

Principles for Responsible Banking

Reporting and Self-Assessment 2022

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. Over 270 banks representing over 45% of banking assets worldwide have joined this movement for change.

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 second reporting on our progress below, Kaiser Partner Privatbank AG has taken and is taking ongoing steps towards the implementation of the PRB.

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Reporting and Self-Assessment Template

The following table sets out the reporting and self-assessment requirements for Signatories of the Principles for Responsible Banking. Signatory banks need to report on their implementation of the Principles the first time within latest 18 months after signing and annually thereafter (in line with their annual reporting cycle).

How to use this template:

This template does NOT require your bank to produce an additional report. Rather, this template is designed for your bank to provide references/links to where in your existing reporting/public domains the required information can be found. The aim is to keep additional reporting burden to a minimum while ensuring transparency and accountability as set out in Principle 6.

Within this reporting template, there are six areas for self-assessment that are key to showing that your bank is fulfilling its commitments as a signatory of the Principles for Responsible Banking. They are highlighted.


1. Impact Analysis
2. Target Setting
3. Plans for Target Implementation and Monitoring
4. Progress on Implementing Targets
5. Governance Structure for Implementation of the Principles
6. Progress on Implementing the Principles for Responsible Banking

Only for these six highlighted items, it is required that:

- a) An assurer provides limited assurance of your self-assessment. You can do this by including it in your existing assured reporting. Where third-party assurance is not feasible, an independent review may be conducted.
- b) You provide your bank's conclusion/statement if it has fulfilled the respective requirements.

Accommodating different starting points:

Banks have different starting points and operate in different contexts. Your bank may not be able to provide all information required in this template the first time you report. That is fine. Your bank has up to four years from signing to bring its reporting fully in line with the requirements. Feedback, support and peer learning are available to all signatory banks to help them progress with both implementation and reporting.

Reporting and Self-Assessment Requirements	High-level summary of bank's response (limited assurance required for responses to highlighted items)	Reference(s)/ Link(s) to bank's full response/ relevant information
 <p>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 Climate Agreement and relevant national and regional frameworks.</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>	<ul style="list-style-type: none"> - KPPB Homepage (Why us) - AR KPPB 2021, p. 4 ff.
<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 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>	<ul style="list-style-type: none"> - KPPB Homepage (Why us) - AR KPPB 2021, p. 9 - Summary detailing feedback UNEP FI

	<p>As a next step, we set up a Sustainability Office in 2020. 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. Based on the feedback received from UNEP FI at the end of 2021 regarding our first reporting from June 2021, we have reconsidered our impact analysis, which was prepared by or with an external partner. This led to the need to conduct a new impact analysis using another tool, which has not yet been completed.</p>	
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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.

In 2020, we identified climate, decent employment and resource efficiency as our key impact areas that relate to the SDG and the Paris Agreement on climate.

As mentioned above, the corresponding analysis took place with an external provider. Based on the feedback from UNEP FI at the end of 2022, we have reconsidered this impact analysis and decided to complement the existing analysis using another tool. Since we have not yet reached a satisfactory result, we have decided to follow UNEP FI's recommendation and conduct a completely new impact analysis using the Portfolio Impact Analysis Tool for Banks, which is not yet completed at this time. In the meantime - i.e. in particular for the reporting period of this report - we have adhered to the existing analysis and the targets already set, which may need to be adjusted on the basis of the new analysis.

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

- PRB-Reporting 2021
- Summary detailing feedback UNEP FI

<p>(your bank should have engaged with relevant stakeholders to help inform your analysis under elements c) and d))</p> <p><i>Show</i> that building on this analysis, the bank has</p> <ul style="list-style-type: none"> • Identified and disclosed its areas of most significant (potential) positive and negative impact • Identified strategic business opportunities in relation to the increase of positive impacts / reduction of negative impacts 	<p>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.</p>	
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Impact Analysis.</p>		
<p>KPPB appreciates the detailed feedback from UNEP FI and based on it will conduct a new Impact Analysis to fully meet the requirements.</p>		
<p>2.2 Target Setting</p> <p><i>Show</i> 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.</p> <p><i>Show</i> 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</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</p>	<p>- PRB Reporting 2021</p>

