

**SUS
TAIN
ABILITY
REPORT
2022**
**ASSOCIATION
OF VOLKSBANKS**

OVERVIEW



2022

SUSTAINABILITY IS INTEGRATED INTO ALL AREAS OF THE BANK.



99.0 %

WAS THE PARTICIPATION RATE IN THE MANDATORY COMPLIANCE TRAINING COURSES IN THE YEAR UNDER REVIEW.



10.7 %

REDUCTION OF SCOPE 1 + 2 EMISSIONS (LOCATION-BASED)

99,213

JOINT CUSTOMERS ARE SERVED BY THE ASSOCIATION OF VOLKSBANKS AND ITS PARTNER ERGO.²⁾

10 %

IS THE PERCENTAGE BY WHICH THE PROPORTION OF FEMALE MANAGERS IS TO BE INCREASED BETWEEN 31 DECEMBER 2021 AND 31 DECEMBER 2023.

3,517

EMPLOYEES COMPLETED SUSTAINABILITY TRAINING COURSE 2.



3,771 EMPLOYEES

ARE WORKING FOR THE ASSOCIATION OF VOLKSBANKS.³⁾



Ø 7.4 T CO₂E/EURO MILLION SALES¹⁾

CO₂ FOOTPRINT OF THE BANKING BOOK



75

ELECTED WORKS COUNCIL MEMBERS REPRESENT THE INTERESTS OF EMPLOYEES WITHIN THE ASSOCIATION OF VOLKSBANKS.

300

CHILDREN AND ADOLESCENTS WERE ACCOMPANIED ON THEIR EDUCATIONAL JOURNEY.



¹⁾ These are Scope 1 and 2 values, as many companies do not yet provide Scope 3 values. Companies that do not yet supply any CO₂ figures were not included in the calculation.

²⁾ As at 31 Dec. 2022

³⁾ Employees as at 31 Dec. 2022



75 %

HIGH ONLINE BANKING AFFINITY OF CUSTOMERS.

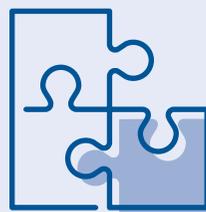
12TH DISTINCTION

FOR THE QUALITY OF SERVICE AND CONSULTANCY OF 'DER FAIRE CREDIT' AWARDED BY TÜV AUSTRIA.¹⁾



3 STRONG PARTNERS

ASSIST THE ACCOUNT MANAGERS OF THE ASSOCIATION OF VOLKSBANKS IN PROVIDING OPTIMAL SERVICES TO THEIR CUSTOMERS.



95.5 %

OF FINANCING TRANSACTIONS WITHIN THE REGION



BY SPECIFICALLY SELECTING THE ORGANISATIONS IT JOINS, THE ASSOCIATION OF VOLKSBANKS DEMONSTRATES ITS DEDICATION AND COMMITMENT.

EURO 122.4 BILLION

ARE MANAGED BY UNION INVESTMENT IN PRODUCTS UNDER ARTICLE 8 OR ARTICLE 9 OF THE EU SFDR.²⁾



45 %

IS THE SHARE OF SUSTAINABLE FUNDS IN 2022 FUND SALES.



1) see page 46

2) as at 31 Dec. 2022, source: Union Investment

3) Cooperation of VOLKSBANK WIEN AG in Committee 251 "Corporate Social Responsibility" at Austrian Standards



SUSTAINABILITY REPORT 2022

*Many little forces
unite to make
one big force.¹⁾*



2022

SUSTAINABILITY IS
INTEGRATED INTO ALL
AREAS OF THE BANK.



SUSTAINABILITY REPORT 2022

**6 FOREWORD BY THE CHAIRMAN OF THE MANAGING BOARD
GERALD FLEISCHMANN**

8 ABOUT THE REPORT

10 COOPERATIVE

16 SUSTAINABILITY MANAGEMENT

32 CORPORATE VALUES

32 CODE OF CONDUCT AND COMPLIANCE

38 DATA SECURITY

42 CUSTOMER SERVICE QUALITY

48 ECONOMY

48 SUSTAINABLE PRODUCTS AND SERVICES

56 DIGRESSION

56 PRODUCT PARTNERS OF THE
ASSOCIATION OF VOLKSBANKS

57 UNION INVESTMENT

61 TEAMBANK AG

64 ERGO VERSICHERUNG AG

68 REGIONALITY

76 RISK MANAGEMENT

80 DIGITISATION

84 ECOLOGY

84 ENERGY AND CLIMATE

94 SOCIAL MATTERS

94 EMPLOYEES

110 SOCIAL COMMITMENT

116 ANNEX

116 SIGNIFICANT NON-FINANCIAL RISKS

119 COMPANIES INCLUDED/
FULLY CONSOLIDATED AFFILIATED COMPANIES

120 GRI CONTENT INDEX

133 LEGAL NOTICE

EXCERPT FROM THE KEY INDICATORS

2022

	Unit	Association of Volksbanks	Page
Sustainability management			
Taxonomy-eligible total assets	Euro million	9,219	25
Financed emissions (Scope 3) – Corporates	t CO ₂ e	894,162	29
Financed emissions (Scope 3) – Real Estate	t CO ₂ e	526,051	29
Compliance			
Confirmed cases of corruption	Number	0	35
Total financial penalties of all kinds	Euro	0	35
Data security			
Proportion of employees who have been trained in information security	%	99.8	40
Sustainable products and services			
Share of sustainable funds in Union Investment gross sales	%	45	52
Digression / product partners			
Volume of Association of Volksbanks in Union Investment funds	Euro thousand	4,898,515	58
Share of sustainable funds in Union Investment volume (portfolio)	%	40.68	58
Volume of 'der faire Credit' TeamBank customers Association of Volksbanks	Euro thousand	718,293	61
Joint customers TeamBank Association of Volksbanks	Number	49,400	61
New ERGO insurance policies taken out by customers of the Association of Volksbanks	Number	17,474	64
New business volume of ERGO insurance contracts by customers of the Association of Volksbanks	Euro thousand	25,781	64

EXCERPT FROM THE KEY INDICATORS 2022

Regionality	Unit	Association of Volksbanks	Page
Share of regional financing in all financing transactions	%	95.5	70
Share of regional financing in all savings deposits and other deposits	%	97.4	70
Energy and climate			
Total Scope 1 + 2 emissions (market-based)	kg CO ₂ e	3,159,106	87
Total Scope 1 + 2 emissions (location-based)	kg CO ₂ e	5,103,372	87
Printing and copying paper	kg per FTE	26	90
Waste generation	kg per FTE	96.1	91
Employees¹⁾			
Headcount	Number	3,771	97
Employees by full-time equivalents	FTE	3,033	97
Employees in positions with managerial responsibility [F] ²⁾	%	25	99
Employees in positions with managerial responsibility [M] ²⁾	%	75	99
Works council members	Number	75	108

1) as at the reporting date 31 Dec. 2022

2) F = female, M = male

FOREWORD



Dear readers,

We have had a turbulent year with many challenges. At the beginning of the year, we still had to deal with the last wave of the COVID-19 pandemic and the resulting organisational and economic consequences. During the pandemic, the Association of Volksbanks managed to maintain stable current operations at all times. As of February 2022, the war in Ukraine marked the beginning of a new crisis situation. Although not directly involved in activities in the embattled region, the Association of Volksbanks was indirectly affected by the impact on national economies, the financial industry and the customers. The rise in energy prices and inflation, in particular, impacted businesses and private customers to varying degrees.

But despite these challenging circumstances, the entire Association of Volksbanks was able to continue the transformation of the organisation and the corporate culture towards a sustainable company. Extensive steps were taken to integrate sustainability aspects into the bank's core business and to further expand its sustainability management. The "Sustainability Project", launched in 2020, was completed in mid-2022 following the successful integration of sustainability into the core business and processes.

As a result of the project, a decision-making committee of the Joint Managing Board on sustainability was established within VOLKSBANK WIEN AG early in 2022: the Sustainability Committee. This Committee decides on, reports on and manages sustainability-related topics. These topics are managed based on sustainability goals. The primary banks are also managed on the basis of these sustainability goals. Sustainability Officers have been appointed at the primary banks, who serve as multipliers and contribute ideas from the banks. The ambassadors are responsible for ESG topics in the primary banks and support their colleagues in case of questions as well as the Managing Boards of the primary banks in managing the banks based on the sustainability goals. Topics from the Sustainability Committee are regularly submitted to the supervisory boards of the primary banks.

We are particularly proud that our sustainability efforts are also reflected in an improved external sustainability rating. The Sustainalytics ESG Risk Rating Score of VOLKSBANK WIEN AG was raised from category "Medium ESG Risk" to category "Low ESG Risk".

The year 2022 was characterised by the transfer of tasks from the "Sustainability Project" to the respective departments and by implementing sustainable measures in the primary banks. A particular focus was on integrating ESG¹⁾ topics into risk management and credit processes as well as supporting the sustainable transformation of customers by providing products, high-quality advisory services and information. It is particularly noteworthy that the cooperation between Volksbank, the Austrian Genossenschaftsverband (Cooperative Association) and "PowerSolution Errichtung und Betrieb" participates in the Austrian Green Investment Pioneers Programme of klimaaktiv²⁾ and finances renewable energy plants as a cooperatively organised model. Steps towards environmental

1) ESG refers to the consideration of criteria from the environmental (Environmental = E), social (Social = S) and responsible corporate management (Governance = G) spheres.

2) Klimaaktiv is a large-scale climate protection initiative of the Austrian Ministry for Climate Action.

FOREWORD

protection within the company were maintained and training on sustainability was continued at all hierarchical levels. Sustainability goals were set with regard to customer satisfaction, employee satisfaction and diversity.

The Association of Volksbanks is also well on the way to implementing applicable regulatory requirements. The implementation of the Taxonomy Regulation, various guidelines and further requirements was driven forward this year as well.

And it is precisely in these turbulent times that the Association of Volksbanks deliberately chooses to remain a strong association of regional banks. In this way, the Association supports the long-term economic success of its customers in the region. The core elements of the activities of the Association of Volksbanks are trust, customer focus and regionality, making the Volksbank a sustainable “relationship bank” in the truest sense of the word – from the region for the region.

Our corporate culture is characterised by our cooperative identity and the sustainability values we go by. Our focus is on customers, partners and employees. We respect human rights and disapprove of any form of discrimination. Combatting corruption is a high priority within the Association of Volksbanks. These basic principles are set down in the “Code of Conduct” and complied with by all our employees within the scope of our corporate activities. One of our main concerns is the conscientious management of available resources and the protection of the environment. Owing to its business model, the Association of Volksbanks is able to reduce risks for its owners, employees and the banks themselves. Any risks are systematically taken account of within the risk management process.

The Association of Volksbanks consists of purely Austrian banks and only operates within its catchment area and on the Austrian market. There are no foreign shareholders. Our business strategy is based on a combination of regional customer service know-how, on the one hand, and on the services of the central organisation, on the other hand. This means that decisions relevant to customers are taken quickly and directly on the spot where the customers are, while administrative activities are mostly handled in central units. This cooperative division of labour enables the primary banks to outsource tasks that are not directly related to customer

business. In this way, cost reductions can be achieved that our customers benefit from.

The Association of Volksbanks remains committed to the retail branch as an important channel of distribution. It is a central point of contact with our customers and a comprehensive competence centre within regional catchment areas. In all divisions, customers may rely on comprehensively trained account managers. This is emphasised by defining the traditional consultancy-based customer relationship to be the main focus of the business strategy and by holding on to the requirement of quick, customer-oriented decisions directly on the spot where the customers are. We take care of the core services of a retail bank ourselves: loans, deposits and payment transactions. Other products and services are offered by competent partners. Therefore, cooperation agreements were concluded with reliable product partners. Our product partners also pursue sustainable business policies – which is of essential importance to us. Through considerable streamlining and standardisation of the product range, transparency is increased for our customers due to a neat array of products. The range of sustainable products is being continuously expanded. In the digital world of finance, the Association of Volksbanks has evolved into a service provider offering precisely the kind of services that customers actually need – at a high level of quality, based on convenient handling and stable performance.

The aim of the Association of Volksbanks is to be perceived as the sustainable relationship bank of business enterprises and private customers with an entrepreneurial mindset within the region. The relationship bank is there for its customers whenever it is needed and with a long-term perspective. It knows its customers and is familiar with their needs – this is the foundation that trust is built on!



Gerald Fleischmann
Spokesman of the Association of Volksbanks and
Chairman of the Managing Board of VOLKSBANK WIEN AG

ABOUT THE REPORT

Sustainability Report 2022

The report provided by the Association of Volksbanks, in accordance with the GRI standards, covers the period from 1 January 2022 to 31 December 2022. The GRI Standards (Global Reporting Initiative) constitute the de facto benchmark in sustainability reporting, the application of which ensures continuous and standardised reporting for the Association of Volksbanks. The GRI Index is contained in the Annex.

In 2022, there have been no substantial changes in reporting. No changes occurred in the year under review in terms of company size, structure or ownership that might entail any significant economic, ecological or social changes. Moreover, no relevant changes have occurred regarding the location of suppliers, the structure of the supply chain or the relationships. The reporting period extends from 1 January 2022 until 31 December 2022. The last report was published on 31 March 2022, the reporting cycle of the Association of Volksbanks is once a year.

All content and indicators relate to all banks within the Association of Volksbanks, unless stated otherwise. A list of all banks covered by the report is contained in the Annex.

VOLKSBANK WIEN AG is the only bank in the Association of Volksbanks that is subject to the NFRD¹⁾. With a view to implementing the Taxonomy Regulation, companies subject to the NFRD must report their eligibility for taxonomy. In the course of this disclosure for the business year 2022, VOLKSBANK WIEN AG is still subject to a simplified disclosure obligation; the figures are presented for the Association of Volksbanks as well. The Association of Volksbanks discloses a scientifically-based estimate on financed emissions (Scope 3) in addition to the legal minimum of eligibility for taxonomy.

An overview of material non-financial risks and the due diligence processes established are contained in the Annex.

The e-mail address nachhaltigkeit@volksbankwien.at is available for questions regarding the sustainability report of the Association of Volksbanks.

The publication date of the Sustainability Report 2022 is 29 March 2023.

The Association of Volksbanks is committed to diversity and the equality of all genders. For reasons of readability, male, female and diverse word forms are not used simultaneously. All words designating persons refer to all genders in equal measure.

¹⁾ The Non-Financial Reporting Directive (NFRD) is a directive to extend the reporting obligations of large capital market-oriented companies, credit institutions, financial services institutions and insurance companies.

ABOUT THE REPORT

*Sustainability
Report
Team*

CEO

Chairman of the Managing Board Gerald Fleischmann



Head of Sustainability Committee/Sustainability Officer

Cooperative
Monika Tögel

Sustainability Management
Monika Tögel



Corporate Values

Code of Conduct and Compliance
Karl Angermann

Data Security
Thomas Danninger

Customer Service Quality
Monika Tögel

Economy

Sustainable Products and Services
Nicole Adrian, Andreas Miskou, Martin Rosar

Regionality
Monika Tögel

Risk Management
Doris Neumayr

Digitisation

Digitisation
Bettina Fattinger

Ecology

Energy and Climate
Sabine Fellner, Michael Hirschler

Social Matters

Employees
Alexander Riess

Employee Representation
Christian Rudorfer

Volksbank Akademie
Barbara Czak-Pobeheim

Social Commitment
Barbara Bleier-Serentschy

The Sustainability Report of the Association of Volksbanks is supplemented by best practice examples from all over Austria thanks to the support of the primary banks in many areas. Thanks to the colleagues from the primary banks for their contributions!

COOPERATIVE



IMPORTANT SUCCESSES AND RESULTS

In 2022, important successes and results were achieved within the Association of Volksbanks:

- » Expansion of the Volksbank Owners' Club, a programme for cooperative members, at the Volksbanks
- » Creation of a homepage for members of the Owners' Club at the Volksbanks
- » Cooperation for Energy Cooperatives joins klimaaktiv's Austrian Green Investment Pioneers Programme
- » Publication of the second edition of the brochure for SMEs and cooperatives together with the ÖGV¹⁾



MEASURES

Measure	Time horizon	Status
Roll-out of the concept for financing energy cooperatives	since 2021	ongoing
Expansion of the "Owners' Club" for cooperative members	since 2021	ongoing
Continue Owners' Dialogue	since 2017	ongoing
Continuation of Financial Literacy project, ÖGV	since 2021	ongoing
Renewed edition of the Guide for SMEs and cooperatives with the ÖGV	since 2021	ongoing
150th anniversary of the ÖGV	2022	completed



GOALS

In 2022, the goals of the Association of Volksbanks with respect to cooperatives were:

- » Roll-out of the Volksbank Owners' Club for cooperative members
- » Continuation of Financial Literacy project of the ÖGV
- » Expansion of cooperative activities (events, brochures, etc.)

¹⁾ The Austrian Cooperative Association (ÖGV) is the service and auditing association of the Association of Volksbanks.

The Volksbanks were founded as cooperatives over 170 years ago. At that time, small businesses, craftsmen and farmers, in particular, had hardly any access to banks and thus to capital that was essential for survival. The solution was to help people help themselves by voluntarily joining forces and supporting each other. True to the motto “Many little forces unite to make one big force”, under which the first cooperative banks were founded.

Cooperatives are sustainable because they think and operate with a long-term perspective, with a mission to benefit their members without being driven by short-term shareholder value. They are built on proximity and personal contact and usually very deeply rooted in the region and among the people who live there. Hence, they strengthen regional economic cycles – for example, when Volksbank finances local SMEs. Regionality and sustainable action are therefore firmly anchored in Volksbank’s DNA.

The Association of Volksbanks is an association of credit institutions organised as a cooperative according to Schulze-Delitzsch, pursuant to section 30a of the Austrian Banking Act (BWG). The Association consists of VOLKSBANK WIEN AG as central organisation, as well as the regional Volksbanks, and Österreichische Ärzte- und Apothekerbank, jointly forming a liability and liquidity association. The focus of the regional banks is on sustainable partnerships with customers and continuous improvement of customer service – Volksbank is the sustainable relationship bank for customers from the region.

