

Climate Strike Switzerland

14 January 2021

RE: RESPONSE TO CLIMATE STRIKE SWITZERLAND QUESTIONNAIRE

Dear Climate Strike Switzerland,

The topics of sustainability and climate change in particular have been high on the agenda at VP Bank and we have spent a considerable amount of time thinking about what this means for us as a bank and how we can be part of the solution. We hope the information contained in this letter provides you with clarity on our commitment and our approach. We welcome the opportunity for further discussion and dialogue with our stakeholders on this important topic.

VP Bank's commitment to sustainability and climate change

VP Bank recognizes the importance of sustainability and climate protection. Sustainability is a key pillar in our group strategy and our ambitions are defined in our Sustainability Plan for 2026. The plan was launched in April 2020 after a comprehensive stakeholder engagement process to define the topics most important to the bank and to society at large.

Sustainability Plan 2026

In our business activities	In our product offering
Integrate sustainability into our business activities	Integrate ESG into our investment process
Achieve CO2 neutral operations	Create a net positive impact through our offering
Improve gender diversity in our workforce	Grow Assets under Management in sustainable investment solutions
Achieve "AA" ESG Rating by MSCI	

The Sustainability Plan is based on our conviction that integrating sustainability into our business activities and our investment decisions is not only good for the long term success of VP Bank, but also urgent for our environment and society.

Through our investing for change initiative we integrate ESG into all our investment decisions which allow us to identify opportunities and avoid risks. We provide our clients transparency on the sustainability performance of their investments, which promotes awareness and enables them to consider sustainability in their investment objectives. We have developed our own VP Sustainability Score which allows us to both avoid risks and include opportunities. Information about the methodology can be found on our [website](#).

Given how pressing the challenges of climate change are, our sustainability plan includes targets to achieve CO₂ neutral operations and to demonstrate a net positive impact through our offering to our clients. We will measure what our footprint was for 2020 and develop an action plan accordingly to achieve our objectives. We do not have all the answers yet but are committed to engage with stakeholders to listen and learn and we are committed to report on our progress in our sustainability report, the first of which will be published in early 2021.

Specific responses to Climate Strike's Questions

1. Transparency

Are the financial flows (financing, investments, and insurance services) of the financial institution and its subsidiaries published transparently (according to the paper of discussion chapter 1, which also includes an example)? (Financial flows = how much money flows into which sectors, industries and countries.)

- Our financial flows are public already. / Our financial flows will be made transparent by the end of the year.
- We will publish our individual results of the PACTA analysis (BAFU) by the end of the year.
- We are not publishing any information on our financial flows as described in chapter 1 of the paper of discussion.

Response: We are currently implementing systems to allow us to undertake this type of analysis which we can then use to prepare a report of financial flows. This is part of our commitment to provide our clients transparency on the sustainability performance of their investments.

We did participate in the PACTA analysis for Liechtenstein and are awaiting the publication of the report. However, it is important to keep in mind that the PACTA analysis only covers the climate intensive industries and not all industries. This will give us a partial assessment of financial flows.

Currently, we are assessing how to best systematically integrate climate related financial risks into our overall risk management system using the TCFD framework.

2. Net Zero and measures to be taken

By when and how is climate neutrality (according to the arguments in chapters 2 and 3) to be achieved?

- Our goal is to achieve net 0 direct and indirect GHG emissions by 2030. To reach this we will publish action plans including a reduction path by the end of the year.
- Our goal is to achieve net 0 direct and indirect GHG emissions by 2050. To reach this we will publish action plans including a reduction path by the end of the year.
- We do not set ourselves a target by when climate neutrality should be achieved / We have no plans of action including reduction paths to be published by the end of the year.

Response: our sustainability plan includes a target for net positive impact through our investment offering and to integrate sustainability into all our business processes by 2026. Net positive impact includes climate, but our ambition is broader and encompasses other sustainability factors such as biodiversity. In 2021, we plan to work to develop a framework for measuring impact and setting a baseline and implementing changes to achieve net positive. We don't have all the answers yet, but are committed to listen and learn from experts and our peers.

3. Exclusion of fossil fuels

Are investments and financing/insurance services in fossil fuels excluded (according to the argumentation in Chapter 4.)?

- We are excluding investments (including investments by our clients), financings/insurances in fossil energies already. Existing investments will be sold, existing financing and insurance policies will not be renewed.
- With immediate effect, no new investments or financing/insurance services in fossil energies will be made. For existing contracts, we are immediately activating engagement with an escalation strategy. Fossil energies will be completely excluded from 2030 onwards.
- We do not completely exclude fossil energy and do not enter into any commitments with an escalation strategy.

Response: As part of our investing for change initiative, we do not recommend investment in companies that pose an unacceptably high risk due to their sustainability performance. This includes no investments in companies that generate more than 5 % of their revenue from thermal coal.

We hope the above gives you sufficient information about our sustainability commitments. Should you have any further questions or would like to know more about what VP Bank is doing on the topic of sustainability and climate, we would be very happy to invite you to a call to discuss further. Thank you.

Kind regards

A handwritten signature in blue ink, appearing to read 'Rashila Kerai'.

Rashila Kerai
Head Group Sustainability

A handwritten signature in blue ink, appearing to read 'Dr. Felix Brill'.

Dr. Felix Brill
Chief Investment Officer