

July 2023

2nd PRB Reporting and Self-Assessment

Principles for Responsible Banking (PRB)

Principle 1: Alignment



We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Agreement and relevant national and regional frameworks

Business model

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 across the main geographies in which your bank operates or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your bank's portfolio (%) in terms of geographies, segments (i.e. by balance sheet and/or off-balance sheet) or by disclosing the number of customers and clients served.

VP Bank is a private group with international operations. Its core competencies include advisory services and the development of customised financial solutions for intermediaries and private individuals. In addition, the Group has a Centre of Excellence for Funds.

VP Bank Group's services are offered in key financial centres throughout its home market of Liechtenstein and its five international locations in Switzerland, Luxembourg, Singapore, Hong Kong and the British Virgin Islands. Each location focuses on its specific target markets, allowing the respective market opportunities to be served in a focussed manner and with offers tailored to local requirements.

Our business model is based on four strategic business segments: Intermediaries, Private Banking, Retail & Commercial Banking in Liechtenstein, and Client Solutions. By the end of 2022 Client Solutions business unit has been regrouped.¹ Client assets under management by business segment as reported in the 2022 Annual Report:

- CHF 34.8 billion for Intermediaries & Private Banking
- CHF 11.7 billion for Client Solutions
- CHF 46.4 billion for the total Group

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Strategy alignment

Does your corporate strategy identify and reflect sustainability as strategic priority/ies for your bank?

Yes

No

Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.

¹ For more information the interested reader is referred to our website ([Link](#)).

Does your bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these?

- UN Guiding Principles on Business and Human Rights
- International Labour Organization fundamental conventions
- UN Global Compact
- UN Declaration on the Rights of Indigenous Peoples
- Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk - please specify which ones: TCFD
- Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - please specify which ones: -----
- None of the above

VP Bank has developed its Sustainability Plan 2026 in close cooperation with internal and external stakeholders. To identify the areas with the greatest potential impact and set appropriate goals, VP Bank spoke with clients, shareholders and employees, held workshops with the Board of Directors and external experts, and carried out a materiality analysis. The Sustainability Plan 2026, which covers both products and business activities, went into effect on January 1st, 2021. Consistent implementation of this strategy is intended to bring about positive change and drive the growth of the company. Since January 2021, we have been integrating ESG risks and opportunities into all investment decisions.

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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 industry-wide improvements
- Communicate on our activities and progress towards our targets

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

VP Bank Group supports the Paris 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. To guide us in this journey, we have signed the UN Principles for Responsible Investing (PRI), Principles for Responsible banking (PRB), the Net-Zero Banking Alliance (NZBA) and the UN Global Compact (UNGC).

Principle 2: Impact and Target Setting



We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

2.1 Impact Analysis (Key Step 1)

Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly² and fulfil the following requirements/elements (a-d)³:

- a) Scope:** What is the scope of your bank's impact analysis? Please describe which parts of the bank's core business areas, products/services across the main geographies that the bank operates in (as described under 1.1) have been considered in the impact analysis. Please also describe which areas have not yet been included, and why.

We focus on the areas where we can have the greatest direct influence.

In June 2023, we published our principal adverse sustainability impacts statement for the reporting period 2022. This impact statement is published in line with the Sustainable Finance Disclosure Regulation (SFDR) and will be annually updated. The statement consists of 20 impact indicators pertaining to climate and environmental, social and governance topics. The impact analysis covers discretionary portfolio management mandates, advisory mandates and VP Bank investment funds across our Liechtenstein, Switzerland and Luxembourg business units.

Moreover, we have participated in the Paris Agreement Capital Transition Assessment (PACTA). PACTA compares what needs to happen in climate-relevant sectors to minimize global temperature rise with financial institutions' exposure to companies in these sectors. As part of the PACTA, we considered listed equities and corporate bonds of our own investments and discretionary portfolio management mandates.

