

July 2024

3rd 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 has a solid, transparent business model. In its international markets, it focuses on private banking and business with intermediaries. In Liechtenstein, it operates as a universal bank. The bank provides asset servicing from Liechtenstein and Luxembourg, including fund management and custodial activities.

[Annual Report 2023](#)
(page 35-37, 122)

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.

By the end of 2023 Client Solutions business unit has been regrouped.¹ VP Bank Group's client assets under management came in at CHF 46.4 billion as of the end of 2023, as reported in the 2023 Annual Report. The breakdown of client assets under management is as follows:

- CHF 10.2 billion for Assets in own-managed funds
- CHF 4.2 billion for Assets with asset management mandate
- CHF 31.9 billion for Other assets under management

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

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.

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

Sustainability is a core element of our long-term growth strategy, extending beyond mere compliance and risk reduction. At a time when environmental and social awareness is a high priority among stakeholders, VP Bank's commitment to sustainability is in line with the changing market expectations and investor preferences.

Sustainability factors are consistently integrated into all business processes, including the investment and advisory process. Sustainability is therefore anchored in both our business activities and our financial products. This approach strengthens client and investor trust - it ensures adaptation to global trends and regulatory requirements. The new mandate for a Sustainability Officer on the Board of Directors created in 2023 underlines the strategic importance of sustainability issues at VP Bank.

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).

[Sustainability Report 2023](#) (page 7-8, 2-35, 38)

[Supplier Code of Conduct](#)

[Code of Conduct](#)

[Diversity and Inclusion Policy](#)

[Responsible Investment Policy](#)

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 2024, we published our principal adverse sustainability impacts statement for the reporting period 2023. 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.

At the end of 2023, we again engaged in extensive dialogue with our stakeholders and conducted a double materiality assessment in accordance with the CSRD requirements. The outcome will be included in the next Sustainability Statement to be published as part of the 2025 Annual Report.

As part of our NZBA commitment we have set 2030 Interim Targets, based on an impact analysis of carbon-intensive sectors in our on-balance sheet investment. We measure physical intensity and therefore focus on efficiency improvements. This is in line with our aim to finance the transition to a low-carbon economy.

[Sustainability Report 2023](#) (page 22-23)

[Principal Adverse Impact Statement 2023](#)

[NZBA - Interim Targets](#)

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.

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.

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.

The impact analysis in form of the SFDR Principal Adverse Impact Statement covers discretionary portfolio management mandates, advisory mandates and VP Bank investment funds across our Liechtenstein, Switzerland and Luxembourg business units.

[Sustainability Report 2023](#)
(page 22-23)

The ESRS-aligned double materiality assessment covers the whole value chain of VP Bank and thereby incorporates impacts from our upstream-, downstream and own operations. This assessment covers a breakdown by country and sectors to identify material impacts, risks and opportunities. The outcome will be included in the next Sustainability Statement to be published as part of the 2025 Annual Report.

[Principal Adverse Impact Statement 2023](#)

[NZBA - Interim Targets](#)

Our NZBA interim targets focus on carbon-intensive industries in our own on-balance sheet investments. Our materiality analysis showed the following carbon-intensive sectors as the largest contributors to our own investment portfolio's emissions: Oil & Gas, Cement, and Power.

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.

The analysis for the Principal Adverse Impact Statement for the annual year 2023 has shown that the number of investee countries subject to social violations - as referred to in international treaties and conventions, United Nations principles and, where applicable, national law - is low and has no significant impact on the total assets in scope.

[Principal Adverse Impact Statement 2023](#)

Findings with respect to the overall value chain of VP Bank will be included in the next Sustainability Statement to be published as part of the 2025 Annual Report.

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.

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

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.

Our current materiality analysis from 2020 has identified the following key areas in terms of our product offering: climate change, innovation, clean energy and human rights.

[Sustainability Report 2023](#)
(page 22-23)

At the end of 2023, we again engaged in extensive dialogue with our stakeholders and conducted a double materiality assessment in accordance with the CSRD requirements. The outcome will be included in the next Sustainability Statement to be published as part of the 2025 Annual Report. In line with our NZBA commitment, climate will remain a priority topic going forward.

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.

We have begun to develop sector-specific targets and measures. We focus on the areas where we can have the most direct influence and sectors that are most material in terms of emissions. VP Bank applies a sector decarbonisation approach (SDA) and builds on the methodology provided by the Transition Pathways Initiative (TPI).

[NZBA - Interim Targets](#)

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

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.

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)

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.

