAL, AND GOVERNANCE FACTORS IN INVESTMENT MANAGEMENT & ADVISORY	
FN-AC-410a.1: Amount of assets under management, by asset class, that employ (1) integration of environmental, social, and governance (ESG) issues, (2) sustainability themed investing, and (3) screening	We do not currently keep a record on the breakdown of AuM per ESG strategy. A breakdown of AuM per asset class in general is provided as part of the 2021 Annual Report.
FN-AC-410a.2: Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment and/or wealth management processes and strategies	→ 2021 Sustainability Report: Investing for Change, page 27-28
FN-AC-410a.3: Description of proxy voting and investee engagement policies and procedures	→ 2021 Sustainability Report: Trends, risks and opportunities, page 23
FN-AC-510 - Business Ethics	
FN-AC-510a.1: Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, antitrust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	→ 2021 Annual Report: Notes to the consolidated financial statement, pages 153, 166
FN-AC-510a.2: Description of whistleblower policies and procedures	→ 2021 Sustainability Report: Our business approach (G), page 31

Principle	Report Reference
HUMAN RIGHTS	
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and	→ 2021 Sustainability Report: Our Group Strategy, page 14; Materiality analysis, pages 17-18; Our business approach (G), page 31 → Code of Conduct
Principle 2: make sure that they are not complicit in human rights abuses.	→ 2021 Sustainability Report: Investing for Change, pages 27-28; Our business approach (G), page 31
LABOUR	
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	→ 2021 Sustainability Report: Our people approach (S), page 34
Principle 4: the elimination of all forms of forced and compulsory labour;	→ 2021 Sustainability Report: Our business approach (G), page 31 → Code of Conduct
Principle 5: the effective abolition of child labour; and	→ 2021 Sustainability Report: Our business approach (G), page 31 → Code of Conduct
Principle 6: the elimination of discrimination in respect of employment and occupation.	→ 2021 Sustainability Report: Materiality analysis, pages 17-18; Our people approach (S), page 34
ENVIRONMENT	
Principle 7: Businesses should support a precautionary approach to environmental challenges;	→ 2021 Sustainability Report: Trends, risks and opportunities, pages 23-25
Principle 8: undertake initiatives to promote greater environmental responsibility; and	→ 2021 Sustainability Report: Our Sustainability Plan 2026, pages 15-16; Materiality analysis, pages 17-18; Our environmental approach (E), pages 36-37
Principle 9: encourage the development and diffusion of environmentally friendly technologies.	→ 2021 Sustainability Report: Materiality analysis, pages 17-18; Innovation, page 29; Our environmental approach (E), pages 36-37
ANTI-CORRUPTION	
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	→ 2021 Sustainability Report: Materiality analysis, pages 17-18; Our business approach (G), pages 31-32 → Code of Conduct

