

Responsible Banking Progress Statement – Reporting year 2025

Principle 1: Alignment

vdk bank is a **locally anchored retail bank** in Belgium with a mission to make money work for the well-being of society and customers. We offer a full service (payments, savings, loans, investments, insurance) through a nationwide office network and online.

As a values driven financial institution, we aim to direct every euro entrusted to us toward activities that contribute to a fair, sustainable and democratic future. Our investment and lending policies are built on **strict exclusion criteria and a clear ethical framework**, ensuring that our customers’ money is never used to support harmful sectors such as fossil fuels or weapons. Instead, our financial activities deliberately channel capital towards organisations and projects that align with societal needs and strengthen community wellbeing.

In line with **international sustainability objectives** — including the Paris Climate Agreement and the UN Sustainable Development Goals — vdk bank finances solutions that reduce emissions, support the transition to a circular economy, and foster affordable and inclusive housing.

Our approach prioritises **lending to the real and local economy**. With a strong focus on impact, we dedicate a share of our portfolio to investments that generate measurable social and environmental benefits, complementing our broader commitment to responsible and transparent banking.

We integrate sustainability in our core processes through **a clear ethical code and robust governance structures**. These guide our decisions on responsible lending, **inclusive access to banking services and fiscal integrity**. In 2025, we tightened our code in several areas and published a sustainable credit approach. All to ensure that our activities respect democratic values, human rights and the long term resilience of society.

Links and references

vdk bank Code for Sustainable and Ethical Banking (in Dutch):

<https://www.vdk.be/nl/vdkbankcode>

Sustainable Credit approach (in Dutch):

<https://www.vdk.be/nl/de-duurzame-kredietaanpak-van-vdk-bank>

See in this Annual Report (Activiteiten- en Duurzaamheidsrapport):

- Chapter 5: Initiatives to Strengthen Sustainable and Ethical Banking

Principle 2: Impact & Target Setting

In previous years, based on internal impact analysis and a double materiality assessment, we determined where the bank can deliver the greatest positive impact. This led to our **two prioritised impact areas: (1) Climate change and (2) Social inclusion, including affordable housing.**

Our measurement approach follows the GHG Protocol for scopes 1, 2 and 3. For financed emissions (scope 3, category 15), we apply PCAF methodologies. Social inclusion metrics include the percentage of mortgages to below median income borrowers, share of mortgages to single borrowers and default rate performance relative to the Belgian sector. These indicators provide a clear view of the societal outcomes our financial activities generate, as well as the risks and opportunities associated with them.

To ensure alignment with science based pathways, vdk bank submitted its **Science Based Target** in 2024 (baseline year 2023). This framework supports our long term decarbonisation strategy and translates into a set of concrete, time bound climate targets:

- At least 56% of our corporate bond investments will be in companies with SBTi approved climate targets by 2030.
- A 59% reduction in emissions from our own operations by 2034.
- A 76% reduction in CO₂ emissions per square metre in our professional loans real estate portfolio by 2034.

Complementing these climate commitments, we have also set **social-inclusion targets** to ensure our transition strategy remains fair and accessible. These include more than 50% of mortgages to below median income borrowers, over 30% to single borrowers, and a default rate at least 10% better than the Belgian sector average.

Our latest performance (production 2025) are in line with these targets: 64% of our mortgages went to below median income borrowers, 38% to single borrowers, and our default rate of 0,56% remained around 8% better than the market benchmark.

Our target implementation is supported by actions. This includes strict exclusions (e.g. fossil fuel extraction and fossil based power generation), clear investment eligibility criteria, and advisory shelf funds that carry the Towards Sustainability label and exclude fossil extraction and fossil power.

On the lending side, we deploy targeted mortgage pricing, acceptance and personalised advice — including free energy audits — to help customers accelerate building renovation and reduce emissions. Our corporate lending prioritises the social economy, cooperatives, healthcare and education, ensuring that capital strengthens the real economy and societal resilience.

We disclose our entire banking portfolio. In “de geldwijzer”, we provide insight into what we use our money for, and we also provide a complete overview of the organisations, companies and governments in which we invest or give credit to.

Links and references

- Geldwijzer: wat doet vdk bank met jouw geld? :
<https://www.vdk.be/nl/geldwijzer-wat-doet-vdk-bank-met-jouw-geld>
- Climate report vdk bank 2025 (in Dutch):
<https://www.vdk.be/nl/klimaatrapportering-2025>
- Report DMA 2024 (in Dutch):
<https://www.vdk.be/nl/media/1822>

See in this Annual Report (Activiteiten- en Duurzaamheidsrapport):

- Chapter 5: Initiatives to Strengthen Sustainable and Ethical Banking
- Annex: VSME

Principle 3: Clients & Customers

We take our clients on a sustainability-journey by the **design of our products**, through providing advice and via engagement.

When it comes to products:

- In 2025, all of our saving products received the Towards Sustainability label for directing savings towards projects with environmental and social benefits. Our policy is set out explicitly in our “Ethical Savings Policy”.
- Regarding investments, we advise on funds that are selected based on clear sustainability criteria, such as the Towards Sustainability label and the guarantee that no financing is provided for fossil extraction or fossil power generation.
- We use mortgages as a lever for both climate (energy performance incentives, renovation conditions and free energy audits) and social inclusion (flexible acceptance and repayment terms, and access for single people).
- Our corporate lending policy is strict, excluding high negative-impact sectors and focusing on organisations that contribute to social inclusion.