Cooperative principles

The Association of Volksbanks operates in line with cooperative principles and has been built up successfully and sustainably over many generations of members. The Association of Volksbanks’ understanding of sustainability is based on the cooperative core values of self-responsibility, self-help, and self-governance. Sustainable development is considered the equivalent of the present-day implementation of cooperative principles. The values trace back to Hermann Schulze-Delitzsch, co-founder of the cooperative system. Part of the vision is a sustainability-oriented corporate strategy that is based on freedom and responsibility, as well as on the values of trust and reliability.

For more than 170 years, the cooperative development mission in the region and the special aspect that customers of the Volksbanks are also owners of the bank have been distinguishing features of the credit cooperatives. Within the Association, this participation option is partly guaranteed indirectly via the holding cooperatives (“Beteiligungsgenossenschaften”). The purpose of the cooperatives still is to enhance the earnings of their members and to benefit the economy as a whole, supporting the reasonable dimensions and the diversity of regional economic structures (as opposed to monopolies). The cooperative connects a wide variety of stakeholders in the region. In addition to its role as sponsor and financier, the regional bank is a hub, an enabler and a networker. According to the terminology of the EU Commission and the OECD, “social economy” also includes cooperatives. The ÖGV is therefore explicitly mentioned in the EU Commission’s Country Report as a driver of the social economy.¹¹

Sustainability from the cooperative’s perspective:

- » Ecological sustainability manifests itself, for instance, in energy cooperatives that contribute to the achievement of climate targets, and a regional independence from the commercial energy suppliers and uncontrollable electricity price increases.
- » Social sustainability means the preservation of communal identity and also overcoming poverty (e.g. cooperatives supporting regional building projects, ‘assistance cooperatives’).
- » Economic sustainability means guaranteeing the livelihood of people in the region, providing for the sustainable existence of businesses, and enabling companies to have long-term business relationships.

The cooperative system within the Association of Volksbanks

The Association of Volksbanks consists of a total of nine primary banks, of which six operate as stock corporations and three as cooperatives. While cooperative banks are directly owned by their members, the owners

1) <https://beta.op.europa.eu/en/publication-detail/-/publication/b6f7a49d-67cd-11e9-9f05-01aa75ed71a1/language-en/format-PDF/> quote, page 56

COOPERATIVE

of joint-stock banks are holding cooperatives (Beteiligungsgenossenschaften) that have contributed their banking operations to the respective joint-stock bank. Hence, all banks in the Association of Volksbanks have a cooperative ownership structure and have been committed to the same goals for over 170 years now.

The cooperative ownership structure aims to ensure that customers are also owners of the bank. The aim is to safeguard the cooperative development mission and the regional focus of the banks even in the face of significant changes in regulatory conditions and a constantly changing market environment. From the point of view of customers and owners, regionality means that the capital invested is used in the respective region in the long term, that savings deposits are used to finance local loans, and that the profits generated will support and ensure this cycle. The sustainable, joint economic success of banks and customers is always the main priority.

Currently, the holding cooperatives of the Association of Volksbanks have some 500,000 members in total.

Establishing and financing energy cooperatives

The 'Erneuerbaren-Ausbau-Gesetz' (act on the expansion of renewable energies) regulates the establishment and benefits of energy communities. Municipalities, SMEs and citizens can establish energy cooperatives that produce, consume, store and market electricity and heat from renewable energy sources on a regional basis, thus actively shaping the energy transition.

BEST PRACTICE

VOLKSBANK WIEN AG

Representing the Association of Volksbanks, VOLKSBANK WIEN AG, together with PowerSolution Energieberatung GmbH and the ÖGV, has joined the Austrian Green Investment Pioneers Programme of the Federal Ministry for Climate Action with "Enabling Facility" PowerSolution Errichtung und Betrieb GmbH. This is meant to underscore the efforts of the Association of Volksbanks to accelerate the construction of "green" energy generation facilities, and the establishment of energy cooperatives, and to contribute to a faster increase in the readiness to finance such facilities. The cooperation was officially acknowledged by Federal Minister Leonore Gewessler at the Climate Conference 2022.



In cooperation with the ÖGV and energy consulting companies, communities are approached and advised on the topic of energy cooperatives. For this purpose, the ÖGV offers a service package ranging from legal advice on formation to the drafting of the optimal articles of association. Questions about the installation of photovoltaic systems, the optimal use of the electricity generated by them, about subsidies and the required contracts with grid operators, as well as permits from authorities, are covered by energy consultants. Volksbank uses its contacts with community leaders to organise a large number of consultation appointments as quickly as possible and to accelerate the establishment of energy cooperatives. The goal of Volksbank is to promote regionality and provide support for the energy cooperative, from account management to financing the energy generation facilities. In 2022, numerous municipalities in the pilot region of Baden were provided with advice by VOLKSBANK WIEN AG together with the ÖGV and PowerSolution, while the ÖGV was able to support 17 new energy cooperatives during their establishment, and more are already in the pipeline for 2023.

At events organised by the cooperation partners, the benefits of membership in energy cooperatives are demonstrated, thus addressing a large number of potential members. The first events for municipalities, companies and private customers were held in Jennersdorf and Oberwart, southern Burgenland, in 2022. In September 2022, Volksbank, PowerSolution and the ÖGV organised a Grätzlfest in Vienna's 23rd district, where the Grätzl Energiegenossenschaft Liesing, founded by PowerSolution together with the ÖGV, was promoted and numerous commercial businesses from the neighbourhood were able to present themselves. More than 400 persons interested in the topic attended the event.

Volksbank Owners' Club for cooperative members

The Volksbank Owners' Club is a benefit programme for cooperative members within the Association of Volksbanks. The objectives of the Owners' Club are to activate the current membership and officer base, to increase member satisfaction, and to attract new members and new customers. In addition, the aim is to promote the emotional attachment of customers to Volksbank and the creation of a network to promote business in the region. Members of this Owners' Club are provided with their own regional debit cards with special layouts to redeem benefits in the region. These are sustainable cards made from recycled PVC, and another aim is to use sustainable printed matter when sending out mail in the future.

150th anniversary of the ÖGV

150 years ago, the General Association of Austrian Self-help Cooperatives (Allgemeiner Verband der auf Selbsthilfe beruhenden Österreichischen Erwerbs- und Wirtschaftsgenossenschaften) – today the Austrian Cooperative Association (Österreichischer Genossenschaftsverband) – was founded in Vienna. The 150th anniversary was officially celebrated at a big party on 15 September at the Kursalon Wien.

BEST PRACTICE

Owners' Club for cooperative members

Welcome to the Owners' Club

Volksbank Steiermark AG

Together with the ÖGV, Volksbank Steiermark has created a new umbrella brand for cooperative membership. The Volksbank Owners' Club sees itself as a joint benefit programme of Volksbank Steiermark and the respective regional holding cooperatives. Customers are invited to subscribe to shares – in this case at least 240 euros – in "their" cooperative in order to enjoy the new club benefits.

These benefits can be summarised under the keywords "Profitieren, erleben und gestalten" (enjoying benefits, making experiences, and shaping the future) and include, among other things, special discounts on products, invitations to events, discounts on admissions and high-quality vouchers. With Austria Presse Agentur and the Murau Brewery, two ÖGV member cooperatives are also involved as partners right from the start. This lays the foundation for a cross-sector cooperative network that is to be expanded in the future.

The aim is to establish the Volksbank Owners' Club as a modern, sustainable cooperative platform that benefits each individual member as well as the respective regions and companies. More information about the Volksbank Owners' Club of Styria: www.volksbank-stmk.at/club

COOPERATIVE

Volksbank Niederösterreich AG

The Volksbank Owners' Club of Lower Austria is a joint benefit programme of Volksbank Niederösterreich and its holding cooperatives. As members of the Owners' Club, customers benefit from exclusive benefits and promotions. Invitations to free cabaret evenings with top-class representatives of the Austrian cabaret scene and seasonal vouchers for free admissions to regional events and offers are just a few of the services offered by Volksbank Niederösterreich's exclusive club, which creates added value for owners as well as for institutions and companies, strengthening the region in the process.

VOLKSBANK WIEN AG

There are already Owners' Clubs at VOLKSBANK WIEN AG for the management cooperatives VB Weinviertel Verwaltung eG, VB Niederösterreich Süd eG and VB Wien Beteiligung eG. The latter started in 2021 after the split of VB WIEN Beteiligungsgenossenschaft. Various communication measures and events were implemented in the Owners' Clubs – such as cabaret evenings or joint Christmas tree cutting. A homepage was implemented for the Owners' Clubs at:

www.volksbankwien.at/hausbank/eigentuemerclub

Financial Literacy

With the support of cooperative associations – including the ÖGV – the first student cooperatives were launched in 2021. The idea behind it: The young generation should get to know the successful model of cooperative business in a practical way. Along the way, important skills such as self-initiative, creativity and team spirit are conveyed as well.



Pioneering project:

NXT hak:zwei GENERATION

In 2022, the first student cooperative founded with ÖGV support started operations: NXT hak:zwei GENERATION is an inter-class project at the BHAK II in Salzburg. Volksbank Salzburg and the Malag painters' cooperation act as sponsors and supporters for the young cooperative. The students have set themselves the primary goal of preventing waste at the school. This will be implemented by introducing sustainably produced, personalised cups that can be used instead of plastic cups at the school's coffee machines. The cooperative is planning to hand out starter kits for those starting school, to make it easier for them to get started. Sustainably produced sportswear showing the school logo is to complement the range of products offered by the student cooperative. Another business area identified by the students is event organisation – from school festivals to career days.

Volksbank and ÖGV publish sustainability guide for SMEs and cooperatives

Under the heading “Sustainability for SMEs and Cooperatives”, the Association of Volksbanks and the ÖGV have published the first guide to help interested companies on their way to a sustainable future in 2021. The need for action in the area of sustainability is constantly increasing, even for smaller companies. The brochure for SMEs and cooperatives explains why sustainability concerns everyone and, above all, why it is associated with opportunities. It supports businesses in implementing sustainability even more strongly in the core business of customers and cooperatives. In 2022, a second edition was published that focused on the topic of the energy transition. The free guide is available for download at www.volksbank.at/nachhaltigkeitsbroschuere. In addition, the ÖGV has summarised the most important subsidies and tax relief on the topic of sustainability and published them on its homepage.

OUTLOOK

For 2023, it is planned by the Association of Volksbanks, together with PowerSolution and the ÖGV, to organise further events and consultation appointments at municipalities and companies. Both the financing of renewable energy systems offered by Volksbank and the topic of energy cooperatives will continue to be promoted in various media in order to accelerate the achievement of climate targets.

In addition, the expansion of the “Owners’ Club” for cooperative members is to be driven forward at the Volksbank. Also, a third edition of the brochure for SMEs and cooperatives is planned together with the ÖGV.

*We are committed
to a sustainable
corporate culture.*

A new project deals with the long-term perspectives for the cooperatives in the Association of Volksbanks.

Within the scope of the initiative “#mehrwert2025”, the ÖGV is going to develop new offers and services in the years to come. As a first step, the cooperative system in the Volksbanks is to be strengthened and made fit for the challenges of the future. The project was launched in spring 2022. First, a wide-ranging IMAS survey was conducted among all officers. Based on their results, regional future workshops were held to develop a vision for the future orientation as well as a modern interpretation of the cooperative development principle together with the representatives of the Volksbank cooperatives. Subsequently, an activity plan and specific implementation steps will be derived from the numerous creative inputs and ideas.

The introduction of the “Hermann Award” for regional SMEs that was planned for 2022 is still being evaluated.

SUSTAINABILITY MANAGEMENT

Sustainability as the Association of Volksbanks understands it is based on a sustainable development model. This can only be achieved through the simultaneous and equal implementation of environmental, economic and social goals. This is the only way to ensure and improve a society's ecological, economic and social performance. The three aspects are interdependent and are integrated into the strategy of Volksbank.

In 2019, the values "trust, regionality and customer proximity" were defined as core values for the Association of Volksbanks, involving the Managing Board members within the Association, and all employees were trained on these values. Especially in these very turbulent times, which are marked by special social and economic challenges and clearly noticeable climate changes, these values are becoming increasingly important. In 2020, they were expanded to include the following mission:

Volksbank

- » operates sustainably in the region on the basis of cooperative values.
- » assumes responsibility for the long-term well-being of customers and employees.
- » acts in an eco-minded and climate-conscious manner.

Sustainability principles of the Association of Volksbanks

The Association of Volksbanks

- » has committed itself to the Paris Agreement on climate protection.
- » aligns its business strategy with the SDGs¹⁾ of the United Nations, thus contributing to their achievement.
- » through the membership of VOLKSBANK WIEN AG in the UN Global Compact, emphasises the importance of the issue of sustainability in business activities and supports the 10 principles of the UN Global Compact for the development of a sustainable global economy for the benefit of all people, communities and markets.
- » by adhering to these principles, has committed itself to responsible corporate governance and has embedded sustainability as an integral part of its corporate culture.
- » aims to manage ESG risks appropriately and to enhance the positive impact of its business activities on the environment and the people.
- » by offering sustainable products and services, enables responsible consultancy and cooperation with customers.

The material topics forming the basis for Volksbank's sustainability management were worked out together with stakeholders. The topics were selected considering the ecological and social impact of the sustainability topics identified, as well as their relevance to stakeholders. The identification and impact assessment of sustainability topics is carried out on an ongoing basis in workshops with employees and the managing board members of the Volksbanks. In 2021, a stakeholder survey was conducted for the first time, not only for VOLKSBANK WIEN AG but also for the entire Association of Volksbanks, followed by a materiality analysis.

SUSTAINABILITY MANAGEMENT

Materiality analysis

In 2021, the materiality analysis was completely redesigned. Together with external sustainability experts, all sustainability topics were analysed with regard to their potential environmental, social and societal impacts, in accordance with the GRI standards. Together with the prioritisation of sustainability topics from the stakeholders' perspective, this analysis forms the basis for the selection of the material sustainability topics. The bank identified 12 material topics in the areas of customers and products, employees, the environment, society and compliance. In addition to the 12 topics identified, the issue of ethics and compliance is also fully reflected in the report as a material topic. The Managing Board has approved the material topics.

Stakeholder survey

By means of an online tool, stakeholders were asked about the sustainability topics they consider important in relation to the Association of Volksbanks. The selection of stakeholders for the survey was done on the basis of their interest in and influence on the company.

The stakeholders were asked to evaluate the importance of the sustainability topics as well as the commitment of the Association of Volksbanks to sustainability topics. To improve comprehensibility, each topic was described in greater detail in the questionnaire. The survey was conducted for the entire Association of Volksbanks. Throughout the Association, more than 9,000 stakeholders from the groups of retail customers, corporate customers, employees, owners, shareholders, members, supervisory board members, product partners, NGOs, the Austrian Cooperative Association (ÖGV), the media, politics, suppliers and capital market participants took part in the survey. This provided important input from stakeholders in determining the main topics of the report.

An overview of the material topics resulting from the materiality analysis and their allocation to the matters under the Austrian Sustainability and Diversity Improvement Act (NaDiVeG) and to the GRI aspects is shown in the following table.

Material topics	Chapter in the report	GRI aspects
Regionality	Regionality	GRI 201, 203
Sustainable investment	Sustainable products and services	GRI 305
Sustainable financing	Sustainable products and services	GRI 201, 305
Customer satisfaction	Customer service quality	GRI 417
Digitisation	Digitisation	no GRI allocation
Employee health and safety	Employees	GRI 403
Training and education	Employees	GRI 404
Employee satisfaction	Employees	GRI 401
Diversity and equal opportunities	Employees	GRI 405, 406
Energy and climate	Energy and climate	GRI 302, 305
Data protection and security	Data security, Code of Conduct and compliance	GRI 418
Human rights	Code of Conduct and compliance	no GRI allocation
Professional ethics and compliance	Code of Conduct and compliance	GRI 205

SUSTAINABILITY MANAGEMENT

Outlook regarding the materiality analysis based on the CSRD

In 2023, the materiality analysis will be revised according to the requirements of the CSRD, including the inclusion of financial materiality.

UN Global Compact

The UNGC (United Nations Global Compact) is a global convention between the United Nations and business entities aiming to advance globalisation with a view to sustainability. The UNGC was initiated by UN Secretary-General Kofi Annan in 1999. This voluntary commitment comprises ten basic principles in the spheres of labour standards, human rights, environmental protection and the fight against corruption that are meant to encourage business entities to act sustainably.

VOLKSBANK WIEN AG participates in the United Nations Global Compact based on the "Signatory" status. The sustainability report of VOLKSBANK WIEN AG equally represents the annual progress report in line with UNGC requirements.

Sustainable Development Goals

In 2015, the member states of the United Nations adopted 17 goals for sustainable development: the Sustainable Development Goals (or SDGs in brief). These goals address the topic of sustainability at an economic, social and ecological level. On 1 January 2016, the SDGs entered into force for a term of 15 years. Politics, civil society and business are working together to implement the SDGs; accordingly, the SDGs are also relevant for the Association of Volksbanks.

Based on the materiality analysis updated in 2021, the Association of Volksbanks has allocated the material topics to specific SDGs.

The SDGs most relevant to the Association are:



SUSTAINABILITY MANAGEMENT

Description of the SDGs relevant to the Association of Volksbanks:



Good health and well-being

Ensure healthy lives and promote well-being for all at all ages.

The Association of Volksbanks offers comprehensive measures in the sphere of work-life balance. Flexible working time models and a positive attitude to part-time employment are part of this. Free health checkups, vaccination campaigns and sports groups are only some of the preventive measures to promote employee health that are offered to varying degrees in the individual banks. During the COVID-19 pandemic, numerous protective measures were put in place for customers and employees.



Quality education

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

At Volksbank Akademie, with the training formats offered by that institution, such as courses and professional training events that constitute an essential part of HR development, the Association of Volksbanks demonstrates its commitment to high-quality education. Programmes to promote female high potentials, as well as mentoring contribute to inclusive equal education for all.



Gender equality

Achieve gender equality and empower self-determination of all women and girls.

The Association of Volksbanks has been committed to a fair and positive working environment for all employees for years, with a strong focus on diversity and inclusion. First and foremost, all employees are valued and treated equally. In order to ensure equal rights, the Association of Volksbanks primarily implements measures for the advancement of women with a view to equal opportunities. Diversity is one of the sustainability goals in the Association and is measured using a KPI¹⁾.



