

# Principles for Responsible Banking

## Reporting and Self-Assessment

The Principles for Responsible Banking (PRB) of the UN Environment Programme Finance Initiative (UNEP FI) provide a framework for a sustainable banking system with the aim of aligning the industry with the United Nations Sustainable Development Goals (SDGs) and the Paris Agreement. The PRB will embed sustainability at the strategic, portfolio and transactional levels, across all business areas. By the end of 2020, more than 200 banks had signed up to the PRB.

In December 2019, we became a signatory to the PRB and committed to continuously improving our company's impact and contribution to society in accordance with the principles. As shown in our first reporting on our progress below, Kaiser Partner Privatbank AG has taken first steps towards the implementation of the PRB.



Reporting and Self-Assessment Requirements	High-level summary of bank's response
<p><b>Principle 1: Alignment</b></p> <p><b>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 Climate Agreement and relevant national and regional frameworks.</b></p>	
<p>1.1 <i>Describe</i> (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.</p>	<p>Kaiser Partner Privatbank ("KPPB" or "the Bank") is a Liechtenstein financial service provider. As a private bank, we focus on asset management and comprehensive investment advice for our wealthy private clients and foundations. Furthermore, we act as a service provider for external asset managers.</p>
<p>1.2 <i>Describe</i> 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.</p>	<p>The focus on responsible and sustainable banking has existed at KPPB for a long time. It is reflected in our core value: Responsibility in Wealth.</p> <p>Even though our capacities as a small private bank are somewhat limited, we do not shy away from taking necessary steps to increase our impact within the framework of our possibilities. Given that, KPPB signed the Principles of Sustainable Investing (PRI) as early as 2009. This was followed by the signing of the PRB in December 2019.</p> <p>As a first step, we set up a Sustainability Office. The Bank's current sustainability status has been reviewed and challenged by an independent and renowned sustainability advisor. Based on these findings, measures were suggested to increase or advance the Bank's sustainability.</p>

**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:**

Show that your bank has identified the areas in which it has its most significant (potential) positive and negative impact through an impact analysis that fulfills the following elements:

- a) **Scope:** The bank's core business areas, products/services across the main geographies that the bank operates in have been as described under 1.1. have been considered in the scope of the analysis.
- b) **Scale of Exposure:** In identifying its areas of most significant impact the bank has considered where its core business/its major activities lie in terms of industries, technologies and geographies.
- c) **Context & Relevance:** Your bank has taken into account the most relevant challenges and priorities related to sustainable development in the countries/regions in which it operates.
- d) **Scale and intensity/salience of impact:** In identifying its areas of most significant impact, the bank has considered the scale and intensity/salience of the (potential) social, economic and environmental impacts resulting from the bank's activities and provision of products and services.  
(your bank should have engaged with relevant stakeholders to help inform your analysis under elements c) and d))

Show that building on this analysis, the bank has

- Identified and disclosed its areas of most significant (potential) positive and negative impact

Together with an independent and renowned sustainability advisor, we have identified climate, decent employment and resource efficiency as our key impact areas that relate to the SDG and the Paris Agreement on climate.

As a smaller private bank, KPPB's most significant impacts are in external management: The areas of asset management and client advisory.

By setting incentives, advising and providing relevant data, we can make an important contribution to achieving various SDG. At the same time, we can also take immediate action. At the beginning of 2021, for example, the bank decided to no longer invest in commodities.

<ul style="list-style-type: none"> <li>Identified strategic business opportunities in relation to the increase of positive impacts / reduction of negative impacts</li> </ul>	
<p>Please provide your bank’s conclusion/statement if it has fulfilled the requirements regarding Impact Analysis.</p>	
<p><b>KPPB has met the requirements for Impact Analysis. Thanks to an external sustainability advisor and the efforts of our Sustainability Office, we were able to identify the main impact areas.</b></p>	
<p>2.2 Target Setting</p> <p><i>Show that the bank has set and published a minimum of two Specific, Measurable (can be qualitative or quantitative), Achievable, Relevant and Time-bound (SMART) targets, which address at least two of the identified “areas of most significant impact”, resulting from the bank’s activities and provision of products and services.</i></p> <p><i>Show that these 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. The bank should have identified a baseline (assessed against a particular year) and have set targets against this baseline.</i></p> <p><i>Show that the bank has analysed and acknowledged significant (potential) negative impacts of the set targets on other dimensions of the SDG/climate change/society’s goals and that it has set out relevant actions to mitigate those as far as feasible to maximize the net positive impact of the set targets.</i></p>	<p>1. Sustainable Investments Particularly, but not exclusively, in relation to climate change, the bank has set itself the goal of promoting sustainable investments through various measures.</p> <p>By sustainable investments we mean those with a low ESG score and a low carbon footprint. These scores (ESG and carbon footprint) are measured by the analysis of an independent, external partner. Therefore, promoting sustainable investments not only contribute to the achievement of the Paris Agreement, but also affect various other SDG as most of them are included in the ESG-Scores.</p> <p>2. Engagement With an external service provider, we will begin to regularly engage with 20-30 companies in which we invest. Targeted companies are the ones that have not yet been able to achieve satisfactory ESG-Scores.</p> <p>Where investments are not yet sustainable, we try to make them sustainable with these engagements. Again, the focus will be on the carbon footprint, but overall ESG scores will also be considered.</p> <p>3. Home office On the issue of decent work, the bank has decided to give its employees the opportunity to work from home for part of their working hours, irrespective of the</p>

