

**UN**  
environment  
programme



finance  
initiative

Principles for  
**Responsible Banking**

# Report vdk bank 2023



---

Principles for Responsible Banking



# 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.

Vdk bank is a local retail bank with a clear mission:

"Sustainable, ethical and independent since 1926, we want to make money consistently work well for the well-being of our society and our customers: individuals, families, entrepreneurs and organisations. With expert advice from person to person, we strive for the fairest balance between return and peace of mind."

All our operations, all our offices, (virtually) all our customers, all our shareholders are in Belgium. All our taxes are paid in Belgium. This local anchoring is important. It ensures that we stand close to our customers and that everything we do also benefits our own region. Our scale ensures that we are not 'too big to fail', an important aspect for a stable banking landscape.

We offer a full service for our customers. This means that those customers can turn to vdk bank for: payments, savings, loans, investments and insurance.

The investment and insurance products are off-balance sheet products.

Our balance sheet total amounted to 5.04 billion euros at the end of 2023.

Our largest items on the balance sheet are

- on the liabilities side: savings - 4.38 billion euros
- on the asset side: loans - 3.91 billion euros, of which 3.13 billion euros are home mortgage loans, and the remainder largely loans for mission driven companies.

Through a network of offices (62) spread across the country, we actively focus on tailor-made financial advice.

In total, vdk bank had approximately 155.000 customers at the end of 2023.

[Pijler 3 vdk bank 2023](#)

p. 5: "2.1. Businessmodel, missie en strategie"

p. 5: "2.2 Belangrijkste producten en diensten"

[Aciviteiten- en duurzaamheidsverslag vdk bank -2023](#)

p. 24: "4. De financiële activiteiten van vdk bank"

## 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

Vdk bank has a strategic plan '2025 and beyond' in which eight core objectives have been identified.

Ranked from 'most important impact on stakeholders' (1) to 'most important impact for internal decisiveness' (8), it concerns:

1. Sustainable and nearby
2. Customer growth
3. Digitization for customers and employees
4. Customer deepening from the start of the customer relationship
5. Solvency as the basis for sustainable commercial growth
6. Security and information protection
7. Focus on critical mass allows specialization
8. Empowerment for a flexible organization.

Sustainability (in all its aspects from respect for the environment over social inclusion to good governance) is therefore at the heart of our proposition.

We have also established an explicit relationship with the sustainable development goals. vdk bank contributes to the following goals:

5. Gender equality: Our investment criteria require companies to pay attention to gender equality. We support and implement the charter for more gender diversity in the financial sector, for equal opportunities and equal pay for men and women.

8. Decent work and economic growth: Our investment criteria state that both companies and countries comply with and respect human and labor rights. We provide credits for mission-driven companies and organizations. Our suppliers must endorse the principles and starting points from the vdk code of conduct. We have fair working conditions and promote well-being and health at work.

10 Reduced inequalities: As a local and prudent bank, we prevent economic shocks and crises that hit people in weaker positions more heavily and increase inequality. With our transparent and affordable housing loans, we give people opportunities to acquire quality housing.

[Acitveiten- en duurzaamheidsverslag vdk bank -2023](#)

p. 72: "8.Het strategisch plan 2025 and beyond"

[vdk bank-code voor duurzaam en ethisch bankieren](#)

p.8: "1.2. Onze bijdrage tot de Sustainable Development goals"

Our careful approach prevents people from end up into trouble. We support civil society organizations to combat poverty and exclusion locally and globally.

11 Sustainable cities and communities: We provide viable housing through our housing loans. We encourage energy conservation and renewable energy with green discounts and targeted consultations.

12 Responsible consumption and production: We give our customers every opportunity to manage their finances ethically. Our suppliers must commit themselves to working in a sustainable manner. In our own operations, we follow principles of circular (re)construction, we limit our office waste and we take our CO2 emissions into account.

13 Climate action: We are working on a science-based target to keep global warming to a maximum of 1.5 °C. We take the climate impact of companies into account in our investment criteria. For example, we exclude any financing of the extraction of fossil fuels or the production of fossil energy. Only countries that have signed the Paris Climate Agreement are eligible for country bonds. Internally, we work with a climate plan on environmentally friendly energy consumption, mobility and use of materials.