Decent work and economic growth

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

As a bank for small and medium-sized enterprises with knowledge about the customers in the region, the Association of Volksbanks offers quick, need-based loans, thus contributing to local, sustainable economic growth. Almost all financing is provided to regional customers. Additionally, the employer branding initiative positions the Association of Volksbanks as an attractive, strong and authentic employer brand. The flexible organisation of the workplace, especially through remote working during the COVID-19 pandemic, and constructive communication with the works council are only some of the pillars of promoting favourable working conditions.

1) Key performance indicator

SUSTAINABILITY MANAGEMENT



Industry, innovation and infrastructure

Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.

The preparation of a digital agenda operating as signpost for further developments of digital products and services consolidates the company's positioning as fast follower – also involving fintechs and start-ups in innovative developments. A clear trend towards involving customers in organising customer processes serves as a basis for sustainable and resilient innovations.



Sustainable cities and communities

Make cities and human settlements inclusive, safe, resilient and sustainable.

With financing concepts based on builder-owner models, VOLKSBANK WIEN AG makes an essential contribution to sustainable development in the sphere of creating and improving living space and making the same more ecological. Through subsidised housing financing, a great amount of regional planning and socio-political steering potentials can be realised. For more than 170 years, the Volksbanks have been the local providers of financial services in their regions, making an essential contribution to creating value and prosperity there.



Climate action

Take urgent action to combat climate change and its impacts.

The Association of Volksbanks is taking a variety of measures to reduce its contribution to climate change as far as possible. For example, in banking operations, in buildings and in the sphere of mobility, attention is paid to reducing direct and indirect CO₂ emissions. Examples include the implementation of energy efficiency measures, the conscientious use of resources, or regular monitoring of the carbon footprint. The Association of Volksbanks has also set itself the goal of continuously reducing indirect CO₂ emissions from its core business (such as from financing and investments).

BEST PRACTICE

Volksbank Steiermark AG

The achievement of sustainability goals based on the SDGs has already been successfully implemented at Volksbank Steiermark. Focusing on diversity, Volksbank Steiermark has addressed the topic of "100 % equal treatment pays off". To promote diversity in line with SDG 5, equal opportunities for development must be provided first. So, diversity presupposes equal opportunities. Equal opportunities and diversity – these two guiding themes characterise both the leadership culture and the education and development options at the bank. For instance, under the heading "Hausbank bildet" (education at the relationship bank), customers and employees were given an opportunity to choose from a great number of information events, among others on the topic of "sustainable building and refurbishment". In Styria, the focus is on SDG 4, "Quality education".

SUSTAINABILITY MANAGEMENT

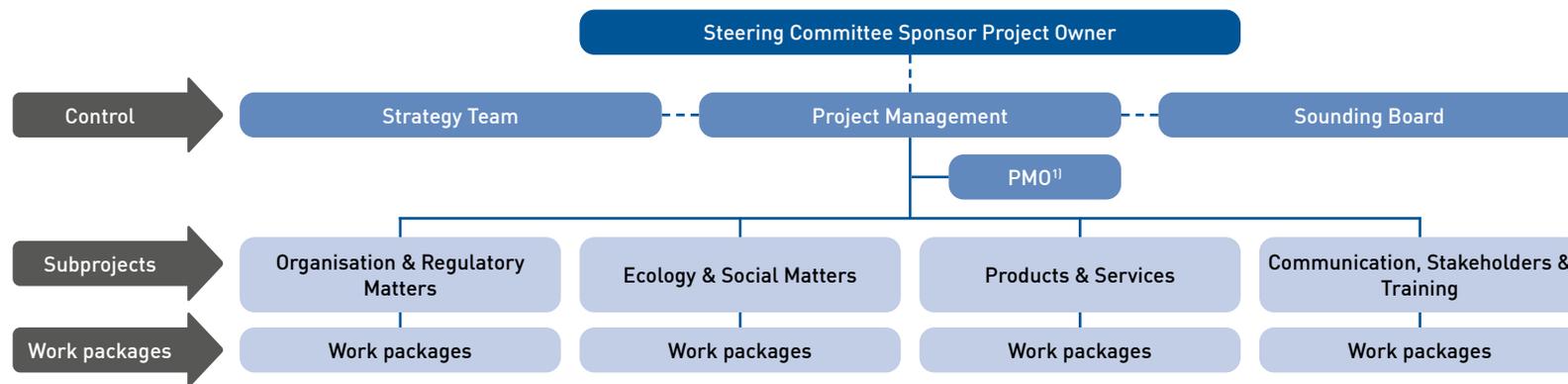
In addition to the topics of “Education” and “Diversity”, another special focus was put on “Climate Protection”. A number of initiatives have been implemented that are now mainstays of the corporate culture and also of the business strategy. Volksbank Steiermark, for example, consciously uses the diversity within its teams for the broad-based further development of value-based cultural work. The priority goal of “climate protection” includes, for example, initiatives for the reuse of obsolete IT equipment as well as energy-saving measures in the form of consciously switching off monitors. Vehicle fleets were consistently switched to electric vehicles and properties provided with photovoltaic systems if possible, which serves to achieve SDG 13, “Climate Action”.

Sustainability governance

The Association of Volksbanks has taken extensive steps to integrate sustainability aspects into its core business and to further expand its sustainability management. For this purpose, a comprehensive “Sustainability Project” was launched in 2020 and completed as scheduled in mid-2022 following the successful integration of sustainability into the core business and processes.

The structure of the project was aligned with the ESG factors. In addition to the further development into a sustainable company, legal requirements are being worked through, the ecological footprint of the bank itself is being reduced, Volksbank is being strengthened as an attractive employer, and products and services are being expanded to include sustainability aspects. Another essential aspect is the communication with stakeholders and the training of employees, which are also covered by the project. A communication platform was set up on the intranet for the entire Association, where all information relating to sustainability is available.

Overview of the project structure:



1) Project Management Office

SUSTAINABILITY MANAGEMENT

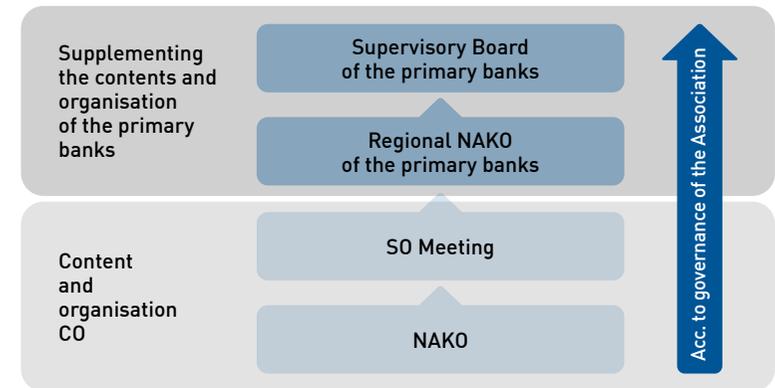
As a result of the project, a decision-making committee of the Joint Managing Board on sustainability was established within VOLKSBANK WIEN AG early in 2022: the Sustainability Committee (NAKO). This Committee decides on, reports on and manages sustainability-related topics, and rules of procedure have been drawn up. The steering and control of the Managing Board is based on sustainability goals, which also include the monitoring of ESG risks. The primary banks are also managed and controlled on the basis of these sustainability goals. Sustainability Officers (SO) have been appointed at the primary banks, who serve as multipliers and contribute ideas from the banks. They are responsible for ESG topics in the primary banks and support the managing boards of the primary banks in their efforts to manage the banks based on the sustainability goals.

All divisions of VOLKSBANK WIEN AG (as the central organisation) are involved in implementation measures and have each appointed sustainability ambassadors to accompany internal communication on the topic of sustainability and to support the process of achieving their sustainability goals with forward-looking ideas. This report contains all measures and goals implemented in 2022 as well as an outlook on further plans with regard to the material topics of the Association of Volksbanks.

The Joint Managing Board has ultimate responsibility, within the scope of its management function, for implementing sustainability aspects in internal governance structures, in the risk management framework and in relevant guidelines of the Association of Volksbanks, which are subject to regular review. Members of the Supervisory Board and the Managing Board regularly attend fit & proper trainings on sustainability.

In 2021, a sustainability strategy was created for the first time, and sustainability was included in all chapters of the business strategy. Opportunity and risk analyses were carried out to develop the sustainability strategy, and the findings were incorporated into the strategy. These analyses included, for example, a materiality analysis, a SWOT¹⁾ analysis, impacts of transition risks, and physical risks regarding the business model in the form of outside-in²⁾ and inside-out risks.

The Supervisory Board of the banks of the Association is committed to sustainability in all areas of the company and, as part of its monitoring of the Joint Managing Board, checks whether the latter takes comprehensive account of the principles of sustainability in its management of the company. Topics from the NAKO are regularly reported to the Supervisory Board, and via the Sustainability Officers in the Volksbanks also to the supervisory boards of the primary banks. The consideration of sustainability aspects is anchored in the rules of procedure of the Managing Board and the Supervisory Board.



1) The SWOT analysis is a strategic planning tool.

2) Outside-in risks are sustainability risks that affect the bank from outside (see "Risk management" chapter).

SUSTAINABILITY MANAGEMENT

The Joint Managing Board has nominated a Sustainability Officer for the Association of Volksbanks whose task, in addition to organising and determining the contents of the NAKO, is to prepare the sustainability strategy in coordination with the Managing Board and to prepare the sustainability reports for VOLKSBANK WIEN AG and the Association of Volksbanks; the Managing Board approves the report.

Sustainability goals

The Association of Volksbanks is committed to a sustainable corporate culture and to integrating ESG criteria into its core business. The measures and targets expected by the regulatory authorities in the areas of social affairs, governance and the environment are extended:

Qualitative goals were defined at the beginning of 2021:

- » We pursue a sustainable business model/have a sustainable business strategy.
- » We operate regionally on the basis of cooperative principles.
- » We take sustainability risks into account in our risk management.
- » We are expanding the range of sustainable products and services we offer.
- » We implement sustainability in the spheres of real estate, mobility and procurement.
- » We are a reliable and attractive employer.
- » We ensure transparent and clear communication with all stakeholders.

As of 2022, in addition to the existing qualitative goals for the Association of Volksbanks, additional goals have been quantified and included in the planning for the individual areas.

The sustainability goals of the Association for 2022¹⁾:

- » Volksbank has a “low risk” sustainability rating and would like to maintain it.
- » Sustainability criteria are to be taken into account in lending.
- » A high proportion of products should have a sustainable background.
- » The Volksbanks’ operations will become CO₂ neutral.
- » Customer and employee satisfaction is to be increased.
- » Diversity is to be increased.
- » Sustainable projects in the region are supported through the cooperative dividend cycle.
- » Creation of transparency through disclosure and premium system regarding sustainability
- » Establishment of a sustainability committee
- » Implementation of ESG aspects in the “Three Lines of Defence”²⁾

Calculation of the carbon footprint and climate strategy in the portfolio

In 2022, further steps were taken to survey and improve the carbon footprint of Volksbank’s portfolio (Scope 3.15). In doing so, Volksbank again followed the calculation standard of the “Partnership for Carbon Accounting Financials” (PCAF). The data required to calculate the carbon footprint was communicated to the relevant departments within Volksbank and further preliminary calculations were carried out for selected asset classes with a low data score.

1) Summary of the quantitative targets of the Association for 2022

2) The Three-Lines-of-Defence model is a model for systematically approaching risks that may occur in companies and organisations.

SUSTAINABILITY MANAGEMENT

In addition, steps were taken with external support to establish a climate strategy and specific climate targets in the areas of financing and treasury, which will be further refined in the coming year and integrated into Volksbank's overall climate strategy.

The ambitions in the area of carbon footprint calculation as well as climate target setting are to be complemented next year by examining the possibility of joining initiatives. Specifically, it is being evaluated whether joining PCAF or the Science Based Target Initiative (SBTi) will be able to further support Volksbank's climate ambitions.

Rating for VOLKSBANK WIEN AG

The success of the Volksbanks' sustainability efforts is also reflected in the improved sustainability rating of VOLKSBANK WIEN AG. The Sustainalytics ESG Risk Rating Score has improved from 26.7 to 17.4 in spring 2022. It is particularly encouraging that there has been a significant improvement from the "Medium ESG Risk" category to the "Low ESG Risk" category. The aim is to continue to be rated "low risk" by Sustainalytics with a maximum rating score of 20.

Loss of biodiversity and preservation of species

Biodiversity is the basis for life and enables adaptation to changing environmental conditions, such as the climate crisis. Nature provides us humans with food, medication, building materials and helps to improve our well-being, health and the economy. Therefore, the Association of Volksbanks incorporates the topics of loss of biodiversity and preservation of species into its processes. For regulatory reasons, the main focus of integration is still on the topic of climate.

In 2022, a scoring system was developed for the assessment of credit risks associated with ESG factors. By means of the assessment of soft facts by the account managers, risks of the customers are evaluated in the context of an ESG score. These soft facts also include the topics of biodiversity and preservation of species. Moreover, ESG risks are analysed and reassessed as part of the risk inventory using ESG heat maps on a regular basis. In the ESG heat map, various risk events, such as loss of biodiversity and preservation of species, are described and evaluated. See "Risk management" chapter.

Based on the General Instruction on Risk Assessment of Outsourcing, all outsourcing activities of the Association of Volksbanks are reviewed using a defined standard process. A sustainability check is part of this process. The query on sustainability risks also covers questions on biodiversity and preservation of species.

Loss of biodiversity and preservation of species have also already been considered as a risk for investments by one product partner. See digression on Union Investment. Union Investment wanted to know, for example, how well companies in the agricultural and food industries, as well as manufacturers of personal and household care products, are prepared for the planned regulatory measures against deforestation and what the companies are already doing voluntarily to combat it.

SUSTAINABILITY MANAGEMENT

Disclosures

Following publication of the Taxonomy Regulation, companies subject to the NFRD¹⁾ must report their eligibility for taxonomy for the first time. The Association of Volksbanks, based on its self-image as a sustainably responsible bank, will disclose a scientifically based estimate on the financed emissions (Scope 3) of the customer portfolio, in addition to the legal minimum of taxonomy eligibility. Although the Association of Volksbanks is aware of the fact that a perfectly well-founded determination of Scope 3 requires information from customers about the financing in question, it would like to underpin its commitment to the accelerated development into a sustainable institution by creating a basis for a future strategy (e.g. a climate strategy) with corresponding targets and measures.

Statutory disclosure

Eligibility for taxonomy

Art. 10	Gross carrying amount (in euro million)	% of coverage (of total assets) ²⁾
2a Total assets	29,224	100.00 %
CAPEX-based		
of which taxonomy-eligible	9,219	31.54 %
of which non-taxonomy-eligible	20,006	68.46 %
KPI-based turnover		
of which taxonomy-eligible	9,217	31.54 %
of which non-taxonomy-eligible	20,008	131.54 %
2b Exposures to sovereigns, central banks and supranational issuers	4,119	14.09 %
2c Exposures to entities not subject to the NFRD	10,967	37.53 %
Trading book	1	0.00 %
Short-term interbank loans	38	0.13 %
Exposures in derivatives	298	1.02 %

1) Non-Financial Reporting Directive (NFRD), a directive to extend the reporting obligations of large capital-market-oriented companies, banks, financial services institutions and insurance companies.

2) % of assets covered by KPIs of the bank's total assets.

SUSTAINABILITY MANAGEMENT

Art. 10 Implementation within the Association of Volksbanks

2d Annex XI Disclosures

Background information to support the quantitative indicators, including the scope of assets and activities covered for the KPI¹⁾, information on data sources, and limitations

For the determination of the indicators under 2a, which refer to the taxonomy-eligible and non-taxonomy-eligible economic activities, a tool-based calculation was developed, starting from the data basis of the FinRep²⁾ report as at 31 Dec. 2022. The basis for the preparation of the key indicators is the data of the consolidated FinRep of the Association of Volksbanks. These data are enriched by several characteristics (subject to the NFRD, transactions listed in the trading book, interbank transactions, etc.). The 2a key indicators presented relate exclusively to the first two environmental goals (climate protection and adaptation to climate change) of the EU Taxonomy Regulation. As companies subject to the NFRD increasingly publish their taxonomy reporting, their exposures can already be taken over as taxonomy-eligible exposures with a weighting of the individual CAPEX and turnover KPIs. The disclosure of taxonomy-eligible exposure therefore relates to private households for which a link to activities covered by the Taxonomy Regulation could be established via the purpose of the transaction or the type of collateralisation, or to companies subject to the NFRD with KPI weighting. In addition to information on taxonomy eligibility of economic activities and the share of sovereigns, central banks, supranational issuers (key indicator 2b), information on derivatives as well as the trading portfolio and short-term interbank loans must also be provided. In order to determine key indicator 2c, which represents the share of exposure to entities not subject to NFRD reporting in total assets, the volumes of exposure to entities subject to NFRD reporting were first determined and then deducted from the total exposure of the Association of Volksbanks.

Considering the reporting form "Assets for calculating the GAR" in Annex 6, it becomes clear that an exposure can only be assigned to one category, as otherwise the total assets would not add up. The Association of Volksbanks concludes from this that double counting is not desirable. Art. 7 (4) last sentence of the Delegated Regulation on Art. 8 of the Taxonomy Regulation also indicates that double counting is not desirable. Overall, from the point of view of the Association of Volksbanks, it is evident that exposures should not be reported in several categories for the purposes of Art. 10 of the Delegated Regulation. Therefore, in the opinion of the Association of Volksbanks, the following procedure should be followed successively: any items previously identified should no longer be listed in the population (main unit) for the subsequent steps.

The disclosure obligation arising from the Delegated Act is to be presented as follows, from the perspective of the Association of Volksbanks:

1. Identification and isolation of central governments, central banks and supranational issuers (what is important here is that only central governments such as the Republic of Austria, Germany, France, etc. are included and not also federal states, municipalities, cities and enterprises with government links). Subsequently disclosed under Art. 10 (3) (b)
2. Identification and isolation of derivatives, subsequently disclosed under Art. 10 (3) (b) (from the point of view of the Association of Volksbanks as separate ratio, since the item is not comparable with central governments etc.)
3. Identification and isolation of the trading portfolio, subsequently disclosed as separate ratio
4. Identification and isolation of overnight interbank loans, subsequently disclosed as separate ratio
5. Identification and isolation of companies subject to the NFRD, companies subject to the NFRD are to be classified in terms of taxonomy-eligible/non-taxonomy-eligible, based on the KPIs published. The listed loans to households are taxonomy-eligible per se. If the relevant criteria are met, financing provided to municipalities is to be classified on the basis of the financed property.
6. From the remainder, the exposures as compared to companies not subject to the NFRD (for the purpose of the Accounting Directive, companies include only AGs, GmbHs and capital-based partnerships or their corresponding corporate forms in the other member states) are to be isolated and reported under (c).
7. In total, this leaves a number of residual items consisting of the non-included financing to households, partnerships, sole traders, other assets, tangible assets, cash holdings, etc.