Disclosure	Report Reference
PRINCIPLE 1- ALIGNMENT	
Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities, and where relevant the technologies financed across the main geographies in which your bank has operations or provides products and services.	<ul style="list-style-type: none"> → 2021 Sustainability Report: Key facts and figures, page 4; VP Bank at a glance, page 9; Our value chain, page 10 → 2021 Annual Report: Strategic orientation, pages 36-37
Description of how your bank has aligned and/or is planning to align its strategy to be consistent with and contribute to society's goals, as expressed in the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.	<ul style="list-style-type: none"> → 2021 Sustainability Report: Letter from Chairman and CEO, page 5; Our value chain, pages 10-11; Our Group Strategy 2026, page 14; Materiality analysis, pages 17-19; Trends, risks and opportunities, page 23; Innovation, page 29
PRINCIPLE 2: IMPACT AND TARGET SETTING	
Impact Analysis: areas of significant (potential) positive and negative impact including scope, scale of exposure, context and relevance, scale and intensity of impact.	<ul style="list-style-type: none"> → 2021 Sustainability Report: Letter from Chairman and CEO, page 5; Our value chain, page 10; Our Group Strategy 2026, pages 13, 15-16; Materiality analysis, page 19; Stakeholder engagement, page 21; Sustainability governance, page 22; Trends, risks and opportunities, page 23; Investing for Change, page 27
Target setting: minimum of two SMART targets aligned with appropriate frameworks and which address at least two of the identified "areas of most significant impact", with a baseline and a proven net positive impact (mitigation of resulting negative impact on other dimensions)	<ul style="list-style-type: none"> → 2021 Sustainability Report: Our Sustainability Plan 2026, page 15; Trends, risks and opportunities, page 25
Target implementation and monitoring: milestones, monitoring processes and key performance indicators definition	<ul style="list-style-type: none"> → 2021 Sustainability Report: Our Sustainability Plan 2026, pages 15-16; Trends, risks and opportunities, pages 24-25
Progress on implementing targets: over 12 last months and impact of such progress (quantitative disclosure where feasible and appropriate)	<ul style="list-style-type: none"> → 2021 Sustainability Report: Our Sustainability Plan 2026, pages 15-16; Trends, risks and opportunities, pages 24-25; Our people approach (S), page 34; Our environmental approach (E), pages 36-37
PRINCIPLE 3: CLIENTS AND CUSTOMERS	
Overview of policies and practices to promote responsible relationships with its customers including high-level information on any programmes and actions implemented (and/or planned), their scale and, where possible, the results thereof.	<ul style="list-style-type: none"> → 2021 Sustainability Report: Update from the CIO, page 6; Our value chain, page 11; Our Group Strategy 2026, page 13; Materiality analysis, page 18; Stakeholder engagement, pages 20-21; Trends, risks and opportunities, page 23; Investing for Change, page 27; Innovation, page 29; Our business approach (G), page 31
Collaboration with clients and customers to encourage sustainable practices and enable sustainable economic activities including information on actions planned/implemented, products and services developed, and, where possible, the impacts achieved.	<ul style="list-style-type: none"> → 2021 Sustainability Report: Update from the CIO, page 6; Our value chain, page 11; Our Group Strategy 2026, page 13; Materiality analysis, page 18; Stakeholder engagement, pages 20-21; Trends, risks and opportunities, page 23; Investing for Change, page 27; Innovation, page 29; Our business approach (G), page 31
PRINCIPLE 4: STAKEHOLDER	
Description of stakeholders consulted, engaged, collaborated or partnered with including a high-level overview of how relevant stakeholders are identified and what issues were addressed/results achieved.	<ul style="list-style-type: none"> → 2021 Sustainability Report: Our Group Strategy, page 14; Materiality analysis, page 17-18; Stakeholder engagement, page 20; Our business approach (G), page 31
PRINCIPLE 5: GOVERNANCE AND CULTURE	
Description of relevant governance structures, policies and procedures in place/planned to manage significant positive and negative (potential) impacts and support effective implementation of the Principles.	<ul style="list-style-type: none"> → 2021 Sustainability Report: Sustainability governance, page 22; Trends, risks and opportunities, page 23-25; Our people approach (S), page 33
Initiatives and measures implemented or planned to foster a culture of responsible banking among employees including high-level overview of capacity building, inclusion in remuneration structures and performance management and leadership communication.	<ul style="list-style-type: none"> → 2021 Sustainability Report: Our Group Strategy 2026, page 16; Stakeholder engagement, pages 20-21; Trends, risks and opportunities, pages 23-25; Our people approach (S), page 33
PRINCIPLE 6: TRANSPARENCY AND ACCOUNTABILITY	
Progress on Implementing the 6 Principles for Responsible Banking: over the last 12 months and implemented the targets in minimum two areas (see 2.2). Identification and alignment on good practice and actions to change current market practices	<ul style="list-style-type: none"> → 2021 Sustainability Report: Key facts and figures, page 4; Update from the CIO, page 6; Our Group Strategy 2026, page 13



OUT OF OFFICE / The works by Joseph Marioni on the left are called "White Painting", 2002, and "Yellow Painting", 2002. The work on the right by Jürgen Partenheimer is called "Ada I". All works are displayed in the exhibition "Out of Office" at the Kunstmuseum Liechtenstein.

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