We will continue to contribute to the SDGs and the Paris Agreement. VP Bank has set targets that affect both its investment activities and its business operations. VP Bank's goal is to achieve CO₂-neutral business operations (Scope 1+2) by 2026. As part of a voluntary commitment, VP Bank has joined the Net-Zero Banking Alliance and has thus undertaken to reduce the CO₂ emissions of its Scope 3 (Category 15) financed emissions to net zero by 2050. This is consistent with a maximum temperature increase of 1.5°C above pre-industrial levels by 2100.

[Sustainability Report 2023](#) (TCFD, page 35)

[NZBA - Interim Targets](#)

Moreover, 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 OECD Guidelines for Multinational Enterprises or the Standards of the International Labour Organization (ILO).

- 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.

<i>Impact area</i>	<i>Indicator code</i>	<i>Response</i>
<i>Climate change</i>	<i>A.1.1</i>	<i>In progress.</i>
	<i>A.1.2</i>	<i>Yes, by 2050.</i>
	<i>A.1.3</i>	<i>No.</i>
	<i>A.2.1</i>	<i>Yes, we discuss client preferences around sustainability and make an adequate offering.</i>
	<i>A.2.3</i>	<i>See our NZBA 2023 Interim Targets (Link)</i>
	<i>A.3.1</i>	<i>As of 31 December 2023, the GAR of VP Bank Group amounts to 0.22% based on revenues and 0.48% based on CAPEX in relation to the total assets covered. The Green Asset Ratio for participations of credit institutions in non-financial companies ("GAR EH") amounts to 7.8% based on revenues and 16.6% based on CAPEX.</i>

We have set the baseline for selected targets in carbon-intensive industries in line with our NZBA commitment and associated 2030 interim targets.

[NZBA - Interim Targets](#)

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.

VP Bank applies a sector decarbonisation approach (SDA) and builds on the methodology provided by the Transition Pathways Initiative (TPI). The SDA takes a sector-by-sector approach, comparing companies within each sector against each other and against sector-specific benchmarks. This comparison establishes the performance of an average company that is aligned with international emissions targets.

We consider targets from the "1.5°C scenario" by Transition Pathways Initiative (TPI) as of the most recent sector assessment.¹ This scenario is aligned with the Paris Agreement to limit global warming and is consistent with a carbon budget that limits the global average temperature rise to 1.5°C with a 50% probability.

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.

We make use of physical intensity metrics (emission per economic output, e.g. tCO₂e/MWh) and thereby focus on efficiency improvements. This is in line with our aim to finance the transition to a low-carbon economy. Additionally, physical intensity metrics allow for better internal progress tracking and comparability in industries with a similar product mix. Thereby, we also reduce the impact of economic cycles and associated business growth or decline. At the same time, physical intensity metrics are unaffected by an expanding scope of included business segments and increase/decrease in assets under management per business segment.

[Sustainability Report 2023](#) (TCFD, page 35)

[NZBA - Interim Targets](#)

To ensure that the climate-specific targets are met, and a stepwise portfolio alignment is achieved, investment criteria have been operationally integrated into the investment process for our on-balance sheet investments. As such, check whether the counterparty has adopted a net-zero target by 2050 at the latest and whether a minimum level of emissions-related management quality (TPI Quality Score >3) is in place.

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.

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

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: climate (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 checked="" type="checkbox"/> Yes <input 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 checked="" type="checkbox"/> Yes <input 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 checked="" type="checkbox"/> Yes <input 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 checked="" type="checkbox"/> Yes <input 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

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.

[Sustainability Report 2023](#)
(TCFD, page 28-35)

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 OECD Guidelines for Multinational Enterprises or the Standards of the International Labour Organization (ILO).

[VP Bank Sustainability Score](#)

The implementation of these measures, both carbon-specific and the general VPSS, is continuously monitored by the first and second lines of defence and for our own investments reported to the Risk Committee of the Bank's Supervisory Board as part of the quarterly risk report.

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.

In 2023, VP Bank held internal and external events on the topic of ESG and sustainability, female finance and financial education for children.

We also believe financial empowerment is key to a flourishing life. That's the vision behind VP Bank's "Fearless, Fabulous & Flourishing" event series, which started in April, bringing together women from all walks of life with one common goal: to prepare for a successful financial future.

Moreover, financial education is an important investment in children's future. It is important to teach children how to handle money at an early age so that they can manage their expenses, save money and take advantage of the capital markets not only as children, but also as adults. In general, children learn about money far too late. The subject is hardly ever covered in school. With its positioning in this area, VP Bank can make an active contribution to the formation of financial knowledge and present itself as a trustworthy partner in matters of money from an early age.