When the individual amounts in the numerator of the ratios of Art. 10 (3) (b) and (c) of the Delegated Regulation on taxonomy and the two additional ratios are added together, this value should be below the value of the non-taxonomy-eligible exposures, as the assets under item 7 cannot be assigned to any required category.

1) Key performance indicator

2) FinRep is the abbreviation for Financial Reporting and, in German banking, the English term for a part of the reporting system.

SUSTAINABILITY MANAGEMENT

Art. 10	Implementation within the Association of Volksbanks
2d Annex XI Disclosures	
<p>Explanations of the nature, objectives of taxonomy-compliant economic activities and their development over time, starting with the second year of implementation, distinguishing between business-related, methodological and data-related aspects</p>	<p>Information on the scope of taxonomy-compliant economic activities is to be reported as of 1 January 2024 (year under review: 2023). Explanations on the nature and objectives of taxonomy-compliant economic activities will be made as of 1 January 2024. Explanations of their development over time will start with the second year of implementation, thus as of 1 January 2025 (year under review: 2024).</p>
<p>Description of compliance with Regulation (EU) No. 2020/852 in terms of the business strategy of the financial company, their product design processes, and in terms of cooperation with customers as well as counterparties</p>	<p>In its business and sustainability strategy and in its daily actions, the Association of Volksbanks is committed to a sustainable business policy and to taking sustainability into account in all divisions. Regulation (EU) No. 2020/852 (EU environmental taxonomy) is of very high importance for the Association of Volksbanks. For the year under review 2022, the most important asset items were analysed with regard to taxonomy eligibility. In the future, assets will also be analysed with regard to their taxonomy compliance. In the future, the Association of Volksbanks will observe the EU Taxonomy Regulation in its business strategy, product design processes and cooperation with customers and counterparties. This does not mean that non-taxonomy-compliant economic activities will no longer be financed, because customers also need an opportunity for transformation financing. However, great importance is attached to the taxonomy compliance of economic activities. Many aspects of the modern understanding of sustainability are a given for the Association of Volksbanks and are reflected in its entire business activities as well as in its self-image.</p>
<p>For credit institutions that are not required to disclose quantitative information on trading exposures: qualitative information on the alignment of trading exposures with Regulation (EU) No. 2020/852, including overall composition, observed trends, targets and guidance</p>	<p>The trading strategy is based on a conservative risk strategy and only takes place in the CO¹⁾ segment of VOLKSBANK WIEN AG within the limits set by Risk Control. The added value of the trading activities lies in the maximisation of earnings from customer and own-account transactions within the association of credit institutions. VOLKSBANK WIEN AG does not maintain a large trading book and does not engage in proprietary trading. Based on this framework, ESG principles are well represented. Activities on the securities trading book are limited to secondary market management of own sector issues and a small number of domestic corporate issuers. The holding period is short, corresponding to that of the trading book. Issuer limits and holding period limits are implemented. Activities in the sphere of Austrian Corporates will be engaged in when a customer need is identified. In total, the business area is small, in line with the size of the Austrian Corporate issuer market. The ESG criteria are included in the application process for the approval of issuer limits. Consideration in the business process is thus already given at an early stage.</p>

1) Central organisation

SUSTAINABILITY MANAGEMENT

Voluntary disclosure

Financed emissions (Scope 3)

As in the previous year, the Association of Volksbanks calculated financed emissions [Scope 3] also in 2022. The calculation logics used here are based on the PCAF (Partnership for Carbon Accounting Financials) standard. The PCAF standard aims to support financial institutions in the assessment and disclosure of greenhouse gas emissions arising from their financial transactions.

The following calculation approach was chosen for transactions allocated to the asset classes “listed participations and corporate bonds”, “corporate loans and non-listed participations” and “project financing” where the company-specific Scope 1-3 emissions are available:

Financed emissions = Scope 1-3 x (on-balance sheet exposures/ total assets)

For transactions where no company-specific Scope 1-3 emissions are available, the calculation approach followed the formula below:

Financed emissions = on-balance sheet exposures x CO₂e emission intensity by sector

The emission data used for greenhouse gases (in CO₂e) for the corporate sectors come from the Statistical Office of the European Commission (Eurostat) and are publicly available there per country and per NACE¹⁾ code. For countries outside the European Union, the data source World Input-Output Database was used.

For real estate loans, average CO₂e per square metre is multiplied by the average size of the respective building type based on the building type or the year of construction of the respective building type. To obtain the financed emissions, the absolute emissions are multiplied by the attribution factor per transaction. The attribution factor is calculated by dividing the on-balance sheet exposure by the respective building value.

For the average size and emission intensity of the respective building type, data from the Hotmaps project is used.

Transactions in the trading portfolio and derivatives in general are not included in the population (main unit), as in the PCAF framework, and are therefore not included in the calculation of financed emissions either.

Overall, the Association of Volksbanks can be attributed approx. 1,420.2 kilotons of CO₂e through the business portfolio according to the method presented. This figure covers approx. 98 % of total assets in the Association of Volksbanks.

SUSTAINABILITY MANAGEMENT

Category	Amount outstanding (in euro million)	Financed emissions (in t CO ₂ e)
Corporates	12,051	894,162
of which		
A Agriculture, forestry and fishing	393	353,239
B Mining and quarrying	28	12,884
C Manufacturing	503	115,507
D Energy supply	137	59,900
E Water supply; sewerage, waste management and remediation services	56	31,890
F Construction	514	29,948
G Wholesale and retail trade; maintenance and repair of motor vehicles	978	56,698
H Transport and warehousing	235	77,250
I Accommodation and catering	866	39,207
J Information and communication	107	1,604
K Provision of financial and insurance services	4,898	11,296
L Real estate and housing	1,148	29,562
M Provision of professional, scientific and technical services	617	11,699
N Provision of other economic services	168	11,034
O Public administration, defence, social security	1,054	40,365
P Education and teaching	17	640
Q Health and social services	193	3,863
R Arts, entertainment and recreation	39	3,208
S Provision of other services	100	4,368
Real estate	16,460	526,051
Total	28,511	1,420,213
Coverage of total assets	97.56 %	

SUSTAINABILITY MANAGEMENT



ESG
INVESTMENTS
2018-2022



Investment strategy of the banking book

The core element of the investment strategy is the implementation of ESG measures in the form of an active as well as passive strategy.

In the course of the annual implementation, a minimum share for the investment in sustainable bonds is determined. This investment, defined as an active implementation strategy, recorded around euro 210 million in ESG bonds by the end of 2022.

Any investments beyond this scope must meet a minimum standard of defined exclusion criteria (passive strategy). This helps to avoid investments detrimental to ESG issues. By taking these measures, “green-washing” is avoided.

In order to keep up the successful course, a minimum share of approx. euro 60 million in ESG bonds is planned for 2023 as part of the planned new investments.

In addition to compliance with exclusion criteria, minimising the carbon footprint is also an important goal in the banking book. Thanks to its conservative and sustainable investment strategy to date, the Association of Volksbanks is in a very good starting position for the coming years. Hardly any CO₂-intensive industries are included in the portfolio. This results in an already very low carbon footprint of 7.4 t CO₂e/euro million sales¹⁾ on average.

The calculation logic is as follows:

CO₂e emissions in total: Total emissions of carbon dioxide (CO₂) and CO₂ equivalents in tonnes. This key indicator is calculated from the sum total of Scope 1 CO₂e emissions and Scope 2 CO₂e emissions.

Scope 1 CO₂e emissions: Direct emission of CO₂ and CO₂ equivalents in tonnes.

Scope 2 CO₂e emissions: Indirect emissions of CO₂ and CO₂ equivalents in tonnes: indirect emissions from the consumption of purchased electricity, heat or steam generated at the facility where electricity, steam or heat are produced.

The following gases are relevant: carbon dioxide (CO₂), methane (CH₄), dinitrogen monoxide (N₂O), hydrofluorocarbons (HFCS), perfluorinated compounds (PFCS), sulphur hexafluoride (SF₆), nitrogen trifluoride (NF₃). All emissions are calculated based on the GHG protocol.

Green Bond

VOLKSBANK WIEN AG, as the central organisation for the Association of Volksbanks, prepared a framework for issuing sustainable bonds in accordance with the ICMA Sustainable Bond Standards and had it certified by an external expert, thus creating the basis for being able to finance or refinance environmentally and/or socially sustainable financing via the capital market. The funds raised in this way are earmarked for specific purposes, contribute to the SDGs and are subsequently available exclusively for financing projects that make a positive contribution to the reduction of greenhouse gases, serve to improve social infrastructure such as healthcare, or create affordable housing. The targeted use of funds creates positive steering effects in terms of increasing the sustainable loan volume.

¹⁾ These are Scope 1 and 2 values, as many companies do not yet provide Scope 3 values. Companies that do not yet supply any CO₂ figures were not included in the calculation.

SUSTAINABILITY MANAGEMENT

Stakeholder information

Within the scope of the materiality analysis and stakeholder survey, the following stakeholder groups were classified as most relevant to the Association of Volksbanks: private customers, corporate customers, employees, owners, shareholders, members, Supervisory Board members, product partners, NGOs, the Austrian Cooperative Association, the media, politicians, suppliers and capital market participants.

Public relations

In order to inform the stakeholders about news from the bank, the Association of Volksbanks conducts PR activities on a regular basis, in the form of interviews with the CEO or the press officer, of advertorials or press releases.

“Newsroom”

Press releases containing all relevant corporate news, personnel information or interesting topics from sales are issued at regular intervals and published on the website of VOLKSBANK WIEN AG.

A dedicated “Newsroom” has been set up for journalists and all other interested stakeholders at VOLKSBANK WIEN AG for the Association of Volksbanks, where information about the Managing Board of VOLKSBANK WIEN AG, press releases, event dates, annual reports and sustainability reports, market news and information about sponsorships are announced (www.volksbankwien.at/presse).

Investor Relations

The VOLKSBANK WIEN AG Group has set up a web page for investors (www.volksbankwien.at/investor-relations), where, in addition to all information subject to publication, a wide range of other information – such as investor presentations, prospectuses, the Code of Conduct, the financial calendar or information on ratings and the ownership structure of VOLKSBANK WIEN AG – can be found. In addition, the Investor Relations web page also describes the topic of sustainability in detail.

Sustainability communication platform for employees

The intranet of the Association of Volksbanks provides all employees with a communication platform containing a wide range of information on the subject of sustainability, for employees to obtain an overview of the goals, the planned procedure for achieving them as well as the contributions they are required and/or able to make.

DIGRESSION: COVID-19 MANAGEMENT WITHIN THE ASSOCIATION OF VOLKSBANKS

The focus of Volksbank, as a retail bank, continued to be on customer business in these challenging times, supported in particular by increasing its commitment to the digitisation of sales processes, one of the major opportunities of the COVID-19 pandemic. Not least because of the change in customer behaviour and its impact on sales, this is a key focus within the Association. This provides an opportunity to offer faster services to our customers, thus strengthening the customer relationship. It is gratifying to note that the Association of Volksbanks now has a very competitive product on the market in the form of the “hausbanking” app. The consequences of COVID-19 on social and employee matters can be found in the “Employees” chapter.



IMPORTANT SUCCESSES AND RESULTS

In 2022, important successes and results were achieved within the Association of Volksbanks:

- » No fines and penalties
- » Use of robotics in compliance processes
- » Permanent establishment of hybrid training courses (face-to-face/virtual)
- » Expansion of industries and business areas where the bank will not enter into business relationships
- » Expansion of the Code of Conduct and training materials to include the topic of an equal/gender-appropriate working environment

GOALS

In 2022, the goals of the Association of Volksbanks with respect to Code of Conduct and Compliance were:

- » Avoidance of penalties and fines
- » Monitoring of measures to implement processes for the improvement of human rights
- » Update of the Code of Conduct adding new requirements

MEASURES

Measure	Time horizon	Status
Monitoring of the preparation of a human rights policy	2023	being planned
Further development of fraud detection through technology	by 2024	ongoing
Alignment of whistle-blowing system with new legal requirements	2023	being planned

CORPORATE VALUES

CODE OF CONDUCT AND COMPLIANCE

Actively exemplifying the values of the Association of Volksbanks and the commitment to modern compliance are the mandate of all managing boards and part of the permanent management mission across all hierarchical levels. The issue of human rights also has a high priority within the Association of Volksbanks and is taken into account in all units involved in the organisation's core business.

The Code of Conduct was established by the respective supervisory board and documents the values of the Association of Volksbanks in its internal and external relations.

To implement the principles anchored therein and to support the bank's employees in avoiding mistakes and in strengthening the trust of customers and business partners in the Association of Volksbanks, accompanying measures have been implemented, among others:

- » a clear organisational structure with defined responsibilities,
- » structured written rules,
- » target group-oriented training with practical examples,
- » annual appraisal interviews,
- » specialised staff in the Compliance function,
- » a stringent complaints procedure and
- » transparent and consistent sanction processes.

In 2022, the preventive measures taken again led to a high level of awareness of compliance issues and made a significant contribution to counteracting accidental violations.

The permanent management mission plays a decisive role in the implementation of compliance issues. It is only by way of executives acting as compliance role models that a high level of integrity can be maintained

99.0 %

WAS THE PARTICIPATION
RATE IN THE MANDATORY
COMPLIANCE TRAINING COURSES
IN THE YEAR UNDER REVIEW.



CORPORATE VALUES

CODE OF CONDUCT AND COMPLIANCE

among employees. The Managing Board personally exemplifies this approach and communicates this expectation very clearly on various occasions. Violations will be met with sanctions appropriate to the severity of the violation, the focus always being on talking to the employee concerned. Accidental violations are analysed with regard to their causes and, if necessary, repetitions are mitigated through procedural improvements or training.

Since 2019, all new employees joining the bank are instructed about the Code of Conduct of the Association of Volksbanks by the Compliance function in the course of an introduction event. In 2022, the training package was expanded to include a module on diversity and gender equality. In the year under review, training courses on the Code of Conduct were completed by 98.6% of those employees who were required to attend them. These training modules also include training with respect to human rights.

The Code of Conduct essentially describes the core values of the Association of Volksbanks: Trust – Integrity – Respect – Confidentiality

In addition, the Code of Conduct addresses selected compliance issues which also document the integrity of the Association of Volksbanks in its external relations.

The Code of Conduct is established by the Supervisory Board and is part of the working instruction "Compliance Manual"; any amendments are subject to approval involving the Managing Board.

Respect for human rights

The Code of Conduct explicitly states that the Association of Volksbanks respects human rights and opposes child labour. Furthermore, the Code of Conduct states that any form of discrimination will not be tolerated. Volksbank values the dignity of human beings, their rights and their privacy. Therefore, VOLKSBANK WIEN AG has joined the UN Global Compact and supports its ten principles in the area of human rights, among others. To ensure compliance with human rights in the company's core business, for example, industries and business areas have been defined where the bank will not enter into business relationships. In addition, employee training events have been carried out, and care is taken to ensure that business partners comply with human rights. A total of 417.64 hours were spent on human rights policy training as part of compliance training in the year under review.

Undesirable branches of industry and business areas

The Association of Volksbanks reserves the right not to enter into any business relationships or financing transactions with sectors or in business areas that are in conflict with the core values of the bank. This list of industries and business areas includes, among others, business relationships related to the following topics:

- » Forced labour or child labour
- » Violations of the European Convention on Human Rights, or of obligations under social and labour law
- » Corruption
- » Violations against environmental protection in general (environmental hazards, intentional violation of environmental protection regulations, increased contamination etc.)
- » Animal testing
- » Ownership and operation of nuclear power plants or operation of final disposal sites for nuclear waste
- » Mining of coal or operation of coal-fired power plants
- » Arms deals
- » Particularly controversial forms of gambling

CORPORATE VALUES

CODE OF CONDUCT AND COMPLIANCE

In case of doubt, a special approval process will be initiated that Compliance is significantly involved in. In the event of discrepancies between sales units and Compliance, the matter is submitted to the Managing Board for individual approval. In this way, reputational risks due to financing transactions or investments that may be subject to criticism are largely avoided. Defining undesirable branches of industry and business areas reduces the bank's reputational risk.

Whistle-blowing

By means of the Business Keeper Monitoring System (BKMS®), which has been implemented within the Association of Volksbanks for years, all employees have the opportunity to submit a report completely anonymously, regarding the categories of

- » Violation of regulatory requirements
- » Fraud
- » Corruption
- » Theft
- » Breach of trust/fraudulent conversion/embezzlement

at any time. Compliance is available for consultations and concerns related to the Code of Conduct. The Managing Board has committed itself to the fundamental protection of the whistle-blower and the persons mentioned in the complaint. Information on the BKMS® and access data is available to all employees on the intranet and is communicated in numerous training sessions.

The whistle-blower protection act announced in 2021 was not yet available in 2022; implementation of the legal changes will take place after the law is presented (probably in 2023).

Preventing corruption

The Association of Volksbanks pays great attention to actively fighting corruption. Through appropriate rules, in particular on accepting and granting benefits or on the handling of donations and sponsorships, the bank ensures participation in business life and minimises the risk of criminal offences or damage to its reputation. The Compliance department

monitors adherence to the rules and counters violations with appropriate measures. As in the previous year, no cases of corruption were identified in 2022.

Employees are made aware of the regulations through compliance training and circulars. In the 2022 business year, 99.0% of employees completed the compliance training mandatory for them.

As in the previous year, the Association of Volksbanks did not have to pay any fines or penalties in 2022, nor were there any violations of product information and advertising standards. The measures implemented for 2023 are also aimed at avoiding fines and penalties and thus also keeping the associated reputational risk as low as possible.