	<p>covid 19 pandemic. This is intended to improve the work-life balance and thus also the health of employees. At the same time, however, 37t of CO2 emissions are to be saved per year by cutting back on commuting. However, there is no obligation to work from home.</p>
<p>Please provide your bank’s conclusion/statement if it has fulfilled the requirements regarding Target Setting.</p>	
<p><b>KPPB has fulfilled the requirements regarding Target Setting. Three SMART targets have already been set.</b></p>	
<p>2.3 Plans for Target Implementation and Monitoring</p> <p><i>Show that your bank has defined actions and milestones to meet the set targets.</i></p> <p><i>Show that your bank has put in place the means to measure and monitor progress against the set targets. Definitions of key performance indicators, any changes in these definitions, and any rebasing of baselines should be transparent.</i></p>	<ol style="list-style-type: none"> <li>1. Sustainable Investments Sustainable investments will be promoted by <ul style="list-style-type: none"> <li>- creating a specific sustainability mandate with a strong focus on carbon footprint as part of asset management;</li> <li>- Aligning other asset management mandates with ESG criteria;</li> <li>- Introducing additional responsible investment offerings targeting intermediary and institutional clients;</li> <li>- Providing ESG reports (including carbon footprint, business involvement exposures, alignment with the SDG) to our clients regarding their investments; and</li> <li>- the recording of the sustainability preferences of customers.</li> </ul> </li> <li>2. Engagements KPPB has already selected an external partner whose business is the delivery of engagement-services.</li> <li>3. Home office As a first step, employees can (on a voluntary basis) work from home for 25 % of their working hours. Statistical recording of home office days taken and targeted, regular surveys of the staff will make their well-being measurable. However, it will only be possible to measure effective target attainment after the covid-19-pandemic has ended, otherwise the result will be distorted. Accordingly, a first</li> </ol>

	<p>evaluation will only be possible for the year 2022. Should this be successful, an increase in home office share will be examined for subsequent years.</p>
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Plans for Target Implementation and Monitoring.</p>	
<p><b>KPPB has complied with the requirements regarding Plans for Target Implementation and Monitoring.</b></p>	
<p>2.4 Progress on Implementing Targets  <u>For each target separately:</u>  <i>Show that your bank has implemented the actions it had previously defined to meet the set target.</i>  <i>Or explain why actions could not be implemented / needed to be changed and how your bank is adapting its plan to meet its set target.</i>  <i>Report on your bank's progress over the last 12 months (up to 18 months in your first reporting after becoming a signatory) towards achieving each of the set targets and the impact your progress resulted in. (where feasible and appropriate, banks should include quantitative disclosures)</i></p>	<ol style="list-style-type: none"> <li>1. Sustainable Investments              The sustainability mandate isn't set up, but sales are still in start-up mode. On the other hand, our customers have been receiving evaluations of their portfolios with ESG reports including carbon footprints on request upon request since Q1 2020. The recording of sustainability preferences is still in the planning stage.</li> <li>2. Engagements              Reference can be made to the above. Contract negotiations with the selected engagement service provider are in progress.</li> <li>3. Home office              A home office agreement for employees has already been established in 2020 and the corresponding infrastructure has been developed. Numerous such agreements have also been concluded, and interest is very high.</li> </ol>
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing Targets</p>	
<p><b>KPPB has fulfilled the requirements regarding progress in the implementation of the Targets.</b></p>	

<p><b>Principle 3: Clients and Customers</b></p> <p><b>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.</b></p>	
<p>3.1 <i>Provide an overview</i> of the policies and practices your bank has in place and/or is planning to put in place to promote responsible relationships with its customers. This should include high-level information on any programmes and actions implemented (and/or planned), their scale and, where possible, the results thereof.</p>	<p>It is our declared goal to serve our customers with integrity and sustainability. This is set out at a high-level in our Code of Conduct.</p>
<p>3.2 <i>Describe</i> 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 activities. This should include information on actions planned/implemented, products and services developed, and, where possible, the impacts achieved.</p>	<p>As stated above, we seek to offer our customers opportunities to invest sustainably.</p> <p>A key aspect that has already been implemented is the provision of portfolio analysis with regard to ESG scores. We see a noticeable effect in that our customers are willing to achieve low scores and want to invest more sustainably.</p> <p>Furthermore, we will create another opportunity for customers to act sustainably with the sustainability mandate we offer.</p>