16 Peace, justice and strong institutions: Our investment criteria exclude the production and sale of weapons. Companies and countries of which corruption or human rights violations are known are also not supported. Internally, we have a strong anti-money laundering and cybersecurity policy.

17 Partnerships for the goals: We form networks with other organizations and call on the expertise of external parties to translate our sustainability ambitions into concrete actions.

We publish both our general approach and the concrete standards we use in the 'vdk code for sustainable and ethical 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

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 and fulfil the following requirements/elements (a-d):

**a) Scope:** What is the scope of your bank's impact analysis? Please describe which parts of the bank's core business areas, products/services across the main geographies that the bank operates in (as described under 1.1) have been considered in the impact analysis. Please also describe which areas have not yet been included, and why.

We include four domains in scope:

- Mortgages
- Corporate loans
- Reinvestments (bonds en shares) by the bank
- Investment funds for clients

With the first three domains we cover almost the entire asset side of our balance sheet (see 'portfolio composition' below).

The fourth domain (Investment funds for clients – off balance sheet) amounted to around 360 million euros on 31/12/2023 and has seen good growth in recent years.

This is a product where sustainable choices are possible and where we have a good starting point with the customer to discuss this.

[Acitveiten- en duurzaamheidsverslag vdk bank -2023](#)

p. 24: "4. De financiële activiteiten van vdk bank"

**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 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.

If we look at the three domains within balance sheet on the asset side, these are the shares:

- Mortgages: 3.129 million euros = 62%
- Corporate loans: 680 million euros = 14%
- Investments by the bank (bonds and shares): 766 million euros = 15%

So together, this concerns 91% of the vdk bank balance sheet.

[Acitveiten- en duurzaamheidsverslag vdk bank -2023](#)

p. 24: "4. De financiële activiteiten van vdk bank"

**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? Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.

From the composition of our portfolio, it appears that the main impact we can make comes from 'buildings'. The vast majority of our funds go into mortgage loans. Given the high materiality of the mortgage loans (combined with the fact that many of our corporate loans are linked to commercial real-estate), the emissions from buildings are a crucial element for vdk bank.

We crossed this with Belgian data on the environmental and social impact of housing and buildings, and defined our priorities from there.

Global warming is, of course, one of the greatest and most pressing challenges worldwide. The European Union has translated this into many regulatory initiatives. For example, there is the 'Fit for 55' package that makes a legal obligation of the target to reduce net greenhouse gas emissions by at least 55% between now and 2030 in order to make the EU climate neutral by 2050.

Belgium is at risk of failing to meet its climate targets, as current plans envisage only a 43% reduction in emissions by 2030, while Europe calls for a 47% reduction. The European commission has taken Belgium to task for this.

Figures from the Belgian Federal Planning Bureau show that we are not meeting our climate targets. Moreover, figures from the same Planning Bureau show that the largest source of GHG emissions by households comes from their homes.

In Belgium, mainly the regions are responsible for climate policy. The regions of Flanders, Wallonia and Brussels each provide a timeline to improve the energy efficiency of the buildings by linking them to legally obtainable energy performance certificates.

A possible unintended effect is the rise of the costs for homeowners. This may make the housing market even more exclusive. Statbel figures already show that house prices are systematically rising. Many university studies and civil society organisations indicate that more and more people are finding it difficult to buy a house or find affordable housing.

Of course, this primarily affects those with lower incomes. If people with incomes below the median are no longer able to buy houses, then an increasingly larger group will be forced to rent, where there will be tightness in the rental market and there will be a displacement effect towards the lowest incomes.

More specific is the case for singles. More than a third (36%) of Belgian households are made up of singles, which makes it more difficult for this group to buy housing. Singles are a population group that is finding it increasingly difficult to access the housing market in Belgium.

We organized a broad double-materiality assessment targeting all relevant stakeholders (clients, suppliers, civil society, coworkers, stakeholders) and their their assessment was that climate and social engagement should be central.

[Indicatoren van duurzame ontwikkeling – federaal planbureau](#)

[Koolstofvoetafdruk van de Belgische gewesten per consumptiedomein – federaal planbureau](#)

[Vastgoedprijzen 2023 | Statbel \(fgov.be\)](#)

[Huishoudens 2023 | Statbel \(fgov.be\)](#)

[Rapport stakholdersbevraging vdk bank](#)

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)? Please disclose.