Sponsorships

The Association of Volksbanks supports sporting, cultural, social or charitable events or organisations in the form of sponsorship within defined limits (see section "Social commitment"). Nevertheless, these limits allow the Company to make a valuable contribution to regional social life in Austria. For example, the values represented by the events, groups or organisations that we sponsor must not conflict with the values upheld by the Association of Volksbanks. Without a culture of sponsorship, any business strategy would be affected by reputational risk that might negatively impact on the company.

CORPORATE VALUES

CODE OF CONDUCT AND COMPLIANCE

Lobbying

The Association of Volksbanks is not involved in any lobbying activities within the meaning of the lobbying act.

Anti-competitive behaviour, cartel arrangements or monopolistic practices

No complaints were filed against companies within the Association of Volksbanks for anti-competitive behaviour, cartel arrangements or monopolistic practices.

Sustainability in the Code of Conduct

The importance of sustainability was set down in the Code of Conduct of the Association of Volksbanks. In this way, the Association of Volksbanks demonstrates its commitment to acting sustainably.

Information, communication and public relations

The companies within the Association of Volksbanks set great store by the accuracy and completeness of the information prepared and documented by them. All matters that the Association of Volksbanks gets to know about within the scope of its activity will be treated as confidential in accordance with statutory requirements.

Awareness building

In 2022, the Association of Volksbanks and its customers were again increasingly exposed to various forms of cybercrime. In addition to technical measures to prevent criminal acts, employees and customers were sensitised in numerous information sessions regarding crime patterns.

Compliance is involved in the processing of cases from a procedural point of view and develops targeted preventive measures, in cooperation with various specialist departments.

Data protection

In the area of customer data protection, there were no substantiated complaints from external parties or from supervisory authorities. In 2022, the Association received 80 data protection-related inquiries. All enquiries were processed by the data protection team in a timely manner. Enquiries break down as follows:

- » 62 requests for information under Art. 15 GDPR
- » 10 requests for erasure under Art. 17 GDPR
- » 5 reports to the Austrian Data Protection Agency regarding privacy breaches pursuant to Art. 33 GDPR
- » 3 contradictions

All proceedings relating to privacy breaches were discontinued by the authority. In none of the reported privacy breaches were the rights and freedoms of the data subjects put at risk.

With regard to responsible corporate behaviour with a focus on human rights, a number of guidelines have been established throughout the Association. As regards data protection which is a human right, a data protection policy is in place. The policy is subject to an approval process and was approved by the Managing Board, and a data protection management system was implemented in all banks of the Association. Within the scope of ICS controls, monitoring is effected on an ongoing basis, and a qualitative/quantitative risk assessment is prepared quarterly.

The Data Protection Officer of the Association of Volksbanks can be reached at datenschutz@volksbankwien.at

CORPORATE VALUES

CODE OF CONDUCT AND COMPLIANCE

*We assume
responsibility and
create trust.*

Complaint management

Complaint management is controlled centrally by the Compliance department within the Association of Volksbanks. This ensures that any accumulation of complaints is quickly identified and appropriate countermeasures can be initiated. The Capital Market Compliance Officer is informed directly about incoming complaints relating to capital market compliance, including the reason for the complaint.

Within the Association of Volksbanks, complaints are considered as an opportunity to improve existing processes. The companies within the Association of Volksbanks also attach great importance to the rapid and transparent handling of all complaints to further strengthen customer loyalty.

All employees are trained via e-learning to respond to complaints correctly; this includes ensuring that complaints are consistently recorded. As part of its permanent management mandate, management monitors implementation and focuses on the positive aspect of complaints.

Within the Association of Volksbanks, complaints may be submitted orally or in writing using all communication channels. As a general rule, due to knowledge being available about business processes and the facts relevant to the complaint, the branch or unit where the incident occurred will best be able to help quickly and efficiently. If no solution is found at this level, or if the customers feel that this is not expedient, it is also possible to contact the ombudsperson's office: ombudsstelle@volksbankwien.at

BEST PRACTICE

In 2022, the focus was on the digitisation of processes and the defence against criminal acts in order to protect customers and the bank from losses in a targeted manner.

OUTLOOK

In 2023, further measures will be elaborated to prevent white-collar crime. With regard to the list of undesirable branches of industry and business areas, a re-evaluation will be made jointly with the Managing Board in the course of the year. In addition, a human rights policy will be drawn up in 2023.



GOALS

In 2022, the goals of the Association of Volksbanks with respect to data security were:

- » Report of the CISO (Chief Information Security Officer) on data security in managing board and supervisory board meetings
- » Maintaining and improving the defined level of security
- » Maintaining and improving the IT security skills of employees



IMPORTANT SUCCESSES AND RESULTS

In 2022, important successes and results were achieved within the Association of Volksbanks:

- » Data security issues were reported by the CISO in managing board and supervisory board meetings of the primary banks.
- » Security measures were adapted to new threats.
- » The training content was adapted to new circumstances.

Banking transactions are a matter of trust. We consider the trust of our customers in the Volksbank brand as an obligation to pursue a comprehensive, diligent and responsible approach to the topic of data security, in order to avoid any violation of personal rights of customers and employees, and the associated reputational risks.

Aiming for a consistently standardised level of security is of utmost importance to the Association of Volksbanks. With a security strategy adapted to today's threats, the Association of Volksbanks is fit for the future. The Association of Volksbanks considers the following to be key aspects of data security and the fight against cyber-crime:

- » a secure IT landscape,
- » an optimum response to incidents,
- » comprehensive training of employees and
- » stringent contracts with business partners.

IT security

The IT security strategy and initiatives are defined centrally by VOLKSBANK WIEN AG by the CISO together with the other banks in the Association of Volksbanks. Binding requirements for employees are described in the form of guidelines, and compliance is regularly reviewed by the Security and IT Risk Management team. New laws, requirements and recommendations are included in the respective policies. All policies are

accessible to all employees at any time on the intranet. Should any vulnerabilities be found by the Security and IT Risk Management team, they will be eliminated based on the respective risk. Security incidents are managed centrally at VOLKSBANK WIEN AG and will subsequently be included in the training of employees and customers.

During the period under review, no data leaks, theft or loss of customer data were found by the IT Security function. In case of outsourced IT services, the relevant IT security requirements are imposed upon the supplier.

Response to security incidents

Despite the greatest efforts and investments in preventive measures to ward off malicious attacks, a security incident can never be completely ruled out. Should such a case occur, it is essential to respond appropriately, thus reducing the amount of loss to a minimum. The correct handling of security incidents at VOLKSBANK WIEN AG therefore follows appropriately defined processes (incident and emergency management) and is practiced on a regular basis.

CORPORATE VALUES

DATA SECURITY

Training of employees

Another important aspect is awareness raising among employees and customers on the topic of information security. New employees will be invited directly to attend the information security training which must absolutely be completed by all employees every year. All employees are aware of the confidentiality of customer data and have signed a non-disclosure agreement.

Information security training	Unit	2022	2021
Proportion of employees who have been trained in information security	%	99.8	98.7

These training measures lead to enhanced IT security skills among employees, which in turn contribute to raising customers' awareness of the topic of IT security through direct communication with them in counselling sessions.

Stringent contracts with business partners

No transmission of customer data to business partners will take place except within the scope of contract performance and observing statutory requirements. The data are encoded during transmission, depending on their security classification. The recipients are obliged under the contract to observe confidentiality and data security. Both business partners and employees who need to inspect or have access to sensitive company data must submit to appropriate non-disclosure obligations in other spheres as well.

Outsourcing agreements are reviewed, regularly monitored and controlled in terms of their compliance with the law and international security standards (e.g. ISO 27001), in order to reduce the risk of non-performance, protect the bank's reputational risk and the personal rights of customers and employees.

OUTLOOK

In order to continue to be perfectly prepared for the increasing threats, the bank's information security function will be further expanded in the coming years.

SKI AUSTRIA



CORPORATE VALUES CUSTOMER SERVICE QUALITY



IMPORTANT SUCCESSES AND RESULTS

In 2022, important successes and results were achieved within the Association of Volksbanks:

- » Volksbanks won "Industry Champion 2022" award in the Customer Service area of the "Retail Banks" category
- » SPARDA-BANK distinguished as "Industry Champion 2022" in the Best Value for Money area of the "Retail Bank" category
- » ÖGVS study on "Corporate Accounts 2021": VOLKSBANK WIEN AG achieved first place in the regional evaluation by city in the "Transparency" category
- » IMAS study regarding corporate customers: reliability in terms of payment transactions was increased compared to competitors, improvement in the accessibility of account managers, improvements in the product range compared to competitors
- » INTEGRAL study on brand awareness
- » "Unternehmer-Studie" (survey of entrepreneurs) conducted for the fifth time



GOALS

In 2022, the goals of the Association of Volksbanks with respect to customer service quality were:

- » Feedback from customers on products and services on a regular basis
- » Good customer advice and ease of use in the digital world of finance
- » Customer surveys on the subject of sustainability
- » Feedback from customers also on products and services of product partners



MEASURES

Measure	Time horizon	Status
Customer survey on products and services	periodical	ongoing
Study on Corporate Customers	since 2018	ongoing
Further cooperation with highly qualified product partners	periodical	ongoing

CORPORATE VALUES

CUSTOMER SERVICE QUALITY

Good customer advice and ease of use in the digital world of finance are essential with a view to retaining customers at Volksbank in the long term and ensuring a positive user experience. Therefore, it is important to the Association of Volksbanks to receive direct customer feedback on a regular basis and also use studies from external sources on its products and services. Surveys and studies are commissioned for this purpose. The results are incorporated into strategic considerations and used for planning measures.

Together with the company's reputation, the quality of customer service has a significant influence on the decision whether or not to choose a bank of the Association.

Customer surveys

As the "relationship bank of the future", Volksbank has always been interested in improving its services together with and for its customers. In line with the special importance of customer relationships, customer satisfaction surveys are important indicators of the organisation's success. For this reason, customer satisfaction in the private and corporate customer business is measured regularly for the purpose of deriving measures from this to further improve customer service. Basically, studies are commissioned for quality assurance and improvement.

The results from the studies are presented and made available within the Association of Volksbanks. Based on these results, attempts are made to improve and further develop the respective subject areas, products and divisions to the greatest possible extent. The findings are also incorporated into the planning of projects for subsequent years.

IMAS STUDY

For several years now, the Association of Volksbanks has been obtaining the customer satisfaction survey in the SME sector from IMAS. In the 2021 study, IMAS conducted 2,478 interviews in the SME segment with annual sales in the range of euro 0-10 million throughout Austria. The aim was to explore the position of the Volksbanks.

In the opinion of the SME customers surveyed, reliability in terms of payment transactions had increased during the survey period, by comparison with competitors. Similarly, compared to 2020, satisfaction had improved in terms of electronic banking, the mobile banking app, and the product range in general. Particular mention should also be made, as in the previous year, of the further improvement in the accessibility of account managers in the retail branches and prompt responses to enquiries.

In the categories

- » prompt response to enquiries,
- » availability in person and by phone,
- » convenient accessibility of the retail branches,
- » advisory skills and
- » economic strength

in the SME segment examined, Volksbank was able to improve by 1–3% year-on-year in each case.

CORPORATE VALUES

CUSTOMER SERVICE QUALITY

Austrian Society for Consumer Studies (ÖGVS)

First place Customer Service Retail Banks

In cooperation with the News magazine, ÖGVS, the Austrian Society for Consumer Studies, published the "Industry Monitor 2022" in February 2022. As in 2021, the Volksbanks won the "Industry Champion 2022" award in the Customer Service area of the "Retail Banks" category.

First place Best Value for Money Retail Banks

In February 2022, ÖGVS, the Austrian Society for Consumer Studies, awarded SPARDA-BANK the title of "Industry Champion" in the "Best Value for Money" area of the "Retail Banks" category in the context of the "Industry Monitor 2022".

First place in Transparency

According to a study conducted in 2021 by ÖGVS, the Austrian Society for Consumer Studies, on the topic of "Corporate Accounts", where fourteen corporate accounts were compared in the categories of Terms and Transparency, VOLKSBANK WIEN AG was able to achieve first place in the regional ranking for "Vienna" in the category of Transparency, among others.

INTEGRAL Study Retail Banking Report 2022

Since 2017, INTEGRAL has been conducting a representative survey in the retail segment on behalf of the largest banking groups in Austria. Each year, 15,000 people aged 15 and over in Vienna are selected and interviewed as representative of the population. Due to the big sample, results can also be analysed on a regional basis as well as by the customers of individual banks.

The most important topics of the study are the perception of the brands (awareness, attractiveness, willingness to choose), the customer connections of banks, soft facts such as customer satisfaction and mobility or product and channel use.

For Volksbank, the data collected in 2022 show the following picture:

- » Stable share as main bank
- » Slightly declining customer share (presumably due to the elimination of secondary bank connections)
- » Stable situation with regard to the willingness to choose the bank as alternative main bank
- » Slight decline in customer satisfaction as compared to 2021, but values are still at a high level: Volksbank ranks among the top three banks again in 2022.
- » Stable situation in terms of product customer share
- » More Volksbank customers tend to be multichannel customers; they enjoy the convenience of digital channels for banking transactions, but also still visit the retail branches. They are also less likely to consider banking with big digital companies like Amazon, Facebook or Instagram.

OGM special evaluation: trust in Volksbank

In a representative survey of the entire population¹⁾ conducted in November 2022, a trust index was calculated for Volksbank. In a comparison of the 17 banks surveyed in total, Volksbank is in fourth place with a trust balance of +19 and thus in the top range. Volksbank's level of awareness is also the fourth highest of all the banks surveyed. Compared to the trust balance of March 2013, Volksbank is one of the few banks that has been able to noticeably gain trust since then.



Volksbank Unternehmer-Studie

In 2022, Volksbank's Unternehmer-Studie, or survey of entrepreneurs, addressed the issues of sustainability, liquidity and satisfaction with being an entrepreneur. Together with the Austrian Gallup Institute, 1,000 self-employed persons throughout Austria were again interviewed for this statistically representative survey. The results show that sustainability has many facets and is firmly anchored in the corporate culture of self-employed women in particular.

Product partners of the Association of Volksbanks



ERGO

First place "Service Champion 2022"

The analytics company Service Value, together with the Goethe University Frankfurt am Main, conducted a survey involving 194,000 customers. ERGO was able to assert itself as the industry winner in the insurance segment for the eighth year in a row and was thus also the "Service Champion" in 2022. With a service experience score of 77.1 %, ERGO Versicherung AG clearly exceeds the industry average of 68.1 % and ranks first within the industry. In addition, ERGO continued to secure the "gold" rank in the overall ranking of all companies. Overall, customer reviews on 26 Austrian insurance companies were considered in the ranking.

Best customer service in the motor insurance segment

ÖGVS, the Society for Consumer Studies, has closely examined various insurance companies again in 2022. In the context of the "Industry Monitor 2022", ERGO was named "Industry Champion" in the category of motor insurers in the area of customer service.

1) Sample sizes: 1,087 Austrians entitled to vote aged 16 years or older
Photo © Marko Mestrovic

CORPORATE VALUES

CUSTOMER SERVICE QUALITY

TeamBank: another distinction of the quality of service and consultancy for 'der faire Credit'



For the twelfth time in a row, TÜV AUSTRIA awarded a distinction to 'der faire Credit' for the quality of service and consultancy in 2022. This certification confirms a high degree of customer friendliness as well as an unbiased, transparent credit decision. This year's audit focused on education, training and coaching as part of the advisory process.

Certification obtained by the Association of Volksbanks

VOLKSBANK WIEN AG again certified as model business



VOLKSBANK WIEN AG was certified as a 'Leitbetrieb' (model business) for the first time in 2019. In June 2021, the sustainable relationship bank for entrepreneurs and business-minded individuals obtained recertification. It was recognised for its sustainable corporate success, its social and ecological responsibility, and its strong focus on Austria as a business location.

OUTLOOK

In 2023, the Association of Volksbanks will continue to strive to obtain feedback on its products and services through customer surveys and studies in order to continuously improve its services for customers. For this reason, customer satisfaction in the private and corporate customer business will continue to be measured on a regular basis in the future and further steps to improve customer services will be derived from this.

The IMAS customer survey, which focuses on customer satisfaction among corporate customers, will also be conducted in 2023.

SKI AUSTRIA



ECONOMY

SUSTAINABLE PRODUCTS AND SERVICES



GOALS

In 2022, the goals of the Association of Volksbanks with respect to sustainable products and services, which will continue to be pursued in 2023, were:

- » Accompanying customers through the transformation process
- » Driving the financing of energy-reducing measures
- » Expansion of sustainable consulting services
- » Initiative for the labelling of sustainable financing in partial implementation of the Taxonomy Regulation, among others
- » Data collection from customers, for example with regard to CO₂ or physical risks
- » Continuation of the event series with sustainability focus for SMEs
- » Identification of potentially sustainable financing in accordance with the Sustainability Bond Framework
- » Expansion of the product range of sustainable investment funds
- » Expansion of sales of sustainable investment funds
- » Introduction of sustainable insurance solutions

IMPORTANT SUCCESSES AND RESULTS

In 2022, important successes and results were achieved within the Association of Volksbanks:

- » Integration of ESG issues in loan decision and consideration of these issues in terms of the ability to service the loan
- » Introduction of ESG score to measure sustainability risk for companies and special financing transactions
- » Sustainability training for corporate account managers
- » ESG score training for corporate account managers
- » Requirement of energy certificates for real estate financing
- » Customer events (Energy Consultant Days), brochure for SMEs and subsidies relating to sustainability
- » Internal multipliers implemented in sales for the topic of sustainability
- » Cooperation for the foundation and financing of energy cooperatives
- » Over 2,730 new fund customers (+66 % compared to previous year) who received a sustainably produced backpack as a promotional gift
- » Sustainable funds account for 45 % of gross sales.



MEASURES

Measure	Time horizon	Status
Continue customer events and brochure	since 2021	ongoing
Intensify employee training	periodical	ongoing
Development and roll-out of a comprehensive internal consultant guide (ESG, CO ₂ labelling)	from 2022	being planned
Roll-out of sustainable financing and integration of CO ₂ measurement for the loan portfolio	since 2021	ongoing
Sales campaigns with a focus on sustainability	since 2022	being planned
Sustainable debit card (DMC) for selected cooperatives	02/2022	ongoing
Digitisation in the sphere of payment transactions	since 2022	ongoing
Inclusion of other sustainable funds of Union Investment into product portfolio	since 2021	ongoing
Customer event on the topic of "sustainable investment"	since 2021	ongoing
Recertification on the topic of sustainability	2022	ongoing

Due to the bank's cooperative self-image, sustainability has always played an important role.