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[VP Bank website](#)

- b) Portfolio composition:** Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition of your portfolio globally and per geographical scope
- i) by sectors & industries⁴ for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or
 - ii) by products & services and by types of customers for consumer and retail banking portfolios.

² That means that where the initial impact analysis has been carried out in a previous period, the information should be updated accordingly, the scope expanded as well as the quality of the impact analysis improved over time.

³ Further guidance can be found in the Interactive Guidance on impact analysis and target setting.

⁴ 'Key sectors' relative to different impact areas, i.e. those sectors whose positive and negative impacts are particularly strong, are particularly relevant here.

If your bank has taken another approach to determine the bank's scale of exposure, please elaborate, to show how you have considered where the bank's core business/major activities lie in terms of industries or sectors.

PACTA covers eight sectors that are among the most carbon-intensive in the economy and therefore likely to be more exposed to transition risks. These key sectors are oil and gas, coal, power generation, automotive, steel, cement and aerospace. In each sector, PACTA focuses on the part of the value chain that is responsible for the largest contribution to CO₂ emissions and where the potential impact on emissions can therefore be largest. In our case, the analysis for listed shares and corporate bonds shows that the largest share of GHG emissions is attributable to the gas & oil, energy and cement sectors. The results of this analysis will serve as input for the process of setting targets and metrics to achieve the net-zero goal by 2050.

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c) Context: What are the main challenges and priorities related to sustainable development in the main countries/regions in which your bank and/or your clients operate?⁵ Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.

This step aims to put your bank's portfolio impacts into the context of society's needs.

A regional and country breakdown has not been conducted, given that our portfolios are well-diversified and have an international setup. As such, portfolio and advisory mandates vary by risk, return and sustainability preferences rather than by geography. The impact analysis and the continuous development of our proprietary VP Bank Sustainability Score (VPSS) underlies all our discretionary portfolio management and advisory mandates as well as our own investments. The impact analysis and VPSS development is a cross-functional effort involving our portfolio management department, sustainability unit and investment and advisory office.

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Based on these first 3 elements of an impact analysis, what positive and negative impact areas has your bank identified? Which (at least two) significant impact areas did you prioritize to pursue your target setting strategy (see 2.2)⁶? Please disclose.

The identification of key impact areas is an ongoing process and can vary across mandate types. Our most recent materiality analysis has identified the following key areas in terms of our product offering: climate change, innovation, clean energy and human rights.

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⁵ Global priorities might alternatively be considered for banks with highly diversified and international portfolios.

⁶ To prioritize the areas of most significant impact, a qualitative overlay to the quantitative analysis as described in a), b) and c) will be important, e.g. through stakeholder engagement and further geographic contextualisation.

d) For these (min. two prioritized impact areas): Performance measurement: Has your bank identified which sectors & industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank's context.

In determining priority areas for target-setting among its areas of most significant impact, you should consider the bank's current performance levels, i.e. qualitative and/or quantitative indicators and/or proxies of the social, economic and environmental impacts resulting from the bank's activities and provision of products and services. If you have identified climate and/or financial health&inclusion as your most significant impact areas, please also refer to the applicable indicators in the Annex.

If your bank has taken another approach to assess the intensity of impact resulting from the bank's activities and provision of products and services, please describe this.

The outcome of this step will then also provide the baseline (incl. indicators) you can use for setting targets in two areas of most significant impact.

In progress.

Self-assessment summary:

Which of the following components of impact analysis has your bank completed, in order to identify the areas in which your bank has its most significant (potential) positive and negative impacts?⁷

Scope:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> In progress	<input type="checkbox"/> No
Portfolio composition:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> In progress	<input type="checkbox"/> No
Context:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> In progress	<input type="checkbox"/> No
Performance measurement:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> In progress	<input type="checkbox"/> No

Which most significant impact areas have you identified for your bank, as a result of the impact analysis?

Climate change, innovation, clean energy and human rights.

How recent is the data used for and disclosed in the impact analysis?