We therefore define as our prioritised impact areas:

- Fight against climate change
- Social inclusion (including in the housing market and financial health)

[Acitveiten- en duurzaamheidsverslag vdk bank -2023](#)

p. 45: “7. De initiatieven ter versterking van het duurzaam en ethisch bankieren”

**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.

To measure our climate impact, we calculate our carbon footprint according to the Greenhouse Gas Protocol.

For scope 3, category 15 (investments) - the category with the most materiality for the bank - we use the PCAF method. Vdk bank also became member of PCAF.

The emissions of scope 1, 2 and 3 (mortgages and commercial loans) are published.

The emissions of scope 3 (bonds and shares) are being calculated and will be published by the mid of 2024.

For social inclusion, we start with this data to look upon:

- percentage of loans granted to people whose income is below median income
- percentage of loans granted to single people
- default rate of people paying off their loans
- savings buffers: percentage of customers expanding from only paymentservices to savingproducts

[Acitveiten- en duurzaamheidsverslag vdk bank -2023](#)

p. 45: “7. De initiatieven ter versterking van het duurzaam en ethisch bankieren”

### 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?

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

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

Climate change  
Social inclusion

How recent is the data used for and disclosed in the impact analysis?

- Up to 6 months prior to publication
- Up to 12 months prior to publication
- Up to 18 months prior to publication
- Longer than 18 months prior to publication

Open text field to describe potential challenges, aspects not covered by the above etc.: *(optional)*



## 2.2 Target Setting

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 targets 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 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.

As indicated, vdk bank contributes to eight SDGs: 5-8-10-11-12-13-16-17.

Our priority targets can also be framed within this:

- global warming is related to SDG 13
- social inclusion can be situated within SDGs 10 and 11.

The fight against global warming fits in with the Paris climate agreement and the European and Belgian regional action plans.

Social inclusion is also a clear policy objective of the various Belgian governments.

[vdk bank-code voor duurzaam en ethisch bankieren](#)

p.8: "1.2. Onze bijdrage tot de Sustainable Development goals"

**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

### Climate change

We calculate our carbon footprint according to the Greenhouse Gas Protocol.

For scope 3, category 15 (investments) - the category with the most materiality for the bank - we use the PCAF method. Vdk bank also became member of PCAF.

The emissions of scope 1, 2 and 3 (mortgages and commercial loans) are published.

The emissions of scope 3 (bonds and shares) are being calculated and will be published by the mid of 2024.

We use different exclusion-criteria that has as a consequence that our impact on climate change will be less negative.

When it comes to bank investments, we have drawn up a strict code that indicates which governments and companies are investable and which are not. Sectors with a very negative climate impact are excluded (such as extraction of fossil fuels or generation of energy from fossil fuels). In any case all companies must show enough climate ambition. Governments must have ratified the Paris climate treaty (as well as other important and related treaties such as the biodiversity treaty).

For the funds that we actively advise to our clients, we only select funds that have achieved the Towards Sustainability label, and that do not include companies that extract fossil fuels or generate energy from fossil fuels.

[Acitveiten- en duurzaamheidsverslag vdk bank -2023](#)

p. 49: "Een bank voor iedereen"

p. 58: "Op naar klimaatneutraliteit"

[vdk bank-code voor duurzaam en ethisch bankieren](#)

p.11: "ESG-benadering voor beleggen in overheden en door overheden gecontroleerde bedrijven"

p.14: "ESG-benadering voor beleggen in en kredietverlening aan bedrijven"

Social inclusion

Our principles are clear when it comes to mortgage loans.

We make it feasible (through our acceptance and pricing policy) for as many people as possible to buy their own home – this ensures social stability and provides a good basis for climbing the social ladder and avoiding financial problems in old age .

At the same time, we prevent (via the acceptance policy) that people would end up in an unsustainable debt spiral.

In the event of repayment problems, we look for a feasible and humane solution together with the customer (through our flexible formulas and our tailor-made advice).

For groups that are unable to purchase a house due to their situation, we work together (and provide credit) to other organizations that provide housing solutions – such as social housing companies and social lenders.

We advise our customers correctly about renovation options through specific tools and point out possibilities to make use of options offered by the government.

We make sure that the growing group of singles has similar opportunities in the housing market as couples.

The current situation is mapped on the basis of the income distribution of our mortgage borrowers and the distribution between couples and singles.