ECONOMY

SUSTAINABLE PRODUCTS AND SERVICES

45 %

IS THE SHARE OF
SUSTAINABLE FUNDS
IN 2022 FUND SALES.



The greatest lever of the Association of Volksbanks for the transformation toward a sustainable economy lies in products and services. Sustainable products can reduce negative impacts on the climate and the environment, for example through sustainable funds or the financing of housing projects with high energy efficiency, which also takes social aspects into account.

In 2022, numerous steps were taken to integrate ESG aspects into the core business of the Association of Volksbanks. To this end, steps were taken both with regard to technical solutions, in the area of services, customers and customer support, and for internal sales.

Sustainable financing

The integration of sustainability into the loan process was a priority. For this purpose, ESG aspects are considered in the course of the loan decision and their impact on customers' ability to repay the loan was taken into account (see "Risk management" chapter). Since the majority of the portfolio of the Association of Volksbanks consists of real estate loans, one of the first and most important measures was to demand energy certificates to measure energy consumption in customers' real estate portfolios. Other data requirements are being developed and will be rolled out further in the coming months (such as CO₂ emissions). A concept for the labelling of sustainable financing, including partial implementation of the Taxonomy Regulation, is already available and will be rolled out promptly in 2023.

ECONOMY

SUSTAINABLE PRODUCTS AND SERVICES

In order to support customers with regard to this extensive topic and to draw attention to the fact that in the future, in addition to financial data, sustainability data will be required as well in order to make a loan decision, various customer events were held also in 2022. One example is the Entrepreneur Forum in June 2022 on the topic of energy, in collaboration with “respACT”, Austria’s largest business platform for sustainable action, and the terra Institut. The sustainability brochure “Sustainability for SMEs and Cooperatives: focus on energy transition” and a separate public funding brochure on the topic of sustainability by the Austrian Cooperative Association are intended to provide customers with additional support in taking the first steps toward sustainable transformation. Moreover, a co-operation on the financing of energy cooperatives was entered into with the ÖGV.

Employees have been defined who assume an internal multiplier function in sales. The aim is for these employees to act as opinion leaders and to convey knowledge as well as to have an interface function in terms of support for strategic goals and reducing CO₂ emissions in the loan portfolio. They are best described as “sustainability ambassadors” in the region.

Their efforts focus on training employees for this forward-looking topic. Therefore, mandatory training for all employees on sustainable positioning and the importance of sustainability for the Association of Volksbanks was rolled out at the beginning of 2021, and the conception of basic as well as sales training on sustainability for sales staff was started, which was rolled out in 2022. At the beginning, the focus of the training was particularly on the specialists, the “investment advisors” and the “corporate account managers”. This will also be continued in 2023.

Subsidised housing loans from VOLKSBANK WIEN AG

Subsidised housing financing is an instrument of political leverage that can be used to create affordable, high-quality living space that meets the needs of the market. Apart from affordability, this can also be used to realise regional planning and socio-political steering potentials. Finally, housing subsidies also allow for climate policy targets to be realised more efficiently, thus making an essential contribution to climate protection.

Austria’s housing policy measures are characterised by property-specific subsidies, which are awarded as part of the Länder-specific housing subsidies. The Directive on the Energy Performance of Buildings (2002/91/EC) led to the B-VG (Fed. Constitutional Act) Article 15a Agreement on common quality standards for the promotion of the construction and renovation of residential buildings for the purpose of reducing greenhouse gas emissions (Fed. Law Gazette II No. 19/2006) between the Federal Government and the Länder (Austrian federal provinces). Based on this, housing subsidies were usually linked to ecological criteria (upper limit for heating requirement) as a prerequisite for subsidies in connection with the promotion of photovoltaics and solar thermal energy. In this way, housing subsidies simultaneously contribute to affordable and healthy housing and living space as well as to environmental and climate protection.

Due to VOLKSBANK WIEN AG’s historically strong commitment in the area of real estate financing, by including subsidised real estate financing, putting an increased focus on non-profit housing and engaging in the area of builder-owner model financing, a significant contribution was made to sustainable development in the sphere of creating and improving living space and making the same more affordable and more ecological. The Association of Volksbanks contributes to SDG 11 by providing access to adequate, safe, and affordable housing.

ECONOMY

SUSTAINABLE PRODUCTS AND SERVICES

The focus on growth in this business segment, which is planned to continue for the next few years, is meant to form the basis for a green bond issue by VOLKSBANK WIEN AG, which is planned for 2023, and to serve as a model for further issues in this area in the future, involving all the banks of the Association. All projects financed with these funds will be particularly energy-efficient, thus making a valuable contribution to the creation of sustainable housing; the relevant criteria have already been defined.

Financing of energy cooperatives

The details are described in the chapter "Cooperative" under the item "Establishing and financing energy cooperatives".

Sustainable investments

The business model of the Association of Volksbanks is to focus on the affiliated banks' core business and to enter into cooperations with strong product partners. In the area of funds, Union Investment is the product partner of the Association of Volksbanks; it has twelve sustainable funds on its list of recommended funds for sale in Austria. The sales share of sustainable funds in total sales has risen to 45% in 2022 (sales of funds: euro 970,800,000, of which sales of sustainable funds: euro 434,700,000). The analysis is performed on a "gross" basis, as this is the best way to capture the active consulting business. Two of the sustainable funds have also been awarded the Austrian Ecolabel. Further details on the cooperation with Union Investment and on the sustainable funds can be found in the following chapter/digression on "Product Partners".

As of 2 August 2022, the sustainability preference query has been introduced in the financial services sector. In detail, this means that investment advisors must ask their customers about their wishes with regard to sustainability and are allowed to recommend to them only financial instruments that meet their sustainability wishes.

A committee of experienced investment specialists from the Association of Volksbanks develops and decides on product proposals from the area of investment funds and certificates.

The product proposals are reviewed by Volksbank Tirol AG in the course of the investment process with regard to sales approval, tax transparency and MiFID regulations (see enumeration), as every MiFID-II-relevant product actively offered to a customer in the Association of Volksbanks has to pass a product approval procedure ("PGP") to be documented in advance.

MiFID II Regulations:

- » Definition of the target market
- » Sustainability preference
- » Product description
- » Selection of the appropriate sales strategy
- » Identification of the risk strategy
- » Conflict-of-interest check
- » Review of the product's fee structure

However, any product successfully tested by Volksbank Tirol AG in the course of the product approval process may only be included in the product range (Volksbank master list) if it is in line with the business strategy of the Association of Volksbanks.

ECONOMY

SUSTAINABLE PRODUCTS AND SERVICES

Asset management and mindful investment philosophy of VOLKSBANK VORARLBERG e. Gen.



Volksbank Vorarlberg’s asset management pursues a long-term, mindful and individual investment philosophy. It acts on the global capital markets with foresight and prudence; long-term returns take precedence over short-term investment trends and incalculable risks – because people and their personal needs are always at the centre of its actions. It should be noted that the sustainable investment strategy has proven extremely resilient during the challenges of the past years.

Think global, act local – this philosophy is deeply rooted in the DNA of Volksbank Vorarlberg. Finally, it is also the international capital market that has a direct impact on investment performance. Volksbank Vorarlberg brings these opposites together by successfully organising its asset management in-house with the highest possible quality standards since 2005. In 2021 and 2022, the bank was thus able to further expand its position in the sphere of sustainable investment. The in-house equity fund “Premium Selection Sustainable Equity”, the “Premium Selection” equity mandate as well as the “Premium Dividends Sustainable” equity mandate are geared to particularly sustainable investment. Certain industries and sectors of the economy are excluded as a matter of principle. Only companies that meet ESG criteria are eligible for investment. Impact investing ensures that investors’ capital also has a measurable social and environmental impact.

The sustainability concept of the “Premium Selection Sustainable Equity” fund is confirmed by two important certificates – the Eurosif transparency logo and the FNG seal with already two stars (Forum Nachhaltige Geldanlagen) – both seals were issued yet again. For the seventh year in a row, the in-house asset management unit received the certificate of the UN initiative PRI (Principles of Responsible Investment). The “Premium Selection Sustainable Equity” fund was also declared as an Article 8 fund of the EU Disclosure Regulation and hence is officially allowed to bear the designation “sustainable” in its name. Details are also contained in the Sustainability Report of VOLKSBANK VORARLBERG e. Gen.

Considering the fact that Österreichische Ärzte- und Apothekerbank has been offering the asset management services of Volksbank Vorarlberg to its customers ever since 2018, VOLKSBANK WIEN AG, Volksbank Niederösterreich and Volksbank Steiermark have expanded their product range in 2022 to include asset management by the Vorarlberg-based bank. Three classic asset management strategies (Income, Balanced and Growth) and two equity mandates on an individual stock basis are offered. In addition, with an individual mandate, customers have the option of having the invested assets managed according to their own defined framework conditions and wishes. The carbon footprint¹⁾ indicates the aggregated emissions (Scope 1 + Scope 2 + Scope 3) of a company per euro million of company value. As at 31 December 2022, the carbon footprint of the assets managed within the entire Association of Volksbanks was 120.32 t CO₂e (portfolio value as at 31 December 2022: euro 216,042,704), with this data point being available for 89.74 % of the portfolio.

1) Source: ISS ESG

ECONOMY

SUSTAINABLE PRODUCTS AND SERVICES

BEST PRACTICE

Volksbank Niederösterreich AG



For two years now, Volksbank Niederösterreich has been putting an increasing focus on financing investments in the sphere of photovoltaic systems, hydropower and wind energy. In doing so, the bank assists customers in installing and operating large-scale systems on third-party roofs or open spaces. In 2022, systems with an overall performance of 50,000 MWh were financed, which corresponds to the consumption of some 17,000 households or an amount of CO₂ avoided of some 35,000 t per year¹⁾. Currently, the focus is on photovoltaic systems, wind turbines and hydropower plants. The biggest photovoltaic system generates 12,000 MWh per year. But also district heating plants and biomass systems are being financed. The comprehensive knowledge of the project managers is passed on to the account managers for them to be able to provide optimal advice on sustainable energy concepts to private and corporate customers.

Customer events of Volksbank Tirol AG on the topic of sustainability



The need for action in the sphere of sustainability is constantly increasing, even for smaller companies. Therefore, customer events organised by Volksbank Tirol, both by digital means and on the companies' premises, were all addressing the topic of sustainability. Five companies offered the bank's corporate customers an insight into their respective businesses and presented their personal path to sustainability. How to use ESG factors

to measure sustainability in companies, the effects of climate change on businesses, the options offered by Volksbank Tirol to assist enterprises in their transformation efforts, as well as ways to reduce energy costs and to obtain subsidies – all these are only some of the topics dealt with at these events. Volksbank Tirol sets great store by contributing to more sustainability and supporting the customers of the region in their transformation.

OUTLOOK

Sustainable products and services are being successively implemented and the uniform product catalogue expanded accordingly. The focus here is particularly on consultancy regarding transformation towards sustainability and on sustainable financing such as renewable energy projects. For this purpose, as mentioned already, dedicated training courses for the sales staff are provided and continuously developed. In addition, there will be sales staff training on the cooperation of renewable energy financing projects such as the financing of energy communities or cooperatives. After an initial test run, the cooperation is to be rolled out in pilot regions. The roll-out is accompanied by events with cooperation partners for the purpose of advising customers on the advantages of PV systems.

In general, the focus in terms of sustainability will be on the following product and service categories:

- » Expansion of the range of sustainable investment products and services
- » Customer events on sustainable investments and financing
- » Introduction of a consulting concept based on sustainable aspects
- » Introduction of a motor vehicle insurance with a sustainable background
- » Introduction of insurance solutions with sustainable funds
- » Sustainable loans for private and corporate customers
- » Sustainability in payment transactions
- » Consultancy concept for private and corporate customers based on sustainable regional aspects and including cooperative networks

1) Source: PV-Sol premium 2022

Photos: top © Competitive Power Generation GmbH; bottom © Volksbank Tirol AG

ECONOMY

SUSTAINABLE PRODUCTS AND SERVICES

For 2023, the focus in corporate banking and for residential housing construction is among others on sustainability in terms of products and consultancy. There is also an increased focus on the topic of digitisation in payment transactions, in order to keep distances short and increase customer satisfaction. To this end, an expansion of services in the "haus-banking" app is planned. Another important component of the sustainability efforts is the qualified electronic signature, which is constantly being expanded and promoted.

In accordance with legal requirements and under defined conditions, the Association of Volksbanks provides a payment account (basic account) with basic functions.

Furthermore, in the future, customers who successfully introduce and apply sustainability concepts in their corporate environment will be offered a platform for presentation (social media, events, etc.).

Subsidised real estate financing of VOLKSBANK WIEN AG

In the area of sustainable real estate, the company is going to be positioned more clearly in terms of socio-economic benefits. This involves preferential cooperation with non-profit developers in the direct catchment area and in collaboration with the banks of the Association throughout Austria.

In the sphere of subsidised real estate financing, the following targets are planned for 2023:

- » Loan growth in the non-profit property development sector by at least 5 % compared to 2022
- » 5 % increase in subsidised real estate financing compared to 2022

Sustainable investments

Since August 2022, account managers must ask their customers whether they want sustainability preferences to be taken into account in their investments. At the same time, however, this requires additional qualification of the account managers. Investment advisors and private bankers must therefore complete a special ESG Advisor training course and are required to apply for recertification every year.

Based on these legal adjustments and the positioning of the Association of Volksbanks as a sustainable bank, the product range in the investment sphere will be evaluated on a regular basis and the range of sustainable products expanded.

Customer events on sustainable products are planned in the spheres of investment and pension provision, and the Association of Volksbanks is also planning to conduct a sustainability campaign with Union Investment in 2023. ERGO Versicherung launched an e-mobility car insurance policy in 2022, as well as a child care provision scheme that allows people to invest in sustainable funds. These products will be increasingly promoted in 2023 as well.

ECONOMY

SUSTAINABLE PRODUCTS AND SERVICES

COOPERATION WITH PRODUCT PARTNERS

The Association of Volksbanks has decided to increase its strategic cooperation with Genossenschaftliche FinanzGruppe Volksbanken Raiffeisenbanken (Geno FinanzGruppe) in Germany. At product level, TeamBank has been cooperating with Geno FinanzGruppe successfully in the consumer financing sphere for several years already; in 2015, the cooperation was further reinforced through the sale of Volksbank Invest KAG to Union Investment Service Bank AG.

Cooperation with product partners was successful in 2022 as well; the Association of Volksbanks continued to achieve good results with TeamBank and Union Investment in particular. In the sphere of funds, the seventh year of cooperation with Union Investment was very positive. The demand for excellent products of the German investment company has increased.

Distinguished as Service Champion once again, ERGO Versicherung AG has been the insurance partner of Volksbank since 1985.

These successful cooperations with long-term product partners have enabled the Association of Volksbanks to achieve yet another milestone towards becoming a strong and efficient regional bank.

DIGRESSION
PRODUCT PARTNERS



ECONOMY

SUSTAINABLE PRODUCTS AND SERVICES

UNION INVESTMENT

Since 2016, Union Investment has been a reliable product partner of the Association of Volksbanks. The investment company with over 60 years of experience in the field of financial investments has received several distinctions. Union Investment funds offer numerous opportunities – for the purpose of investing existing wealth, for asset structure optimisation or continuous asset accumulation.

Union Investment is also one of the pioneers of sustainable investment and is considered one of the leading German asset managers in this segment due to its numerous awards and the amount of assets under management. The partner of the Association of Volksbanks takes a clear stand: taking sustainability criteria into account reduces risks and creates added value. As at 31 December 2022, the Union Investment Group managed euro 122.4 billion of investor funds in products under Article 8 or Article 9 of the EU SFDR (previous year: euro 125.6 billion), of which euro 82.1 billion¹⁾ are attributable to products that meet its own minimum requirements for sustainable products. Union Investment has also taken first steps with regard to biodiversity and preservation of species and has asked selected companies in individual sectors in which Union Investment has investments how they are dealing with this issue. Union Investment wanted to know, for example, how well companies in the agricultural and food industries, as well as manufacturers of personal and household care products, are prepared for the planned regulatory measures against deforestation and what the companies are already doing voluntarily to combat it.

In line with the legal setting, customers have always expected transparency and stability in the field of financial investments from the Volksbanks – and they have never been disappointed. The focus of the Association of Volksbanks is on the customers and their needs, and therefore it is extremely important to develop the ideal investment solution for our customers. Particularly due to increasing investor demand on the topic of sustainability, a broader range of products will be made available in this segment.

It is important to the Association of Volksbanks to offer investors the highest degree of stability in asset structuring, in combination with future-proof earnings opportunities adjusted to personal risk appetite and individual needs. Increasing regulatory requirements with a view to investor protection are accounted for: the product standards for securities were precisely determined, thus clearly defining which customers are targeted by which investment product. Investor protection increases, as the customers' investment goals, experience and knowledge are checked even more comprehensively and reconciled with the product features defined.

Even the very high standards in account manager training are subject to continuous improvement processes that the Association of Volksbanks has committed to together with its partner Union Investment. In practice, ongoing training updates regarding product and capital market know-how and efficient quality control ensure high-quality consultancy for the customer's benefit at Volksbank retail branches. The transparent presentation of all costs, a more stringent regulation of the markets, and the obligation to guarantee the best possible price are components of another, even more essential, pillar of statutory or regulatory requirements that was implemented within the Association of Volksbanks, namely to increase the safety, transparency and efficiency of European financial markets.

The Association of Volksbanks further increased the selection of sustainable funds within the meaning of the Disclosure Regulation (Article 8) in 2022 and added, for example, the "UniNachhaltig Aktien Infrastruktur" fund to the list of funds recommended for sale in Austria. The Association of Volksbanks aims to further increase sales of sustainable funds in the

**DIGRESSION
PRODUCT PARTNERS**

1) Union Investment differentiates between products that are classified under Articles 8 and 9 of the EU Disclosure Regulation (EU SFDR) and products that meet the minimum ESG requirements it has set itself. These are based on minimum requirements such as certain investment strategies or criteria or exclusions that Union Investment believes sustainable products must at least meet. These minimum standards are in line with regulatory requirements (e.g. the consideration of Principal Adverse Impact indicators (PAI) according to Art. 7 of the EU SFDR) and sustainability preferences.