<p><b>Principle 4: Stakeholders</b></p> <p><b>We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society’s goals.</b></p>	
<p>4.1 <i>Describe</i> which stakeholders (or groups/types of stakeholders) your bank has consulted, engaged, collaborated or partnered with for the purpose of implementing these Principles and improving your bank’s impacts. This should include a high-level overview of how your bank has identified relevant stakeholders and what issues were addressed/results achieved.</p>	<p>Cooperation have taken place with various external partners, such as:</p> <ul style="list-style-type: none"> <li>- Sustainability advisors for impact analysis;</li> <li>- Data processors to determine ESG scores and carbon footprints;</li> <li>- Engagement service provider; and,</li> <li>- the corresponding companies with which an engagement is conducted.</li> </ul> <p>Our key stakeholders are our employees and our customers. Accordingly, the goals we set (see above) are directed at these two stakeholders.</p>



<p><b>Principle 5: Governance &amp; Culture</b></p> <p><b>We will implement our commitment to these Principles through effective governance and a culture of responsible banking.</b></p>	
<p>5.1 <i>Describe</i> 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 effective implementation of the Principles.</p>	<p>The Board of Directors is responsible for the strategic direction of our bank and attaches great importance to the topic of sustainability. This led to the creation of the Sustainability Office, which takes care of alignment with the PRB.</p>
<p>5.2 <i>Describe</i> the initiatives and measures your bank has implemented or is planning to implement to foster a culture of responsible banking among its employees. This should include a high-level overview of capacity building, inclusion in remuneration structures and performance management and leadership communication, amongst others.</p>	<p>We are in the process of implementing sustainability factors in the annual staff target setting and appraisal process to promote a culture of responsible banking among our employees.</p>
<p>5.3 Governance Structure for Implementation of the Principles <i>Show</i> that your bank has a governance structure in place for the implementation of the PRB, including:</p> <ul style="list-style-type: none"> <li>a) target-setting and actions to achieve targets set</li> <li>b) remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected.</li> </ul>	<p>Thanks to our Chairman, the Board of Directors and the Management Board, all of whom recognize the importance of the issue of sustainability, the Sustainability Office has the skills and authority to set and achieve the targets.</p>
<p>Please provide your bank's conclusion/ statement if it has fulfilled the requirements regarding Governance Structure for Implementation of the Principles.</p>	
<p><b>KPPB has partially met the requirements regarding the Governance sStructure to implement the Principles.</b></p>	

<p><b>Principle 6: Transparency &amp; Accountability</b></p> <p><b>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.</b></p>	
<p>1.1 Progress on Implementing the Principles for Responsible Banking</p> <p><i>Show that your bank has progressed on implementing the six Principles over the last 12 months (up to 18 months in your first reporting after becoming a signatory) in addition to the setting and implementation of targets in minimum two areas (see 2.1-2.4).</i></p> <p><i>Show that your bank has considered existing and emerging international/regional good practices relevant for the implementation of the six Principles for Responsible Banking. Based on this, it has defined priorities and ambitions to align with good practice.</i></p> <p><i>Show that your bank has implemented/is working on implementing changes in existing practices to reflect and be in line with existing and emerging international/regional good practices and has made progress on its implementation of these Principles.</i></p>	<p>With our corporate strategy (Principle 1), the completed impact analysis as well as the targets set (Principle 2), our focus on customers (Principle 3) and employees (Principle 4) and with our framework of corporate governance (Principle 5), we see ourselves on a very good path to implementing the PRB.</p> <p>With this and all subsequent reports, we are also able to provide transparent information on our progress and performance (Principle 6).</p>
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing the Principles for Responsible Banking.</p>	
<p><b>KPPB has met the requirements regarding progress in the implementation of the Principles of Responsible Banking and is on a very good path to meet them in full.</b></p>	

## Annex: Definitions

- a. **Impact:** An impact is commonly understood as being a change in outcome for a stakeholder. In the context of these Principles this means (aligned with GRI definition) the effect a bank has on people/the society, the economy and the environment and with that on sustainable development. Impacts may be positive or negative, direct or indirect, actual or potential, intended or unintended, short-term or long-term.
- b. **Significant Impact:** Impact that in terms of scale and/or intensity/salience results in a particularly strong/relevant change in outcome for a stakeholder. In the context of these Principles, the concept of *significant* impact is used to ensure banks focus where their actions/business (can) matter most for people, economy and environment and to provide a reasonable and practical threshold for what issues need to be considered/included, similar to the concept of “materiality”.