With our business loans, we want to be a good partner for social economy companies, cooperatives, social organizations and care – and other institutions.

For our own bond portfolio and for the advised funds to our customers, we monitor compliance with human and labor rights by the companies and governments involved.

For our banking services, we provide easily accessible advisers, whom customers can also contact without an appointment. People who are less digitally literate must be able to perform all banking transactions smoothly. We strive for people to be financial healthy and to have savingbuffers.

Moreover, vdk bank contributes to improving financial literacy through lessons in schools.

<p><b>c) <u>SMART targets</u></b> (incl. key performance indicators (KPIs)): 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.</p>	
<p>When it comes to <u>climatechange</u>: a science-based target will be submitted by the SBTi at midst 2024.</p> <p>For <u>social inclusion</u> we set up a battery of KPI's and related targets.</p> <ul style="list-style-type: none"> <li>- More than 50% of our mortgages are granted to people whose income is below median income</li> <li>- More than 30% of our mortgages are granted to singles</li> <li>- The default rate of people paying off their loans, is 10% lower than the Belgian sector average.</li> </ul>	-
<p><b>d) <u>Action plan</u>:</b> which actions including milestones have you defined to meet the set targets? Please describe.</p> <p>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.</p>	
<p>Our plans for the near future are summarized in 6.3. of this document ('Outlook').</p>	-

<b>Self-assessment summary</b>		
Which of the following components of target setting in line with the PRB requirements has your bank completed or is currently in a process of assessing for your...		
	... first area of most significant impact: climate change	... second area of most significant impact: social inclusion
Alignment	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
Baseline	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No
SMART targets	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No
Action plan	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No

<b>2.3 Target implementation and monitoring</b>	
<p><b>For each target separately:</b> Show that your bank has implemented the actions it had previously defined to meet the set target.</p> <p>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.</p> <p><b>Or, in case of changes to implementation plans (relevant for 2<sup>nd</sup> and subsequent reports only):</b> 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.</p>	
<p>The two main changes in comparison to our previous plan:</p> <ul style="list-style-type: none"> <li>- We better described the way we defined our impact and underpinned our prioritised impact areas.</li> <li>- Vdk bank performed an structured stakeholder-consultation.</li> <li>- We formulated clear KPI's and targets for social inclusion.</li> </ul>	-

## 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 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). 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.

We use our mortgage loans both as an instrument to make the housing stock in Belgium more sustainable as to enable upward social mobility. This means that we look at each apply case by case and we provide individual advice to those involved. See 3.2. for the concrete business approach.

In the field of corporate loans, there is a strict acceptance policy, as set out in the vdk code for ethical and sustainable banking. This ensures that the sectors with the most negative climate impact are not included in the scope. We also specialize in companies and organizations that have a positive impact on social inclusion in Belgium.

In terms of funds, we encourage the purchase of funds on advice. The funds we do advise, are selected on the basis of clear sustainability criteria.

We encourage our customers to save via the 'spaarplus rekening'. Vdk bank guarantees that all the money collected through this savings account is used to directly finance organizations or companies that make a positive contribution to the quality of the environment or to social inclusion.

We also mobilize our clients and the rest of society with campaigns, position statements and public activities (such as debate evenings and lectures) that focus on the importance and possibilities of sustainability and sustainable banking.

[De weg van onze geld](#)

p.20: "Bewust en betaalbaar lenen"

[vdk bank-code voor duurzaam en ethisch bankieren](#)

p.14: "ESG-benadering voor beleggen in en kredietverlening aan bedrijven"

[Aciviteiten- en duurzaamheidsverslag vdk bank -2023](#)

p. 45: "7. De initiatieven ter versterking van het duurzaam en ethisch bankieren"

[SpaarPlus Rekening | vdk bank](#)

## 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.).

We make these principles and these ways of working on sustainability with our customers concrete in the following ways (in products and services):

### Mortgage loans:

- (climate) Tariffs: with a good energy score (when purchasing or after renovation), the customer is entitled to a green discount
- (climate) Acceptance: with a low energy score, part of the loan amount must be reserved for the renovation
- (climate) Advice: every customer can receive a free audit of the energy performance of their home, with conclusions about which energy investments are useful, how much they cost, what they yield for the climate and for their own household budget and how they can be financed.
- (social inclusion) Flexibility in acceptance: through deliberately higher quotas and possibly longer terms, more people can have the opportunity to purchase a house. Care is always taken to ensure that people do not end up in an unsustainable spiral of debt.
- (social inclusion) Flexibility in repayment: flexible repayment formulas ensure that people are not confronted with sudden cost increases and that repayments remain feasible.
- (social inclusion) Care is taken to ensure that the increasing group of singles (who only can rely on one income) also get credit opportunities.
- (social inclusion): For the groups that are unable to buy a house due to their situation, we work together (and give credit) to other organizations that provide housing solutions – such as social housing companies and social lenders.