ECONOMY

SUSTAINABLE PRODUCTS AND SERVICES

**DIGRESSION
PRODUCT PARTNERS**

coming years. In particular, the two impact-related funds “UniZukunft: Klima” and “UniZukunft Welt” (Article 9 within the meaning of the Disclosure Regulation) were included in the list of recommendations. “UniZukunft Welt A” invests at least 75% of the fund’s assets in securities of global issuers whose business activities are aligned with the 17 United Nations Sustainable Development Goals (“UN SDGs”), while “UniZukunft Klima A” invests at least 75% in companies worldwide whose business activities promote the reduction of greenhouse gas emissions in accordance with the Paris Agreement.

Association of Volksbanks Union funds ¹⁾	Unit	2022	2021
Volume of Association of Volksbanks in Union Investment funds	Euro	4,898,514,567	4,950,728,477
Share of sustainable funds in Union Investment volume	%	40.68	37.28
Securities accounts with Union Investment fund units	Number	102,153	99,285
Securities accounts with units of sustainable Union Investment funds	Number	60,095	54,022

A CO₂ footprint was determined for the Union funds portfolio within the Association of Volksbanks. A distinction is made between securities funds and real estate funds. For securities funds, the CO₂ intensity is presented in tonnes per euro million turnover per year and for real estate funds in CO₂ emissions in kilograms per square metre over a period of one year.

CO ₂ footprint ²⁾	Unit	2022	2021
CO ₂ intensity – investment funds ³⁾	Euro	160.37	154.57
Union Investment securities funds for which CO ₂ intensity is determined	%	3,644,858,499.27	2,929,186,206
CO ₂ intensity – real estate funds ⁴⁾	Number	29.79	35.07
Union Investment real estate funds, for which CO ₂ emissions are determined	Number	1,253,656,067.91	991,279,494

1) Starting in 2021, the Association of Volksbanks has put its focus on the presentation of portfolios that are defined as core business and actively managed within the Association of Volksbanks. The background to this is that the Association of Volksbanks wants to proactively advance the issue of sustainability in these portfolios, and this is the only way to measure the success of efforts to improve sustainability indicators such as the CO₂ footprint.

2) In 2021, a CO₂ footprint was established for the first time.

3) CO₂ intensity measures the emissions of greenhouse gases caused in relation to the activities of an issuer. Direct and energy-related indirect emissions of an issuer are taken into account. The various greenhouse gases are converted into CO₂ equivalents (CO₂e) according to global warming potential. For companies, the emissions caused are set in relation to the company’s sales; for countries, the calculation is made in relation to the country’s gross domestic product, resulting in a ratio of CO₂ and other greenhouse gases and the associated value added by the issuer.

Moreover, the calculation of CO₂ intensity is independent of the corresponding fund volume and allows comparability across different funds and indices.

4) CO₂ emissions are measured and reported in kilograms per square metre over a period of one year for the properties in the real estate funds. This provides for comparability with other real estate funds.

ECONOMY
SUSTAINABLE PRODUCTS AND SERVICES

Sustainability criteria in the investment process

Sustainability criteria have been taken into account in the investment process of Union Investment for many years already. They comprise ecological and social considerations as well as certain aspects of corporate governance. In the compilation of sustainable funds, the fund management follows a predefined procedure:

1. **Exclusion criteria**

In an initial step, companies and countries that violate Union Investment’s exclusion criteria (UniESG sustainability filter) are excluded. The UniESG sustainability filter is based on the UN Global Compact and excludes serious violations as well as problematic violations by companies and countries. These include, for example, human rights violations, environmental degradation and corruption.

2. **Sustainability assessment**

Still eligible investments are assessed using the UniESG score. This in-house sustainability indicator from Union Investment comprises several aspects and dimensions: management quality, business model and controversial issues.

The assessment is carried out in the areas of environment (E), social issues (S), leadership qualities of companies and countries (G), controversial issues (C) and turnover in sustainable business areas (UN SDGs).

3. **Best-in-class**

The companies that belong to the top 50 % of the respective industry group based on the sustainability analysis, i.e. the best in their class, are immediately investable and are included in the investment portfolio.

4. **Transformation candidates**

A selection is made from the remaining companies in the bottom 50 % per industry group, which are then assessed with the UniESG transformation rating. Only companies that pursue a credible and ambitious transformation strategy with regard to sustainability can receive a positive rating and are included in the investment portfolio. The relevant criteria for awarding the UniESG transformation rating include: the corporate strategy, the planned investments and the leadership quality for achieving the sustainability goals.

5. **Economic efficiency of the investment**

Based on the remaining sustainable investment portfolio, the fund management checks whether the investment meets sustainable and economic requirements and whether a positive benefit can be expected for the fund.

6. **Commitment**

Union Investment supports the entire process by actively designing and influencing the process. Union Investment sees itself as an active and responsible investor and plays an active role through comprehensive company dialogues, exercising shareholder rights and speaking at annual general meetings.



ECONOMY

SUSTAINABLE PRODUCTS AND SERVICES

BEST PRACTICE

Commitment in the investors' interest

Being an active shareholder

As a fund management company, Union Investment has an interest in the success of the companies in which it invests on behalf of its customers. To ensure this, Union Investment believes it has a responsibility to critically scrutinise the actions, strategies and future prospects of joint stock companies. Not because Union Investment does not trust the companies, but because investors have every right to expect their money to be invested into companies that are forward-looking, future-oriented and sustainable. This self-image is based on three pillars of being an active shareholder.

- » Appearances at annual general meetings, where, for example, the disclosure of greenhouse gas emissions or the avoidance of child labour is actively demanded
- » Voting at annual general meetings: last year, Union Investment voted on behalf of its investors at around 1,920 annual general meetings.
- » Constructive dialogue with companies: Union Investment conducts more than 4,000 investor meetings each year to raise companies' awareness of the importance of sustainable business practices.

Sustainability by tradition

Due to its cooperative self-image, Union Investment has always considered sustainability to be highly important, derived from this cooperative idea that is over 170 years old: many little forces unite to make one big force. This cooperative motto covers key sustainability aspects – such as the promotion of economic and social interests of the members. Aspects such as a long-term approach, customer orientation, partnership and regional roots are fundamental to sustainability and also to the cooperative idea. As a result, Union Investment employees are less interested in short-term profits than long-term returns. As a result of this orientation, sustainability has always been an important part of the company's way of thinking and action.

As one of Germany's biggest asset managers, Union Investment assumes its responsibility for a sustainable transformation of the economy also by contributing to many initiatives and through its membership in relevant associations. In this way, the company is making an active contribution to increasing the acceptance and implementation of sustainability principles within the investment industry.

ECONOMY
SUSTAINABLE PRODUCTS AND SERVICES

TEAMBANK AG

As a competence centre for modern liquidity management, TeamBank AG has been a close and reliable partner of the Association of Volksbanks ever since 2008. With the 'der faire Credit' product family, it offers a secure financing option with clear and transparent contractual terms.

Sustainability has been a natural part of TeamBank's cooperative DNA for many years. Based on this foundation, the sustainability profile is continuously being refined together with the cooperative banks. This is because customers are increasingly demanding responsible behaviour from credit institutions. According to the TeamBank Liquidity Barometer study, an online survey of 1,771 Austrians representative of the population, 58% of those surveyed only trust a credit institution if it makes its ecological-social efforts recognisable. This corresponds to an increase of four percentage points compared to the previous year. TeamBank applies a strong sustainability focus to all of its business activities. Therefore, the sustainability aspect must always be considered in all products and services. This has been evident since the introduction of the fairness positioning in 2011, which TeamBank is continuously developing.

	Unit	2022	2021	2020
Volume of 'der faire Credit' within the Association of Volksbanks	Euro thousand	718,293	678,534	630,169
Joint customers with the Association of Volksbanks	Number	49,400	48,636	47,330

For TeamBank, sustainable business does not only mean climate protection, but also social responsibility – with a focus on sustainable customer relationships. In line with its advisory approach, TeamBank therefore only provides its customers with as much liquidity as they can actually handle. A useful tool for this purpose is the Finance Compass, which shows customers exactly what amount they will be able to repay without any problems, based on their own household bills. In granting loans, TeamBank follows the fundamental belief that it should be up to the customers to decide what they want to use their available liquidity for. Therefore, no purposes of use are queried when loans are granted. For Volksbank, this means that it is not possible to provide evidence of the share of sustainable financing together with TeamBank.

As part of the Genossenschaftliche FinanzGruppe Volksbanken Raiffeisenbanken in Germany, TeamBank is committed to the binding sustainability parameters of the DZ BANK Group, such as the Diversity Charter, a group-wide Code of Conduct, the UN Global Compact principles within the scope of the ISS ESG rating or the joint climate strategy.

In the 2022 reporting year, the Association of Volksbanks had some 49,400 'der faire Credit' customers. On average, loans in the amount of euro 12,560 were granted.

DIGRESSION
PRODUCT PARTNERS

ECONOMY

SUSTAINABLE PRODUCTS AND SERVICES

Sustainability as part of the cooperative DNA and corporate values

In order to create guidelines for day-to-day activities and thus focus on the right issues, TeamBank creates its business strategy with strategic directions, goals and measures in the annual strategic planning process. In the year under review 2022, TeamBank firmly anchored sustainability in its business strategy. TeamBank can build on a strong foundation: its cooperative DNA with a culture of values. In addition, the principles of the UN Global Compact, which are the basis of the valid Code of Conduct and commit all managers and employees to lawful and ethical behaviour, are helpful.

TeamBank has committed itself to the code of the German banking association "Kredit mit Verantwortung" (Credit with Responsibility) and points out to its customers on the website as well as in the advice, sales and contract that loans can be flexibly adjusted in the event of payment difficulties. This can be done, for example, by extending the term to reduce the instalments or by deferring payment. The relevant points for responsible lending in terms of over-indebtedness protection are specified in the lending guidelines. All customers also receive an overview of the budget statement on which the lending decision is based (Financial Compass) as

well as the advisory documentation including explanations of the product. TeamBank also refers to a detailed description of which services or equipment customers can add to their 'der faire Credit' product according to their individual needs in order to protect themselves in advance against any bottlenecks or payment difficulties that may arise.

Information provided to customers

TeamBank checks that all wording is simple and understandable from the customer's perspective. A new approach is currently being developed for 2023. Among its competitors, the marketing activities for the "der faire Credit" brand are distinguished above all by the renunciation of advertising with conditions, which automatically excludes so-called bait-and-switch offers. In the business year, special attention was paid to the accessibility and user orientation of websites.

Designed and made with the customers' needs in mind

Satisfied customers are a prerequisite for building and maintaining long-term business relationships. In more than 2,000 qualitative and quantitative surveys, TeamBank has identified the key customer needs. Customers want to decide for themselves when, where and how much money TeamBank may contribute to financing their lives. In addition, those surveyed demand flexibility. The product range was designed from the occasion-related instalment loan to the flexible framework loan. Customers receive a credit line online or on site that is appropriate for their creditworthiness, which they can draw on immediately or later, in full or in instalments. In combination with instalment breaks and changes to the instalment plan, TeamBank thus delivers a product that is consistently geared towards its customers. High flexibility combined with proven safety mechanisms.

ECONOMY
SUSTAINABLE PRODUCTS AND SERVICES

Sustainability has many facets and innovation potential at TeamBank

One successful example of how digital innovations and environmental protection can be combined is the digital contracting solution available in the retail branches of the Association of Volksbanks. Not only can this smart and customer-focused application save a great many pages of paper, but the cooperative banks also gain valuable time for them to invest in their customers instead. In the year under review, this saved 644,070 pages of paper¹⁾ and 3.124 kg of CO₂e²⁾ within the Association of Volksbanks.

In addition, TeamBank has been entitled to bear the label of the European Union – “Eco-Management and Audit Scheme” (EMAS for short) – in relation to environmental management, and to call itself a member of the Bavarian Environmental Pact.

Financial education

TeamBank will only consider the criterion of sustainability to have been met within the scope of its core business if the joint customers are supported during the entire customer journey in a spirit of fairness. This also includes actively preventing the risk of over-indebtedness. According to experts, teaching financial literacy at an early age can protect against over-indebtedness. That is why TeamBank supports the “Deutschland im Plus” foundation, which was set up specifically for this purpose in 2007. This non-profit public foundation under civil law is dedicated to the prevention of excessive indebtedness in Germany and Austria. The focus of the “Deutschland im Plus” foundation is on prevention options offered to young people and raising awareness of conscious and responsible consumption.

The workshops are aimed at young people aged 14 and over and are used across all types of schools. Since 2022, workshops have also been held in youth welfare facilities.

The multiplier network for the “Carefree Retirement” workshop will be further expanded. People aged 55 and over are to be made aware of the financial changes in retirement.

For more information, please go to www.finanzielle-bildung-foerdern.at

BEST PRACTICE

Long-term liquidity support

The joint customers of the Association of Volksbanks and of TeamBank benefit from the long-term liquidity support provided by the financial scope. The money can be reserved free of charge and retrieved whenever it is needed. Interest only accrues if the customers withdraw money. Thanks to SEPA real-time transfers, the financial reserve can be retrieved in no time, by telephone, on the customer portal, via app, and obviously also in person with the local account managers. The extra financial buffer can be used immediately, also for impulse purchases. Especially in unpredictable moments, customers thus remain flexible by reserving their personal financial scope just in case.



1) when using virgin fibre paper

2) Source: www.papiernetz.de/informationen/nachhaltigkeitsrechner

ECONOMY

SUSTAINABLE PRODUCTS AND SERVICES

ERGO VERSICHERUNG AG

ERGO Versicherung AG is part of the Munich Re Group. Volksbanks and ERGO have been working together successfully for many years in the sale of insurance products on the Austrian market.

ERGO brings commercial and industrial insurance solutions for corporate customers as well as insurance solutions for private customers to this cooperation. The product range includes insurance solutions from comprehensive life, health, and accident insurance solutions to property insurance such as motor and household/homeowner’s insurance. The sustainability focus in product design is becoming increasingly important.

Through its commitment to sustainability, ERGO Versicherung AG fits in very well with the supply chain of the Association of Volksbanks.

In this context, special mention should be made of the introduction of digital signatures on insurance applications. The rate of digital signatures and thus the paperless processing of insurance applications was doubled within the Association of Volksbanks in 2022 compared to the previous year (from around 35 % to 73 %).

**DIGRESSION
PRODUCT PARTNERS**

	Unit	2022	2022 Applications via Portal	2022 of which DigiSign	2021	2020
Number of ERGO insurance contracts by customers of the Association of Volksbanks	Number (contract density)	147,189			149,283	154,172
Association of Volksbanks and ERGO customers	Number (contract density)	99,213			101,632	105,226
New ERGO insurance policies taken out by customers of the Association of Volksbanks ¹⁾	Number (production unit)	17,474	16,280	11,835	14,720	14,870
New business volume of ERGO insurance contracts by customers of the Association of Volksbanks	Euro (production premium)	25,780,624	22,518,767	12,485,991	24,722,598	22,293,613

1) Of the 17,474 insurance contracts, 16,280 were brought in via the ERGO sales portal, 11,835 of which were signed digitally. This corresponds to a DigiSign rate of some 73 %.

ECONOMY
SUSTAINABLE PRODUCTS AND SERVICES

ERGO – More sustainable!

As a global challenge, climate change requires a major joint effort. Responsibility and commitment in the areas of climate and environmental protection, health and risk awareness are therefore key concerns for ERGO in Austria, the entire ERGO Group and Munich Re. Together, the insurance group has set itself the goal of significantly reducing CO₂ emissions in its own business operations, insurance business and investments with its “Ambition 2025” strategy. Step by step, the insurance group aims to achieve net zero emissions across all areas by 2050 at the latest. It is committed to contributing to the achievement of the Sustainable Development Goals (SDGs).

The insurance group has identified the following fields of action that are of particular importance to it as a company and its employees, to its customers and to society:

1. Corporate governance: responsible corporate management, digital transformation, data protection, human rights
2. Sustainability in business: customer focus and satisfaction, sustainable products, sustainable investments
3. Environmental and climate protection: reduce emissions in the company, increase environmental awareness
4. Employees: career development, work-life balance, diversity and equal opportunities, health and occupational safety
5. Commitment: global challenges, support for social projects, local employee commitment

In this context, voluntary commitments like the Ten Principles of the UN Global Compact, the Principles for Responsible Investment, and the Principles for Sustainable Insurance form the basis of all activities.

ERGO disposes of the skill set, resources and risk know-how to develop new approaches to solutions and to use business opportunities. Closely cooperating with accredited partners, it creates added value by contributing not only financial means, but above all expert knowledge.

ERGO sustainability strategy

ERGO incorporates environmental and social aspects as well as responsible corporate governance (ESG: Environment, Social, Governance) into its core business. As an employer, ERGO attaches great importance to diversity and equal opportunities as well as responsible and respectful treatment of employees. ERGO operates an active environmental management system at its locations and is CO₂ neutral throughout the Group. As a matter of social responsibility, ERGO supports a large number of initiatives and projects that are close to its core business and strengthen social cohesion. The development of sustainable investment products and the evaluation of ERGO products with regard to sustainable approaches are also part of the sustainability strategy.

With its flexible products “ERGO fürs Leben”, “ERGO fürs Sparen”, “ERGO fürs Investment” and “KindersparER GO!”, customers can determine the level of sustainability of their products themselves through their choice of funds. As part of the homeowner’s insurance, they can also insure a photovoltaic system and thus secure their high investment for environmentally compatible energy generation. In 2023, ERGO also intends to further adapt its motor insurance offering for electric vehicles to customer needs.



ECONOMY

SUSTAINABLE PRODUCTS AND SERVICES

BEST PRACTICE

In 2021, ERGO started a reforestation project in the Waldviertel region. In 2022, the ERGO Forest continued to grow with new customers and newly concluded insurance policies and pension provisions. For example, ERGO planted a tree for every new “MobilER Go!”, “ERGO fürs Leben” (regular and single premium), “ERGO fürs Sparen”, “ERGO fürs Investment” and “KindersparER GO!” policy taken out until 31 December 2022. Customers of the Association of Volksbanks have contributed 1,669 trees.