We keep our customers up to speed with **regular newsletters**. We also engage with society through campaigns, position papers and public events. Finally, we promote customer financial wellbeing through **financial literacy initiatives** and proactive support programmes.

Links and references

- Ethical Savings Policy (in Dutch):
<https://www.vdk.be/nl/particulieren/sparen-en-beleggen/snel-naar/het-ethisch-spaargeldbeleid-van-vdk-bank>

See in this Annual Report (Activiteiten- en Duurzaamheidsrapport):

- Chapter 5: Initiatives to Strengthen Sustainable and Ethical Banking

Principle 4: Stakeholders

At vdk bank, staying connected with our stakeholders is an essential part of how we work and how we improve.

We want to understand what matters to the people and organisations around us, so we actively listen to their expectations, questions and concerns. Their feedback helps us make better decisions, strengthen our services, and ensure that we continue to create value for both customers and society.

Our main stakeholders include our **clients, employees, shareholders, regulators and the civil society** we work with.

We engage with them through day to day interactions and organised meetings and surveys.

When they have questions, we aim to respond clearly and quickly, and learn from their concerns.

In 2024, we organised a – still relevant – **Double Materiality Assessment** with alle our stakeholders. The process confirmed climate and social inclusion as top priorities and informs target setting and implementation.

In 2025, we **opened up our complaints procedure**. Even if you are not a customer of vdk bank, you can still contact us. Both customers and non-customers can express their concerns or objections about the banking and the social choices made by vdk bank.

Every complaint is investigated seriously and handled through a transparent procedure. You will always receive a response within a reasonable period of time.

By maintaining open and regular contact with our stakeholders, we ensure that our strategy stays aligned with real needs and expectations – not only within the bank, but also in the communities that place their trust in us.

Links and references

- Report DMA 2024 (in Dutch):
<https://www.vdk.be/nl/media/1822>
- Complaints procedure (in Dutch):
<https://www.vdk.be/nl/klachten>

See in this Annual Report (Activiteiten- en Duurzaamheidsrapport):

- Chapter 5: Initiatives to Strengthen Sustainable and Ethical Banking

Principle 5: Governance & Culture

At vdk bank, sustainability is firmly anchored in our governance and everyday decision making. In 2025, we formulated **a new strategic plan 2030**, with seven core targets, where our **number one focus is sustainability and proximity**.

Our strategic plan and the *vdK bank-code for Sustainable and Ethical Banking* guide how we operate as a responsible financial institution.

Sustainability oversight is embedded in our banks **governance framework, which integrates risk management, dedicated policies, acceptance criteria and internal controls**. This ensures that sustainability related risks and impacts are considered consistently across lending, investments and operational decisions.

A strong ethical culture is supported by both structure and behaviour. All employees take a banker's oath, underscoring their responsibility to act with integrity. **Training and awareness programmes** help colleagues make responsible choices, recognise sustainability risks, and apply our ethical and environmental standards in their day to day work.

The final responsibility always lies with the **board of directors and the management committee**, including everything related to sustainability policy and choices. Under the leadership of the coordinator for sustainable and ethical banking, there is also a **sustainable and ethical banking committee** that prepares and elaborates on decisions in this area.

Through the combination of clear governance, robust processes and a values driven culture, vdk bank works to ensure that sustainability is an integrated part of how we manage risks, serve clients and contribute to a more resilient and fair society.

Links and references

- vdk bank Code for Sustainable and Ethical Banking (in Dutch):
<https://vdK.be/nl/vdkbankcode>

See in this Annual Report (Activiteiten- en Duurzaamheidsrapport):

- Chapter 6: Strategic Plan
- Chapter 10: Corporate Governance
- Annex : VSME

Principle 6: Transparency & Accountability

Transparency is an essential part of how vdk bank builds trust and demonstrates accountability to customers, partners and society.

For 2025 we publish our sustainability report, in which you also can find our **VSME – report** (Voluntary Sustainability Reporting Standard for SME), a GRI-index and this Responsible Banking Progress Statement.

We also provide each year our **‘Geldwijzer’** (‘Money Guide’), which provides a clear overview of how customer funds flow through the bank and how we allocate them across the real economy. We provide a **complete overview of the organisations, companies and governments in which we invest or give credit to**. We urge people to examine this carefully and critically. If people have any information or indications about companies or governments that may suggest that they do not meet the vdk bank standards, they are invited to let us know. We can then take this information into account and, if necessary, take action.

We **disclose financed emissions** for our entire portfolio — including both retail and professional lending — as well as **social impact KPIs**, such as performance on affordable housing and financial inclusion.

In 2025, we decided to publish an annual anonymised **complaints report** with an overview of:

- the number of complaints and objections,
- the number of justified and unjustified reports,
- the distribution per type of complaint,
- the steps taken to follow up on complaints,
- structural improvements resulting from this.

Through all these disclosure-initiatives, we aim to communicate openly, provide reliable information, and support informed dialogue with our stakeholders. Transparency helps us stay accountable to our commitments and strengthens our long term focus on sustainability, responsible banking and societal value creation.

Links and references

- Complaints Report 2025 (in Dutch):
<https://vdk.be/nl/Complaints-Report-2025>

See in this Annual Report (Activiteiten- en Duurzaamheidsrapport):

- Chapter 5: Initiatives to Strengthen Sustainable and Ethical Banking
- Annex: VSME
- Annex: GRI-index