### Corporate credits:

- We exclude all sectors involved in the production or transport of fossil fuels.
- The companies and organizations we specifically target are cooperatives, social economy companies, healthcare and education. These all contribute to social inclusion.
- Also with the other companies and organizations, our advisors work together with them on sustainable solutions and how they can be financed. Vdk bank does not market itself as a price breaker, but as a sustainable financial partner.

### Investment funds:

We give our clients the opportunity to invest monthly (even small) amounts in a tailor-made plan (an 'build-up plan'), with investment funds that match the client's risk profile and time horizon. Within this 'build-up plan', customers are rewarded with low entry costs. The eligible funds will all have to meet the following criteria: they have been awarded the Towards Sustainability label and they do not invest in companies that extract fossil fuels or produce fossil energy.

[Acitveiten- en duurzaamheidsverslag vdk bank -2023](#)

p. 45: “7. De initiatieven ter versterking van het duurzaam en ethisch bankieren”

[vdk bank-code voor duurzaam en ethisch bankieren](#)

p.14: “ESG-benadering voor beleggen in en kredietverlening aan bedrijven”

<p>In terms of social inclusion, there is strict supervision to ensure that the companies and governments present in the funds, comply with international treaties on human and labor rights.</p>	
---	--

## 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) 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.

Vdk bank performed a stakeholder consultation as part of a Double Materiality assessment.

In this DMA, we ended up with four groups of stakeholders.

- Staff (both at headquarters and in the branches)
- Management of the bank (management and board of directors)
- Customers (both private and professional customers)
- External stakeholders (social actors, governments and suppliers)

The data collection used surveys, focus groups and individual interviews.

A uniform set of questions was used to ensure comparability across stakeholder groups, leading to standardised analysis of responses and reliable conclusions.

Number of respondents per stakeholder group:

- Staff: 106
- Management: 13
- Customers: 121
- External stakeholders: 24

This yielded a total of 3,681 responses, with 931 additional comments

[Rapport stakholdersbevraging vdk bank](#)

[De weg van onze geld](#)  
p.14: "Onze stakeholders-benadering van duurzaamheid"

The outcome of the materiality assessment led to the identification of the various 'material topics' for vdk bank.

These include climate change and all themes with social impact.

Apart from this structured and focussed stakeholdersconsultation, vdk bank maintains both regular and organic contacts with the broad range of stakeholders.

Here is a non-exhaustive overview of some important elements:

Employees: monthly works council / regular interactive information sessions about the bank's results and initiatives / (anonymous) survey on wellbeing / whistleblower status

Customers: satisfaction surveys / focus groups / regular newsletters / formal complaints procedure

Shareholders (of which 2/3 social organisations): general meeting / regular strategic contacts

Networks and formal partnerships: (in the banking sector) Global Alliance for Banking on Values / Federation of Belgian banks / collaboration with smaller retail banks / (cross-sector) The Shift - Belgian sustainable companies / Beweging.net - employee movement / BBL - environmental movement / Minerva - progressive thinktank / Forum Ethibel - verifier of sustainable banking practices / ISS - provider of sustainability data

Broader society: regular contact with various NGOs / support for research assignments / contacts with academia / public activities and debates

Since 2023, vdk bank has entered into a structural partnership with the cooperative NewB. NewB had its own banking license until early 2023, but it has been discontinued. The customers of the former bank NewB have been taken over by vdk bank. The NewB cooperative now works as an agency for vdk bank in Wallonia and Brussels and gives impulses to vdk bank's sustainability policy.



# 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 sustainability policy (in general) is prepared by the 'Commission for sustainable and ethical banking'. This is a high level committee that also includes the responsables of the credit department and the securities department, the secretary general and representatives of the commercial operations and the personnel department.

