UN environment programme | finance initiative

Principles for Responsible Banking

Reporting and Self-Assessment Kaiser Partner Privatbank AG

Principles for Responsible Banking

Implementation Document

Principles for Responsible Banking · Est. 2019 ·

Official

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.

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.

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.

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: ----------

☐ Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - please specify which ones: ----------

☐ None of the above

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. *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.* *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. We conducted a new impact analysis at the end of 2022, in collaboration with UNEP FI. Based on this impact analysis we identified two key impact areas. At the start of 2023 we set ambitious targets with regards to these impact areas and started to work relentlessly towards achieving these targets. Currently, we are on track to meet our targets and are thrilled to report our progress. We are also proud to have been awarded the title of sustainability master by the Fuchs | Richter Prüfinstanz in their sustainability in private banking ranking 2023.* *Further, we would like to note that we deliberately decided not to become signatories of the Net-Zero Banking Alliance. Due to our business model as a pure-play private bank we will never interfere with the decisions and preferences of our esteemed clients. Therefore, we do not have control over the majority of the GHG emissions of our clients' investments (Scope 3 GHG emissions) and, consequently, cannot credibly commit to a net-zero target.*	*Links and references* *Why us - Kaiser Partner* *Annual Report KPPB 2023, p. 9.* *Summary detailing feedback UNEP FI* *Fuchs | Richter Prüfinstanz – Nachhaltigkeit im Private Banking*

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 regularly[1] and fulfil the following requirements/elements (a-d)[2]:

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.

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. We only offer Lombard loans and do not grant corporate/project loans nor mortgages. Thus, the impact of our loanbook is negligible. *In general, this business model leads to three main products/services: discretionary, advisory, execution-only. Initially, we conducted our impact analysis across all three business areas. However, we realized that the only direct impact on investments lays within our discretionary clients. Therefore, we refined the scope of our impact analysis to cover only this particular business area ("Scope 3" of all sustainability impacts according to the language used in the GHG-Protocol). All of our following responses have this scope in mind.*	-

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 & industries[3] 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.

[1] 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.
[2] Further guidance can be found in the Interactive Guidance on impact analysis and target setting.
[3] 'Key sectors' relative to different impact areas, i.e. those sectors whose positive and negative impacts are particularly strong, are particularly relevant here.

Yes, the bank has considered the composition of its portfolio in the analysis.The analysis covers 100% of our private banking investment (we do not engage in any other banking-activities). With regard to the core business areas it became clear that less than 1% of all investments fall within the advisory business. The split between execution-only and discretionary assets is roughly 70/30. Thus, while we realize that there is a large potential in our execution-only mandadets, by definition, we cannot interfere with the clients orders in this business area. Nevertheless, we try to raise our execution-only clients' awareness for sustainability via publications and focus lists. *Due to the scope and composition consideration, the following deliberations focus solely on the* ***discretionary assets*** *in our banks portfolio.* *Overall, the portfolios of our discretionary clients are well diversified. Along these lines, the sector breakdown revealed that only three sectors have a weight of more than 5% in our discretionary portfolio: Financials, Sovereigns and Health Care. Most notably, Energy is the sector with smallest weight in the portfolio (1.8%).* *As we are a pure-play private bank, i) and ii) are not applicable.*	*Impact Analysis (p.7)*

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?[4] 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.*	
We considered social impact themes (i.e., Nutrition, Affordable Real Estate, Major Disease Treatment, Sanitation, SME Finance and Education) and environmental impact themes (i.e. Alternative Energy, Energy Efficiency, Green Building, Sustainable Water, Pollution Prevention) to put our sustainable development into context. *Our estimates project that CHF 37'877 in annual revenues from social themes were associated with an investment of CHF 1 million. Moreover, CHF 18'101 in annual revenues from environmental themes were associated with an investment of CHF 1 million.*	*Impact Analysis (p.3)*

[4] Global priorities might alternatively be considered for banks with highly diversified and international portfolios.