[Sustainability Report 2023](#) (page 25-26)

[SFDR Website Disclosure](#)

[Female Finance](#)

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 2023, we launched the new VP Bank Nova product line. The products are tailored to the needs of the next generation of clients: a digital client experience, transparent pricing, individualised, value-oriented and sustainable investments as well as a transparent portfolio. With VP Bank Nova, we offer tailor-made private banking for our young clients.

[Sustainability Report 2023 \(page 37-40\)](#)

[VP Bank Nova](#)

In addition to our product range, we have increasingly focused on financial education for children. Financial education is an important investment in children's futures. It is important to teach them how to manage money from an early age so that they can control their spending, save money and use the capital markets not only as children, but also as adults. In general, children learn about money far too late. It is rarely taught at school. We want to make an active contribution to financial education.

[Female Finance](#)

Moreover, we recognise the unique financial needs of women and embrace their aspirations. We understand that women often face distinct challenges on their financial journey - from navigating career transitions to planning for retirement and beyond - both for themselves and their family. That's why we are committed to providing tailored resources and support through our Female Finance Community.

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.

[Sustainability Report 2023](#) (page 8, 22, 25-26)

An intensive dialogue with our stakeholders took place in 2023. As part of a double materiality analysis according to CSRD/ESRS, we asked numerous clients, employees, suppliers and other stakeholders which sustainability issues they consider to be material for VP Bank. We are very grateful for this valuable input, as these findings are crucial for the development of our strategy and will further sharpen our sustainability approach this year. The outcome will be included in the next Sustainability Statement to be published as part of the 2025 Annual Report.

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

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.

For VP Bank, a management approach that includes sustainable corporate governance is a key factor for success. Sustainability also includes the well-being of the bank's employees and the communities in which the bank is active. For this reason, VP Bank aims to continually improve its working conditions and increase community involvement while at the same time complying with best-practice standards and principles, intentionally investing in further training for employees and promoting innovation.

Our sustainability governance has been instrumental in defining our strategy, monitoring our progress and addressing potential challenges in achieving our goals, including the fulfilment of our voluntary commitments.

The Board of Directors is responsible for the ultimate oversight of climate-related risks and opportunities. The Board of Directors, which is responsible for the ultimate direction, supervision and control of VP Bank, bears overall responsibility for risk management, including ESG risks and climate-related financial risks. This includes, among other things, the establishment and maintenance of an appropriate organisational 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.

[Sustainability Report 2023](#) (TCFD, page 28-29)

[SFDR Website Disclosure](#)

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).

In 2022/23 the Board of Directors and Group Executive Management have decided to participate in the course "Responsible Banking for Board Members & Executives" by PRB Academy. By the end of Q1/2023, all members of the Board of Directors and Group Executive Management had successfully completed the course. This underscores the importance of this topic for VP Bank and lays an important foundation for the further development of the VP Bank Group.

[Sustainability Report 2023 \(45-49\)](#)

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.

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 Board of Directors, the members of the Group Executive Management and all employees are expected to strictly adhere to its provisions.

VP Bank requires e-learnings for all employees, including but not limited to the following topics: Code of Conduct, Foreign Account Tax Compliance Act, 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.

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.

Group Executive Management is responsible for the implementation of and compliance with the risk policy (framework and risk strategies) approved by the Board of Directors and has the following responsibilities: Operationalising and monitoring compliance with the risk appetite statement approved by the Board of Directors; ensuring the operational functionality of the risk management process and the internal control systems; Appointing the committees necessary for effective; risk management and defining their roles, competencies and responsibilities; periodic review of the risk policy, risk framework and risk strategies.

[Sustainability Report 2023](#) (TCFD, 28-29)

The Chief Risk Officer heads up the risk management function and is responsible within Group Executive Management for the independent risk oversight of VP Bank and the individual Group companies. The working group formed in the previous year, consisting of experts from various disciplines, deals with the necessary implementation of change processes in the risk framework and continuously reviews any necessary adjustments.

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

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.

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.

Assurance for our PRB Report will be provided as part of the CSRD/ESRS-aligned Sustainability Statement in our Annual Report for the fiscal year 2024.

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:

Please refer to our Sustainability Report 2023 and information on our website.

[Sustainability Report 2023](#)

[Website](#)

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 again engaged in extensive dialogue with our stakeholders and conducted a double materiality assessment in accordance with the CSRD/ESRS requirements. The outcome will be included in the next Sustainability Statement to be published as part of the 2025 Annual Report. In line with our NZBA commitment, climate will remain a priority topic going forward.

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 checked="" 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.