The committee is chaired by the Coordinator for Sustainable and Ethical Banking. It is also the latter that monitors the implementation of policy choices, programs and activities.

The final decisions are taken by the executive committee, whereby the strategically important elements are also submitted to the Board of Directors.

## 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 employees are the backbone of our sustainable banking project.

Vdk bank actively works on bringing together and keeping together high-quality and driven people, who are proud ambassadors for vdk bank and its ethical and sustainable ambitions.

For that matter, vdk bank is a caring employer, with an eye for work/personal time balance and well-being at work.

[De weg van onze geld](#)

p.37: Personeel, dienstbaar aan onze missie en mensen

<p>Concrete initiatives include:</p> <ul style="list-style-type: none"> <li>- during selection and recruitment: measure enthusiasm about sustainable banking / a strict non-discriminatory selection</li> <li>- active training policy for all employees, not only about the technical professional aspects, but also about the ethical aspects (based, among other things, on the nine ethical guarantees of vdk bank)</li> <li>- access to all information via intranet and digital training platform</li> <li>- care for and monitoring well-being at work</li> <li>- involvement in external campaigns regarding the bank's identity through internal extras: promoting pride in vdk bank and its main distinguishing points: sustainability, reliability and accessibility for the customer</li> <li>- clear and flexible homeworking policy</li> <li>- regular team-promoting activities</li> </ul>	<p><a href="#">Acititeiten- en duurzaamheidsverslag vdk bank -2023</a> p. 38: "6. Het personeel"</p>
---	--

### 5.3 Policies and due diligence processes

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

Sustainability risks are also handled very carefully and thoughtfully at vdk bank. We performed a risk analysis in the form of a stress test, both for the residential loan portfolio and the bond portfolio, and for corporate loans. We looked at both the physical climate risks and the transition risks.

It is clear that climate risks will have a material impact in the future on the credit risk profile of the residential loan portfolio and of the corporate loan portfolio in terms of renovation obligations and flood risks.

The corporate credit portfolio, on the other hand, has little exposure to sectors considered to be climate sensitive.

The bond portfolio contains a higher exposure to counterparties from sectors considered to be climate sensitive. Extra vigilance is required there.

There may be a material impact on liquidity risk if climate events lead to sudden and massive withdrawals of savings funds. Although the impact is material, it is also well under control and manageable.

Our social risks are also well mapped out. Thanks to our pricing and acceptance policy for our mortgage loans and our careful monitoring of repayments, we ensure that only very exceptional borrowers run into problems.

[Pijler 3 vdk bank 2023](#)

p. 8: "Risicobeheer"

p.14: "ESG-risico's"

## 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

# 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.

-

-

## 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: ....

-

-

## 6.3 Outlook

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

By midst 2024 vdk bank will publish its complete carbon footprint and submit a Science Based Target.

-

For social inclusion, we will start monitoring and reporting on our social KPI's and targets.

## 6.4 Challenges

Here is a short section to find out about challenges your bank is possibly facing regarding the implementation of the Principles for Responsible Banking. Your feedback will be helpful to contextualise the collective progress of PRB signatory banks.

What challenges have you prioritized to address when implementing the Principles for Responsible Banking? Please choose what you consider the top three challenges your bank has prioritized to address in the last 12 months (optional question).

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

- |  |  |
|--|--|
| <input type="checkbox"/> Embedding PRB oversight into governance                               | <input type="checkbox"/> Customer engagement             |
| <input type="checkbox"/> Gaining or maintaining momentum in the bank                           | <input type="checkbox"/> Stakeholder engagement          |
| <input type="checkbox"/> Getting started: where to start and what to focus on in the beginning | <input checked="" type="checkbox"/> Data availability    |
| <input type="checkbox"/> Conducting an impact analysis   | <input checked="" type="checkbox"/> Data quality         |
| <input type="checkbox"/> Assessing negative environmental and social impacts                   | <input type="checkbox"/> Access to resources             |
| <input checked="" type="checkbox"/> Choosing the right performance measurement methodology/ies | <input type="checkbox"/> Reporting                       |
| <input checked="" type="checkbox"/> Setting targets  | <input type="checkbox"/> Assurance                       |
| <input type="checkbox"/> Other: ...  | <input type="checkbox"/> Prioritizing actions internally |

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