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)[5]? Please disclose.	
Based on these first three elements of our impact analysis, we indentified our carbon footprint and the number of clients with a sustainability mandate as significant impact areas. This is based on our assessment of the discretionary clients' portfolios and identified sustainability themes.	*Impact Analysis (p.9 and 11)*
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.*	
As we already stated, our business model only allows us to have an impact on the discretionary part of client investments. Thus, the strongest positive and negative impact we can actually influence, comes from this business area. *With regards to sustainability themes we were pleased to identify climate change as the category with the best overall ESG score based on our current impact analysis. Thus, the first prioritized impact area focuses on the carbon footprint to further advance our positive impact.* *Currently, the theme that has the strongest negative impact is social opportunities. However, compare with the benchmark, we still outperform in this regard.*	*Impact Analysis (p.6, 11 and 12)*

[5] 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.

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?[6]

Scope:	☒ Yes	☐ In progress	☐ No
Portfolio composition:	☒ Yes	☐ In progress	☐ No
Context:	☒ Yes	☐ In progress	☐ No
Performance measurement:	☒ Yes	☐ In progress	☐ No

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

We have identified climate change mitigation and the number of clients with a sustainability mandate as the most significant impact areas.

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)*

[6] 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 targets7 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 with[8] 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 are aware of our impact on the UN Sustainable Development Goals (SDG) and monitor our discretionary portfolio with respect to our alignment. There are very few SDGs that we are not aligned with and even in those areas the misalignment is minimal. *In line with the goals of the 2015 Paris Agreement we track the carbon footprint of our portfolio. As mentioned, we have identified carbon emissions as one of the main impact areas and will prioritize the reduction of the carbon footprint in our discretionary clients' portfolios.* *Sustainable investments in line with the Sustainable Finance Disclosure Regulation (SFDR) → we monitor the quota of Article 8 and 9 funds in our clients portfolios. In case that a client communicates a preference for sustainable investments, we set minimum quotas for these types of funds, thus creating our own investment strategy under Article 8 SFDR.* *In compliance with the MiFID II regulation we now ascertain the sustainability preferences of our new clients in the investor profile. To this end we have included a dedicated section on sustainability preferences in our clients investor profiles. We are pleased to share that we achieved our traget to elicit the sustainability preference of each client until the end of 2023.*	*SDG alignment, see Impact Analysis (p.9)* *Carbon foorprint, see Impact Analysis (p.12)* *Anlegerprofil NPC (d)*

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	**Client engagement process A.2.1**	*Is your bank in an engagement process with clients regarding their strategy towards a low(er)-carbon business model (*for business clients*), or towards low(er)-carbon practices (*for retail clients*)?* *Yes*
	Financial volume of green assets/low-carbon technologies A.3.1	*How much does your bank lend to/invest in green assets / loans and low-carbon activities and technologies?* *For clients with a preference for sustainable investments, we invest a minimum of 65% in article 8 or 9 funds.* *Baseline: <50% (2022))*
	Reduction of GHG emissions A.4.1	*How much have the GHG emissions financed been reduced?* *Baseline: 107'361 tCO2e (2022)*
	Portfolio analysis A.1.4	*Has your bank analyzed (parts of) its lending and/or investment portfolio in terms of financed emissions (Scope 3, category 15); technology mix or carbon-intensive sectors in the portfolio?* *Yes*

Impact area	*Indicator code*	*Response*
Sustainable clients	***Number of clients in the sustainability mandate***	*Number of clients in the sustainability mandate: 2 (as of 2022)*

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.

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c) ***SMART targets*** (incl. key performance indicators (KPIs)[9]): 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.

Carbon Footprint: *We measure GHG Emissions (Scope 1+2)* *Our set target is a 15% reduction compared to the baseline year until 2025.* ***Sustainable clients:*** *We monitor the number of clients with a sustainability mandate and set the target to 20 clients by the end of 2025.*	-

[7] 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.
[8] 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.
[9] Key Performance Indicators are chosen indicators by the bank for the purpose of monitoring progress towards targets.

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.	
The first milestone is to ascertain our clients' sustainability preferences. To this end, we contact each client and update her investor profile. Our new investor profile includes a dedicated section to elicit sustainability preferences. *As a second milestone we will move clients that indicate an amplified preference for sustainability to our sustainable index portfolios.* *Moving these clients to a more sustainable investment solution will also have a positive impact on the GHG emissions of our discretionary clients. Thus, leading to positive synergies between our two set targets.* *With regards to the reduction of GHG emissions we are also currently evaluating a new investment product: Finreon Carbon Focus. Implementing this product in our solutions would go a long way to accomplishing our target.*	*Anlegerprofil NPC (d)*