- Up to 6 months prior to publication
- Up to 12 months prior to publication
- Up to 18 months prior to publication
- Longer than 18 months prior to publication

Open text field to describe potential challenges, aspects not covered by the above etc.: (optional)

⁷ You can respond "Yes" to a question if you have completed one of the described steps, e.g. the initial impact analysis has been carried out, a pilot has been conducted.

2.2 Target Setting (Key Step 2)

Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis.

The targets⁸ have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for each target separately:

a) Alignment: which international, regional or national policy frameworks to align your bank's portfolio with⁹ have you identified as relevant? Show that the selected indicators and targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks. You can build upon the context items under 2.1.

In progress.

b) Baseline: Have you determined a baseline for selected indicators and assessed the current level of alignment? Please disclose the indicators used as well as the year of the baseline.

You can build upon the performance measurement undertaken in 2.1 to determine the baseline for your target.

A package of indicators has been developed for climate change mitigation and financial health & inclusion to guide and support banks in their target setting and implementation journey. The overview of indicators can be found in the [Annex](#) of this template.

If your bank has prioritized climate mitigation and/or financial health & inclusion as (one of) your most significant impact areas, it is strongly recommended to report on the indicators in the Annex, using an overview table like below including the impact area, all relevant indicators and the corresponding indicator codes:

Impact area	Indicator code	Response
Climate change mitigation	...	
	...	
	...	

Impact area	Indicator code	Response
Financial health & inclusion	...	
	...	
	...	

In case you have identified other and/or additional indicators as relevant to determine the baseline and assess the level of alignment towards impact driven targets, please disclose these.

In progress.

⁸ Operational targets (relating to for example water consumption in office buildings, gender equality on the bank's management board or business-trip related greenhouse gas emissions) are not in scope of the PRB.

⁹ Your bank should consider the main challenges and priorities in terms of sustainable development in your main country/ies of operation for the purpose of setting targets. These can be found in National Development Plans and strategies, international goals such as the SDGs or the Paris Climate Agreement, and regional frameworks. Aligning means there should be a clear link between the bank's targets and these frameworks and priorities, therefore showing how the target supports and drives contributions to the national and global goals.

c) **SMART targets** (incl. key performance indicators (KPIs)¹⁰): Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose.

In progress.

d) **Action plan**: which actions including milestones have you defined to meet the set targets? Please describe.

Please also show that your bank has analysed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts.

In progress.

Self-assessment summary			
Which of the following components of target setting in line with the PRB requirements has your bank completed or is currently in a process of assessing for your...			
	... first area of most significant impact: ... (please name it)	... second area of most significant impact: ... (please name it)	(If you are setting targets in more impact areas) ...your third (and subsequent) area(s) of impact: ... (please name it)
Alignment	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
Baseline	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
SMART targets	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
Action plan	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No

¹⁰ Key Performance Indicators are chosen indicators by the bank for the purpose of monitoring progress towards targets.

2.3 Target implementation and monitoring (Key Step 2)

For each target separately:

Show that your bank has implemented the actions it had previously defined to meet the set target.

Report on your bank's progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2.

Or, in case of changes to implementation plans (relevant for 2nd and subsequent reports only): describe the potential changes (changes to priority impact areas, changes to indicators, acceleration/review of targets, introduction of new milestones or revisions of action plans) and explain why those changes have become necessary.

Target implementation and monitoring at VP Bank is a continuous process, developing alongside our SMART targets.

In general, VP Bank systematically incorporates ESG risks and opportunities into the assessment of investments. The VP Bank Sustainability Score (VPSS) is broadly based and builds on the concept of double materiality. Accordingly, in addition to aspects of financial materiality, we also include indicators to capture impact-oriented materiality into the VPSS. Specifically, it consists of five subcomponents: ESG rating, ESG momentum, business practices, business operations and Sustainable Development Goals (SDGs). As part of a holistic implementation, the VPSS is applied to all discretionary and advisory mandates, and to VP Bank's own investments and funds. With VPSS, we ensure to the best of our ability that we do not invest in companies that violate the principles of the UN Global Compact, the UN Guiding Principles on Business and Human Rights, the SDGs or the Standards of the International Labour Organization (ILO).