<p>(assessed against a particular year) and have set targets against this baseline.</p> <p><i>Show</i> 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.</p>	<p>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 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>KPPB has fulfilled the requirements regarding Target Setting. Nevertheless, the setting of new or additional targets will be considered during the year when the new impact analysis is available.</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>	<p>1. Sustainable Investments Sustainable investments will be promoted by</p> <ul style="list-style-type: none"> - KPPB created and offers a specific sustainability asset management mandate; the development can be measured on the basis of customer volume; - Aligning other asset management mandates with ESG criteria; - Introducing additional responsible investment offerings targeting intermediary and institutional clients; - Providing ESG reports (including carbon footprint, business involvement exposures, alignment with the SDG) to our clients regarding their investments; and - the recording and tracking of the sustainability preferences of customers. <p>2. Engagements Progress is measured by the number of companies in which investments are made. The success per company itself is shown by measuring the ESG scores.</p> <p>3. Home office Home office usage is monitored statistically. At the same time, employees are asked about their well-being in regular surveys.</p>	
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Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Plans for Target Implementation and Monitoring.

KPPB has complied with the requirements regarding Plans for Target Implementation and Monitoring.

2.4 Progress on Implementing Targets

For each target separately:

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

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.

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)

1. Sustainable Investments

The sustainability mandate is now being actively sold. As this is a new asset management mandate, a comparison with a previous period is not yet possible. However, from the ESG reports we can already see a marked increase in ESC scores.

Furthermore, the mandate Sustainability is now accessible not only to private banking clients, but also to intermediaries and institutional clients.

As analyses of the other asset management mandates show, ESG scores improved in this area as well. This means that all asset management clients benefit from our efforts and not only those who have opted for the mandate Sustainability. For example, we were able to further improve the ESG score for our main strategy (Smart Balanced CHF) from rating A (6.8) to rating AA (7.7) since Q1 2021 to date.

The ESG reporting offered is highly appreciated by customers. As evidenced by the increased number of reports produced (50 % from Q1 2021 until Q1 2022), the increased transparency is in demand and customers want to achieve better ESG scores.

The recording tracking of sustainability preferences is planned to start in Q3 2022. Therefore we are



	<p>adapting the investor profile as part of the customer contract document.</p> <p>In addition, the internal requirements for bank-owned assets were formally recorded and a higher ESG-Rating was set for them.</p> <p>2. Engagements Due to various circumstances, cooperation with the above-mentioned provider could not yet be started, which is why measurement was also not possible.</p> <p>3. Home office As indicated in the 2021 reporting, we were unable to tackle our own targets in this area due to the Corona pandemic. Re-entry into normal operations without Corona measures took place in May 2022.</p>	
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing Targets</p>		
<p>KPPB fulfils the requirements regarding progress in the implementation of the Targets, although this implementation has not yet been completed everywhere. Since many new efforts to increase sustainability have only recently been added or are still pending, measurement is not yet possible in some cases.</p>		



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.

<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>Furthermore, we publish relevant information regarding sustainability for our customers on our homepage. Additionally, a Diversity & Inclusion Policy is also in progress and will be published on our homepage in the near future.</p>	<p>- Sustainability Disclosure (Homepage, Legal Notes)</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 have created another opportunity for customers to act sustainably with the offered sustainability asset management mandate.</p>	

 <p>Principle 4: Stakeholders We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.</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>We cooperate with various external partners as stated in the Report 2021. Based on feedback from UNEP FI, we are currently exploring collaboration with different organizations and think tanks.</p> <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>Principle 5: Governance & Culture We will implement our commitment to these Principles through effective governance and a culture of responsible banking</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. Finally, a Sustainability Board was also established, consisting of various department heads.</p> <p>In addition to the Code of Conduct we already mentioned, a Diversity & Inclusion Policy is also in progress.</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>The Sustainability Board meets regularly and serves to bring sustainability via the individual managers to the respective departments, i.e. to the employees.</p> <p>The project of implementing sustainability factors in the annual staff target setting is still pending.</p>	
<p>5.3 Governance Structure for Implementation of the Principles</p> <p><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"> a) target-setting and actions to achieve targets set b) remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected. 	<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, the Sustainability Board and all our employees have 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>KPPB has met the requirements regarding the Governance Structure to implement the Principles. However, the goal is to further expand and improve this framework.</p>		



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 Progress on Implementing the Principles

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).

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.

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.

We continuously monitor progress in the area of sustainability, particularly in connection with alignment with the Principles for Responsible Banking. As outlined in this report, we have also reviewed past work - in particular thanks to helpful input from UNEP FI - and will therefore use a new impact analysis to scrutinize all efforts and improve them where necessary.

Please provide your bank’s conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing the Principles for Responsible Banking

KPPB has met the requirements regarding progress in the implementation of the Principles of Responsible Banking and is taking further steps to continue and improve this implementation.

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”.