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…

	Climate change mitigation	Sustainable clients	-
Alignment	☒ Yes ☐ In progress ☐ No	☒ Yes ☐ In progress ☐ No	☐ Yes ☐ In progress ☐ No
Baseline	☒ Yes ☐ In progress ☐ No	☒ Yes ☐ In progress ☐ No	☐ Yes ☐ In progress ☐ No
SMART targets	☒ Yes ☐ In progress ☐ No	☒ Yes ☐ In progress ☐ No	☐ Yes ☐ In progress ☐ No
Action plan	☐ Yes ☒ In progress ☐ No	☒ Yes ☐ In progress ☐ No	☐ Yes ☐ In progress ☐ 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.

The main progress from the last report was the new in-depth impact analysis and the setting of SMART targets. Currently, we are in the process to implement our targets and monitoring progress. *With regards to the first target related to climate change mitigation we are pleased to report that our financed GHG emissions stand at 41'615 tCO2e at the end of 2023. This corresponds to a reduction in financed GHG emissions of more than 61% compared to our baseline. Notably, at the same time the coverage of assets with available carbon emissions data increased by more than 2 percentage points compared to our baseline. Thus, we have already exceed our stated target of a 15% reduction four times over. In the light of this great achievement we will evaluate an accelerated target and the introduction of a new milestone for the subsequent reporting period.* *Similarly, we are proud to share that the number of clients that have indicated a preference for sustainability has reached 34. We were able to offer these clients our sustainable index strategy (Article 8 SFDR) contributing to a more sustainable portfolio overall. Notably, this achievement is well above and beyond the ambitious target we set for 2025.* *Further KPPB would like to highlight a number of additional successes. First, we were the first bank in Liechtenstein that assured their PRB report in 2023. Thus, providing a credible signal of our commitment to our sustainability efforts and responsibility in wealth. Second, we provided our clients in the sustainable index mandate with the first regulatory SFDR report. Finally, our Sustainability Strategist regularly presented the latest academic findings on relevant sustainability topics. This ensures that our client advisors are always up to speed and contributes to a lively exchange on sustainability topics.*	*MSCI Carbon Footprint Calculator*

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 customers[10] 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 activities[11]). 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).

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. *Furthermore, we publish relevant information regarding sustainability for our customers on our homepage.* *A key aspect that has already been implemented is the provision of portfolio analysis with regard to sustainability metrics. We see a noticeable effect in that our customers are willing to achieve better scores and want to invest more sustainably.* *Furthermore, we have created another opportunity for customers to act sustainably with our passive index mandate, which goes even further with regards to sustainability than our actively managed portfolios.*	*Sustainability Disclosure (Homepage, Legal Notes – Code of Conduct)* *Monthly Market Monitor*

[10] 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.
[11] Sustainable economic activities promote the transition to a low-carbon, more resource-efficient and sustainable economy.

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.).

With regards to the reduction of GHG emissions we are evaluating a new investment product: Finreon Carbon Focus. Implementing this product in our solutions would go a long way to accomplishing our target. *Due to the increased availability of sustainability data providers we also see a business opportunity to increase our collaboration with third-party experts. Such collaborations will allow us to engage more with our clients on their sustainability requirements and act as their sparring partner. Accordingly, we are evaluating ClarityAI and Bloomberg as data providers.* *We monitor such strategic business opportunities on an ongoing basis.*	*Finreon product presentation*

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 groups[12]) 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.

Cooperation have taken place with various external partners, such as: *- Sustainability advisors for impact analysis;* *- Data processors to determine ESG scores and carbon footprints;* *- Engagement service provider;* *- and, the corresponding companies with which an engagement is conducted.* *Our key stakeholders are our employees and our customers. Accordingly, the goals we set (see above) are directed at these two stakeholders.* *Furthermore, our sustainability strategist is part of the sustainable finance task force of the Liechtenstein Bankers Association. "Growth through sustainability and innovation", is the motto of the association's Roadmap 2025. Thus, this involvement guarantees that we are working at the forefront of the sustainability efforts of the entire country.*	*Roadmap 2025 :: Stability (bankenverband.li)*

[12] 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

5.1 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.

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. This board is coordinated by the Sustainability Strategist. This role was created in 2022 to coordinate the various sustainability efforts across the whole organization. *In addition to the Code of Conduct we already mentioned, a Diversity & Inclusion Policy is also available on our website.*	https://kaiserpartner.bank/wp-content/uploads/2022/09/Diversity-Inclusion-EN-1.pdf

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).