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Progress achieved in 2022:

- Revision of risk management governance: consideration of ESG risks, in particular the risk appetite
- Statement, risk policy and risk strategies (financial risks, operational and compliance risks, business risks)
- Expansion of the VPB risk taxonomy to include ESG risks and climate-related financial risks
- New Product Process now includes ESG risks in the new product assessment and as part of the periodic review
- Integration of ESG criteria in own investments based on the VP Sustainability Score (VPSS), including a specification of minimum thresholds at the individual asset and portfolio level
- Comprehensive implementation of sustainability-related regulatory requirements (e.g. MiFID II, SFDR, EBA LOaM)
- Launch of the new "Responsibly Sourced Gold" certificate
- Launch of VP Bank's thematic funds under consideration of ecological and social criteria: "Future Citizen", "Future Industry" and "Future Infrastructure".

Principle 3: Clients and Customers



We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

3.1 Client engagement

Does your bank have a policy or engagement process with clients and customers¹¹ in place to encourage sustainable practices?

Yes In progress No

Does your bank have a policy for sectors in which you have identified the highest (potential) negative impacts?

Yes In progress No

Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities¹²). It should include information on relevant policies, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved.

This should be based on and in line with the impact analysis, target-setting and action plans put in place by the bank (see P2).

Engagement with our clients is of the 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 in 2022, including the "Purpose Investing" roundtable with our CIO and guests from the Center for Sustainable Finance and Private Wealth at the University of Zurich and the elea Foundation for Ethics in Globalization. In Luxembourg, we also held a "Mingle on the Top" client event with our Head of Group Sustainability. Many internal events and trainings have also helped to embed sustainability in our day-to-day business and in our dialogue with clients.

As part of the existing SFDR and MiFID II suitability assessment, our client advisors are now required to ask their clients about their sustainability preferences. This allows us to better understand the needs of our client and provide sustainability solutions aligned with client preferences.

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3.2 Business opportunities

Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period. Provide information on existing products and services, information on sustainable products developed in terms of value (USD or local currency) and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages - climate, social bonds - financial inclusion, etc.).

In 2021, VP Bank launched a Sustainable Plus offering for clients. This allows us to integrate ESG criteria even more effectively into client portfolios. As part of a thematic approach, targeted investments can be made in companies whose products or services help to reduce emissions or otherwise protect the environment and/or benefit society. These include investments that can make a measurable difference, such as green bonds, social bonds and microfinance investments. Customers can choose from five sustainability themes to make their investments according to their preferences: environment and climate protection; health and demographic change; renewable energies and circular economy; equal opportunities, education and safety; and sustainable infrastructure.

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In 2022, we launched VP Bank Thematic Funds. Our new thematic funds offer the opportunity to invest in global trends, namely Future Citizen, Future Industry and Future Infrastructure. To identify the relevant trends, it is important to determine whether they are shaped by one or more structural growth drivers. The most important are social change, the consequences of demographic developments and technological progress. In addition, there is environmental change, which has been the subject of intense social and political debate since the 1980s.

¹¹ A client engagement process is a process of supporting clients towards transitioning their business models in line with sustainability goals by strategically accompanying them through a variety of customer relationship channels.

¹² Sustainable economic activities promote the transition to a low-carbon, more resource-efficient and sustainable economy.

Principle 4: Stakeholders



We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

4.1 Stakeholder identification and consultation

Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups¹³) you have identified as relevant in relation to the impact analysis and target setting process?

Yes In progress No

Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.

A crucial part in the implementation and monitoring of our Sustainability Plan 2026 is the stakeholder engagement. VP Bank engages with internal and external stakeholders on a regular basis. This allows us to identify trends at an early stage, integrate the knowledge gained from them into our activities, and foster a culture of responsible banking throughout the Group through training and awareness-raising measures.

In November 2022, the Principles for Responsible Banking Academy (PRB Academy) launched its course offering. The goal of the courses is to support PRB signatories in the implementation of the Principles for Responsible Banking and with their strategic alignment with the UN Sustainable Development Goals and the Paris Agreement. VP Bank Group is one of the first financial institutions whose entire BoD and GEM have decided to participate in the course "Responsible Banking for Board Members & Executives".

VP Bank supported Swiss Sustainable Finance (SSF) to produce an educational video on sustainable investing for private investors. This collaboration involved a working group of representatives from Wealth Management and Retail Banking. The short video explains the key objectives and characteristics of sustainable investments in easy-to-understand language, thus laying the foundation for an informed dialogue in investment advice. As part of the public consultation, Group Sustainability addressed the Liechtenstein Climate Strategy 2050 and made concrete proposals within the framework of the statements of the Liechtenstein Chamber of Commerce and Industry

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[Stakeholder Engagement Summary](#)

¹³ Such as regulators, investors, governments, suppliers, customers and clients, academia, civil society institutions, communities, representatives of indigenous population and non-profit organizations.

(LCCI) and the Liechtenstein Bankers Association (LBV). Among other things, VP Bank is an active member of the working group Sustainability of the Liechtenstein Chamber of Commerce and Industry (LCCI) as well as the Sustainability committee and the Sustainable Finance working group of the Liechtenstein Bankers Association (LBA).

We consider our voluntary commitments in various initiatives to be important for sharing experiences, making a positive impact and actively assuming social responsibility. Accordingly, we actively participate in organisations where we can contribute to progress, learn from experts and colleagues, share knowledge and experience, keep abreast of emerging issues and support our strategy and commitment. All listed memberships and related participations are coordinated by Group Sustainability

Principle 5: Governance & Culture



We will implement our commitment to these Principles through effective governance and a culture of responsible banking

5.2 Governance Structure for Implementation of the Principles

Does your bank have a governance system in place that incorporates the PRB?

Yes In progress No

Please describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support the effective implementation of the Principles. This includes information about

- which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to),
- details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as
- remuneration practices linked to sustainability targets.

Group Sustainability 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). Updates are provided regularly to the GEM and annually to the Strategy & Digitalisation Committee of the BoD.

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5.2 Promoting a culture of responsible banking:

Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g., capacity building, e-learning, sustainability trainings for client-facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others).

For VP Bank, a management approach that embraces sustainable corporate leadership is key to overall success. As such, we are committed to continuously improving our employment practices and social conduct. 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 multiple features: the Talent Academy, leadership curriculum, SAQ certification, external development programmes, equal opportunities, remuneration, and employee representation.

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Our Code of Conduct defines VP Bank’s ethical principles in a binding document that serves as a guide for proper conduct. The Board of Directors and the Group Executive Board are fully committed to this Code of Conduct. The Code of Conduct applies to the entire VP Bank Group, and the members of the BoD, the members of the GEM and all employees are expected to strictly adhere to its provisions.

VP Bank’s remuneration policy creates a Group-wide binding framework for remuneration practices and thus ensures that VP Bank employees are compensated in accordance with uniform guidelines and that the principle of equal pay for equal work is systematically applied. VP Bank Group’s remuneration policy and practices are simple, transparent and include ESG aspects. Additionally, VP Bank requires e-learning for all employees, including but not limited to the following topics: Code of Conduct, Foreign Account Tax Compliance Act (FATCA), Group-wide tax compliance Standards, data protection, MiFID II, legal training, financial crime compliance, market conduct, business continuity management, Azure information protection, and Automatic Exchange of Information (AEOI).

5.3 Policies and due diligence processes

Does your bank have policies in place that address environmental and social risks within your portfolio?¹⁴ Please describe.

Please describe what due diligence processes your bank has installed to identify and manage environmental and social risks associated with your portfolio. This can include aspects such as identification of significant/salient risks, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures you have in place to oversee these risks.