The Sustainability Board meets regularly and serves to bring sustainability via the individual managers to the respective departments, i.e. to the employees. *At the end of 2022 we created the position of a Sustainability Strategist, who regularly presents relevant research in the area of ESG and sustainable investment to department heads and client advisors.*	*Links and references*

5.3 Policies and due diligence processes

Does your bank have policies in place that address environmental and social risks within your portfolio?[13] 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.

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, the Sustainability Strategist and all our employees have the skills and authority to set and achieve the targets.	*Links and references*

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

[13] 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.

Please find the assurance statement attached to this report.	-

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: ….

No	-

6.3 Outlook

What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis[14], target setting[15] and governance structure for implementing the PRB)? Please describe briefly.

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 continue to work relentlessly towards achieving our ambitious goals. Additionally, for the 2024 financial year, we will add a sustainability report to our annual reporting for the first time.	-

[14] 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

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

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:

☐ Embedding PRB oversight into governance

☐ Gaining or maintaining momentum in the bank

☐ Getting started: where to start and what to focus on in the beginning

☐ Conducting an impact analysis

☐ Assessing negative environmental and social impacts

☐ Choosing the right performance measurement methodology/ies

☐ Setting targets

☐ Other: …

☒ Customer engagement

☐ Stakeholder engagement

☐ Data availability

☐ Data quality

☐ Access to resources

☒ Reporting

☒ Assurance

☐ Prioritizing actions internally

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

Grant Thornton

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Zurich, 13 September 2024

Limited Assurance on certain sustainability Disclosures within Principles for Responsible Banking 2024 Self-Assessment

We, Grant Thornton AG ("GT"), have been engaged by Kaiser Partner Privatbank AG ("KPPB", "Bank") to perform limited assurance on KPPB's report on the Principles of Responsible Banking ("PRB") of the United Environment Programme Finance Initiative ("UNEP FI") for the reporting year 2024 ("Template", "Report").

KPPB's Template is published on the bank's website (https://kaiserpartner.bank/de/downloads/). We assessed the accuracy of the disclosed content and evaluated if the KPPB's description of its processes, activities and their outcomes sufficiently reflect actions taken, by the Bank, rather than evaluating the applied approach itself.

Our engagement was limited to the four key areas listed below:

- Impact Analysis (Reporting requirement 2.1)
- Target Setting (Reporting requirement 2.2)
- Target Implementation and Monitoring (Reporting requirement 2.3)
- Governance Structure for Implementation of the Principles (Reporting requirement 5.1)

Our assurance did not extend to any other information provided in the Report.

KPPB's responsibilities
The management of KPPB is responsible for the preparation and presentation of the information, applying the criteria as set out in the PRB framework and ensuring that the Report is free from material misstatements, whether due to fraud or error.

Our independence and quality control
We are independent from KPPB and comply the ethical requirements of the Code of Ethics for Professional Accountants (IESBA Code). GT is further subject to the International Standard on Quality Management (ISQM 1) and applies comprehensive quality controls.

GT's responsibilities
Our responsibility is to express a conclusion based on the evidence we have obtained. We performed our services in accordance with the International Standard on Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000).

Compared to a reasonable assurance engagement the level of assurance obtained in a limited assurance engagement is lower as it is less in scope than a reasonable assurance engagement.

Our work has been carried out in accordance with the requirements laid out in the Assurance Guidance to undertake limited assurance on Principles reporting, issued by UNEP FI and included the following work:

- Interviews with KPPB key personnel and reviewing relevant documentation to understand the governance structure, the data processes and the reporting framework that form the basis of the assured Report.
- Assess the appropriate application of the PRB framework with regard to the assured Report.
- Carry out spot checks to support the appropriateness of the data presented in the assured Report. As the data in the impact analysis was prepared and aggregated by an external provider, our assessment of the appropriateness of data mainly focused on the statements enclosed in the impact analysis.

We believe that we have obtained sufficient and appropriate evidence to provide a basis for our conclusion below.

Our conclusion
Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the disclosures have not been prepared, in all material respects, in accordance with the applicable criteria.

Grant Thornton AG

Thomas Wirth
Partner

Christian Bögli
Partner