The Board of Directors (BoD) has ultimate oversight of climate-related risks and opportunities. The BoD, which is responsible for the ultimate management, supervision and control of VP Bank Group, bears overall responsibility for risk management, including ESG risks and climate-related financial risks. This includes, among other things, the establishment and maintenance of suitable organizational and operational structure as well as an internal control system for risk management to ensure the long-term risk-bearing capacity of VP Bank. This is reflected in VP Bank’s risk policy. Group Executive Management (GEM) is responsible for the implementation of and compliance with the risk policy (framework and risk strategies) approved by the BoD.

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¹⁴ Applicable examples of types of policies are: exclusion policies for certain sectors/activities; zero-deforestation policies; zero-tolerance policies; gender-related policies; social due diligence policies; stakeholder engagement policies; whistle-blower policies etc., or any applicable national guidelines related to social risks.

Self-assessment summary

Does the CEO or other C-suite officers have regular oversight over the implementation of the Principles through the bank's governance system?

Yes No

Does the governance system entail structures to oversee PRB implementation (e.g. incl. impact analysis and target setting, actions to achieve these targets and processes of remedial action in the event targets/milestones are not achieved or unexpected neg. impacts are detected)?

Yes No

Does your bank have measures in place to promote a culture of sustainability among employees (as described in 5.2)?

Yes In progress No

Principle 6: Transparency & Accountability



We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

6.1 Assurance

Has this publicly disclosed information on your PRB commitments been assured by an independent assurer?

Yes Partially No

If applicable, please include the link or description of the assurance statement.

6.2 Reporting on other frameworks

Does your bank disclose sustainability information in any of the listed below standards and frameworks?

- GRI
- SASB
- CDP
- IFRS Sustainability Disclosure Standards (to be published)
- TCFD
- Other:

Our annual sustainability report is written in accordance with the GRI Core and SASB asset management standards and aligns with the TCFD framework.

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6.3 Outlook

What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis¹⁵, target setting¹⁶ and governance structure for implementing the PRB)? Please describe briefly.

We plan to set targets for 2030 related to GHG emissions from our on-balance sheet lending and investment portfolios to align with pathways to net-zero by 2050 or sooner. Furthermore, we plan to conduct climate scenario analysis and stress testing as a key tool for assessing the physical and transition risks that could impact the Bank financially.

6.4 Challenges

Here is a short section to find out about challenges your bank is possibly facing regarding the implementation of the Principles for Responsible Banking. Your feedback will be helpful to contextualise the collective progress of PRB signatory banks.

What challenges have you prioritized to address when implementing the Principles for Responsible Banking? Please choose what you consider the top three challenges your bank has prioritized to address in the last 12 months (optional question).

If desired, you can elaborate on challenges and how you are tackling these:

- | | |
|--|--|
| <input type="checkbox"/> Embedding PRB oversight into governance | <input type="checkbox"/> Customer engagement |
| <input type="checkbox"/> Gaining or maintaining momentum in the bank | <input type="checkbox"/> Stakeholder engagement |
| <input type="checkbox"/> Getting started: where to start and what to focus on in the beginning | <input checked="" type="checkbox"/> Data availability |
| <input type="checkbox"/> Conducting an impact analysis | <input checked="" type="checkbox"/> Data quality |
| <input type="checkbox"/> Assessing negative environmental and social impacts | <input type="checkbox"/> Access to resources |
| <input checked="" type="checkbox"/> Choosing the right performance measurement methodology/ies | <input type="checkbox"/> Reporting |
| <input type="checkbox"/> Setting targets | <input type="checkbox"/> Assurance |
| <input type="checkbox"/> Other: ... | <input type="checkbox"/> Prioritizing actions internally |

¹⁵ For example, outlining plans for increasing the scope by including areas that have not yet been covered, or planned steps in terms of portfolio composition, context and performance measurement.

¹⁶ For example, outlining plans for baseline measurement, developing targets for (more) impact areas, setting interim targets, developing action plans, etc.