By using an environmentally compatible office building that was certified as “Green Building+” by the Austrian Energy Agency, ERGO Versicherung AG is banking on energy efficiency at work. Optimisation measures to reduce the company’s CO₂ emissions, actions to raise employee awareness regarding mobility behaviour, and measures relating to social commitment are continuously developed and implemented by the ERGO sustainability team.

The digitisation of business processes is being driven forward and a sustainable investment strategy with clear exclusion criteria is being pursued.

When it comes to reducing resource consumption in the company, the contribution of every single employee is needed. Similarly, it is important to ERGO to involve its employees in social initiatives and, as a company, to offer them room for implementation.

In 2022, the following measures and actions were implemented:

In May 2022, ERGO employees had the opportunity to dedicate a working day to charity and support a project with a social impact as part of a “Social Day”. The aim of corporate volunteering was to take responsibility together and make a positive contribution to society and the environment. The Social Day was implemented together with various Austrian aid organisations. In addition, there was a litter collection campaign in cooperation with MA 48.

Furthermore, ERGO was a partner of the “mirno more” peace fleet in 2022, the largest sailing project for physically and socially disadvantaged children and adolescents. ERGO supported the two Safety Team ships, whose crew ensured safety during the voyage. Supporting “mirno more” contributed to shaping a world that stands for inclusion, solidarity and tolerance.

From 1 October to 19 November 2022, ERGO employees participated in a health and sustainability initiative of the Austrian Federal Economic Chamber. The aim was to integrate exercise into everyday working life, to strengthen health awareness and also to focus on sustainable nutrition and mental fitness. In addition, the organisers of this Austria-wide initiative planted one tree for every 1,000 minutes of physical activity collected by the participants. By participating in the initiative, ERGO pursued two out of three ESG criteria. The measure addressed environmental aspects on the one hand and pursued a social, health-related component on the other.

As regards climate and environmental protection, the “ClimateLaunchpad”, the world’s largest competition for sustainable business ideas, was supported for the fourth year in a row in 2022.

In December 2022, ERGO employees organised a collection for poverty-stricken and homeless people for the third year in a row. The approximately 70 residents of the Meidling emergency shelter were given backpacks filled with valuable donations shortly before Christmas.

SKI AUSTRIA





IMPORTANT SUCCESSES AND RESULTS

In 2022, important successes and results were achieved within the Association of Volksbanks:

- » Numerous information events and another brochure on sustainability support customers in the region.
- » Implementation of specifications on regional and sustainable procurement and introduction of a procurement matrix
- » Continuation of communication concept "purely Austrian company/regionality"
- » Share of financing abroad 4.46 %



GOALS

In 2022, the goals of the Association of Volksbanks with respect to regionality were:

- » Stronger focus on regionality through training, internal and external communication
- » Support for customers in the region
- » Share of financing abroad no more than 5 %
- » Personnel management has a sustainable, regional focus (employer branding)¹⁾
- » Continuation of communication line and advertising activities with focus on "purely Austrian company/regionality"



MEASURES

Measure	Time horizon	Status
Strengthening the regional economic cycles through consultancy and products	periodical	ongoing
Regional and sustainable procurement	since 2022	ongoing
Communication of regional positioning	periodical	ongoing
Focus on sustainable, regional employer branding	since 2019	ongoing

¹⁾ see chapter "Employees"

The Association of Volksbanks operates almost exclusively in its catchment area. There are no foreign shareholders. The focus of the Association of Volksbanks is on being the sustainable relationship bank for customers in the region, thus ensuring short distances. This business model and the focus on the region reduce the risk of negative climate and environmental impacts as well as on other ESG aspects, for example, due to environmental conditions, market circumstances and the legal framework in Austria. The core of the sales activities of the Association of Volksbanks is the Austrian network of retail branches.

Regionality was defined as a core value and represents the most important focus in sustainability management alongside the topic of cooperatives. Cooperatives are regional because they are built on proximity and personal contact. They are usually deeply rooted in the region and among the people who live there. In this way, they strengthen regional economic cycles, ensuring fair prices, simple supply chains, verifiable production and co-determination within the region.

The Association of Volksbanks focuses on customers in Austria. In regions close to the border, the Association of Volksbanks offers its services to selected foreign customers upon request. No active foreign expansion activities are being planned. Rather, the role as regional financial service provider is meant to be consolidated even further.



ECONOMY REGIONALITY

The COVID-19 pandemic has vindicated the business model of the Association of Volksbanks. The trend towards regionality was even further strengthened.

In order to ensure sustainable business management, it was defined among others that a maximum of 5 % of loans and receivables to customers are allowed to exist in neighbouring countries. A limitation was effected in this respect in the risk strategy, which is monitored continuously, with appropriate reporting to the Managing Board.

The business focus is on loans, deposits and payment transactions – other products or services are provided through partners.

The following table shows the regional roots of the Association of Volksbanks. In general, with euro 22,530,304,000, the lending business showed an increase in the year under review 2022 (2021: euro 21,836,493,000), the share of regional financing in all financing transactions amounted to 95.54 % in 2022 (2021: 95.30 %). As in the previous reporting year, the share of financing abroad was 4.46 %, well below the target set out in the risk strategy. These figures are perfectly in line with the motto “from the region for the region”. For the sake of completeness, savings deposits are shown as well; however, a clear allocation of savings deposits to financing transactions is not possible. In 2022, the amounts owed to customers (savings and other deposits) were euro 22,105,097,000 (2021: euro 22,746,798,000).

Regional investment and share of foreign financing transactions

Euro thousand	Regional	Foreign	Total	2022	
				Regional share	Foreign share
Financing of all customers	21,525,272	1,005,032	22,530,304	95.54 %	4.46 %
of which private customers	8,546,881	337,354	8,884,235	96.20 %	
of which SMEs	10,741,833	418,828	11,160,661	96.25 %	
of which corporate customers	468,655	91,741	560,396	83.63 %	
of which others	1,767,903	157,109	1,925,012	91.84 %	
Savings deposits and other deposits			22,105,097		
Share of regional financing in savings deposits and other deposits			97.38 %		

For more than 170 years, the Volksbanks have been local financial providers in their region. Right from the start, the focus has always been on “servicing medium-sized businesses in the retail and trade sectors” (circular of the Association of 20 June 1960). The Association of Volksbanks has maintained this focus to this day. It also lives up to its traditional values of freedom, responsibility and self-help in its private customer and SME business.

The Association of Volksbanks makes a significant contribution to the value creation of its regions by fulfilling the core functions of a bank for private households and small and medium-sized enterprises: financing investments, ensuring payment transactions, and facilitating needs-based financial investments that offer a risk/return profile appropriate to the respective goal.

Retail branches and offices

The employees of the Association are mostly from the region, they know their customers, offer regional know-how in dealings with customers, and customer-relevant decisions can be made quickly and directly on site with the customers. This results in short distances, which also leads to lower CO₂ emissions due to travel and enables a direct exchange with business operators in the region. The regional banks organise their own events that serve to connect customers from the region – so that the added value will remain in the region.

The retail branches and offices are sales and advisory units that are directly visible to and tangible for their customers. Through them, comprehensive, pooled know-how can be made available to customers. Among others, this concerns personal pension schemes, the realisation of dream houses, or assistance with business issues. The advisory service and the relationship between customers and their account managers are characterised by trust and professional competence.

Private customers

The Association of Volksbanks is a competent investment, retirement pension provision and housing bank for private customers. In the service business, the Association relies on strong cooperation partners such as TeamBank and Union Investment.

Austria is a growth market when it comes to housing financing. The population is increasing in the regional conurbations in particular. Refurbishment projects also play an important role, especially with respect to energy efficiency, and they require a functioning market for appropriate financing solutions.

Small and medium-sized enterprises

With its focus on small and medium-sized enterprises, the Association of Volksbanks is working with the lifeblood of the economy within its area of operation. In Austria, this customer group not only reports the highest shares in value creation and employment, but also a high share of successful niche producers.

As a bank for SMEs, the Association of Volksbanks offers professional competence throughout the full product range of corporate financing, and in all other spheres of finance, for instance investment and subsidies. The account managers dispose of in-depth knowledge of regional customers and of prevailing local conditions, processing investment and capital loans swiftly in line with customers' needs.

Sustainable regional support for customers¹⁾

The need for action in the sphere of sustainability is constantly increasing, even for smaller companies. In order to give SMEs a helping hand here, Volksbank and the CSR experts from respACT have launched a series of events entitled "Opportunities and challenges of corporate sustainability in practice".

1) The details are described in the chapters "Cooperative" and "Products and Services".

ECONOMY

REGIONALITY

Subsidies

The Association of Volksbanks is committed to the development of innovative and sustainable banking products, both for the private and the commercial sector, taking into account the best possible subsidy approach.

With the expiry of the COVID-19 subsidies, the main focus was on sustainable investments, e.g. for the implementation of e-mobility or conversion to alternative energy sources using state-provided subsidies. Apart from personal consulting on site at the regional Volksbanks or via digital communication channels, the public funding services of the Association of Volksbanks for commercial projects include an online subsidy check as initial analysis of optional public subsidies for customers, a newsletter service on innovations in the field of public subsidies, and public funding management, from application to settlement.

Österreichische Ärzte- und Apothekerbank AG

The professional bank of Austrian physicians and pharmacists specialises in the needs of its target group. The high market share among physicians, dentists and pharmacists reflects the long-standing focus on these professional groups. The experienced teams of experts are characterised by industry know-how and a high level of customer understanding. For Österreichische Ärzte- und Apothekerbank, personal consultancy is at the heart of a long-term successful cooperation between customers and the bank based on fairness and trust. The account manager develops customised solutions for customers, tapping into the networks of both professions.

As a professional bank, Österreichische Ärzte- und Apothekerbank has made it its business to support the economic and financial interests of its customers.

Ärzte- und Apothekerbank is aware of its responsibility towards its stakeholders and has therefore anchored its sustainable economic, ecological and social goals in its business strategy. Many of the customers served have a long-standing commitment to sustainability due to their work in the healthcare sector. This also explains the continuing demand for sustainable investment opportunities.

In order to ensure compliance with all regulations, persons have been defined internally at Ärzte- und Apothekerbank who are responsible for implementing ESG topics. This business policy is intended to create awareness of sustainable issues among customers and employees. By engaging and motivating employees and through close interaction with customers and network partners, the bank for the healthcare professions will take the next step towards customer satisfaction, product innovation, transparency, and employee loyalty with an expanded focus on sustainability. This change, namely the integration of sustainability into the company's core values and DNA, has a positive impact on everyone's quality of life in a changing society.

In 2022, Österreichische Ärzte- und Apothekerbank implemented the following main focuses on the topic of sustainability:

- » Intensification of sustainable investment opportunities as a focus of securities advisory services, sales focus on "sustainable fund savings"
- » Sustainable and regional gifts for customers and employees
- » Revision of gender-responsive wording
- » Sponsoring of a charity golf tournament in favour of prostate cancer research
- » Podcast on the topic of "Sustainability in the pharmacy"
- » Reducing the number of business trips by implementing video consultancy
- » Fundraising event with cooperation partners in favour of "Apotheker ohne Grenzen – Hilfe für die Ukraine"

Other brands within the Association of Volksbanks

Apart from the “Volksbank” brand, SPARDA-BANK and Gärtnerbank are important, valuable components of the brand strategy due to their well-established branding. They are briefly described in the sustainability report of VOLKSBANK WIEN AG. Therefore, these brands will not be discussed in detail below.

Procurement, outsourcing and suppliers

Sustainable and regional procurement in facility management

As the central organisation of the Association of Volksbanks, VOLKSBANK WIEN AG, or more specifically, since November 2019, the newly established company VB Infrastruktur und Immobilien GmbH, is also in charge of central purchasing for all regional Volksbanks. In this context, the company sets great store by sustainable products, regional suppliers and, if possible, environmental certificates. Due to the fact that most suppliers are Austrian companies, the risk of human rights violations is minimal.

The topics of sustainability and social responsibility are firmly embedded in the business policies of printing shops and many suppliers of advertising material in particular. Moreover, the purchasing function of the Association is striving to extend its range of sustainable products. The range already includes ecological umbrellas with wooden handles made of recycled plastic (produced in Germany) and backpacks made of recycled plastic materials. Moreover, the portfolio has been extended to include local products such as bath towels from the Waldviertel (Heidenreichstein, Framsohn company) and wooden pens made of PEFC-certified beech wood (Made in Germany); these new items have been added to the product range in 2023. In selecting the printing shops, the Association of Volksbanks pays attention to their environmental certifications.

Framework conditions for sustainable procurement were entered into a matrix and assessed positively in an Association-wide committee in April 2022. A supplier’s sustainability is evaluated by means of indicators (company headquarters located in Austria, sustainable concepts or certificates of the supplier available, location of production checked, etc.).

In May 2022, the rules and regulations included in the appropriate matrices were approved within the Association of Volksbanks. These rules and regulations describe the further procedure depending on the result of the evaluation according to the matrix. In the event that offers are available from equivalent suppliers, the more sustainable supplier will be commissioned.

Outsourcing of organisation and IT

A very important milestone was the sale of ARZ Allgemeines Rechenzentrum GmbH to Accenture (ACN), thereby ensuring the assistance of one of the world’s leading IT service providers for long-term safeguarding and quality expansion of a modern, secure and affordable IT landscape. With the changeover to ACN, the operational quality will be successively adjusted to state-of-the-art standards and thus prepared for key strategic challenges for IT solutions in the years ahead (digitisation, regulatory matters and IT security). Currently, 53 % of the electricity used by the data centre of the Association of Volksbanks, ACN, comes from renewable energy sources. According to a published Sustainability Report, it is the goal of ACN to obtain 100 % of its electricity requirements from renewable energy sources by 2023. In addition to the Sustainability Report, ACN has undergone due diligence and is certified according to the Environmental Management System ISO 14001. The contract and the Code of Business are intended to ensure compliance with laws, rules, regulations and appropriate EGS (Ethics and Governance Standards, e.g. Code of Conduct), as well as standards of the Association of Volksbanks

Based on the General Instruction on Risk Assessment of Outsourcing, all outsourcing activities of the Association of Volksbanks are reviewed using a defined standard process. A sustainability check is part of this process. Checking for sustainability risks covers a wide range of issues, e.g. whether the service provider endangers the environment and/or biodiversity, is heavily dependent on resources such as coal, gas, oil, water, etc. or has established sustainability principles.

ECONOMY REGIONALITY

Give-aways

The area of give-aways has been reorganised in several steps. In the meantime, only one small range of customer give-aways remains, due to sustainability considerations. With regard to young people, we rely on invitations to events, vouchers and online processing. On International Savings Day, no gifts are given away, for the most part, except for a small sustainable gift for children – often from the region.

Sustainability in communication

In order to consolidate its positioning as a sustainable regional bank, the Association of Volksbanks has defined that both PR/communications and advertising messages should pay special attention to its positioning as a purely Austrian, regional banking group. As in previous years, the focus of communications in press releases and advertorials was therefore set on Austria and regional activities in 2022 as well. This also applies in particular to Managing Board communications and business performance reporting. Guidelines for regional sponsorships, regional Managing Board communications, and sustainable events have been implemented since 2021.

As regards advertising, cooperation with the ÖSV¹⁾ ski jumping team was continued. The long-standing cooperation with the figureheads in Austrian sports conveys the pro-Austrian sentiment of the Association of Volksbanks to the public. This cooperation is reinforced by social activities, such as an online competition on ski jumping or the design of starting bibs by children in junior sports. Another partner is Österreichische Sporthilfe, which supports over 250 Austrian athletes in all regions of the country. In this way, the Association of Volksbanks is able to establish the connection between Austria and regionality in a unique manner. As

regards business conducted with companies, the Association of Volksbanks is only active in Austria, mainly regionally. This is communicated by addressing regional customers in the company's advertising messages. Also, regional corporate customers are featured in blogs and social media time and again. In all areas, private customers and entrepreneurs are invited to tell their success stories using the Volksbank advertising line as a basis.

An initiative newly launched in 2022 is the support of the Green Marketing Award. By sponsoring this award, Volksbank wants to increase awareness for sustainable activities and transparency in their communication.

In employer branding, various activities were launched to target employees from the respective regions. The Association of Volksbanks considers it important for a regional bank that employees live in the region and also come from the region.

BEST PRACTICE

VOLKSBANK VORARLBERG e. Gen. – BaM (The Bank as Marketplace)

BaM positions Volksbank Vorarlberg as a networking hub in the region, offering customers real added value as a communication platform, and bringing the vision "We are the relationship bank for entrepreneurs and business-minded individuals" to life – one of the goals being to generate new areas of income for Volksbank Vorarlberg. All employees have the opportunity to actively and creatively contribute to BaM's success, generating a "community architecture" within the company.

Short distances thanks to regional focus.

The premises of the retail branches are made available for exhibitions or events. The relevant projects are manifold and range from art, painting, leather goods or Panini exhibitions and opening events to club meetings. Moreover, fundraising campaigns for various non-profit organisations were launched, in-house sustainability projects were implemented, and the youth platform VB-Stage was designed and went live, to name just a few fields of action.

Corporate customers are additionally offered a digital communication platform where they can place their company presentation via digital screens in the windows of selected retail branches. Details are also contained in the Sustainability Report of VOLKSBANK VORARLBERG e. Gen.

Volksbank Salzburg eG – annual kick-off as “Green Event”

A small contribution to a sustainable lifestyle can also be made in the field of event organisation: using regional and seasonal foodstuffs, elimination of disposable and plastic packaging for drinks or sauces, convenient connections to the public transport network, offering joint arrivals by bus or car sharing etc. At the beginning of the year, Volksbank Salzburg held its annual kick-off event with 320 employees at Messezentrum Salzburg in accordance with the “Green Event” criteria of the provincial government. In the long term, organising events as Green Events will result in a change of attitude of all stakeholders, especially the suppliers. The more often corresponding requirements are imposed on, for instance, catering businesses, the sooner this change of attitude will take place, sustainably influencing the entire supply chain.

Volksbank Oberösterreich AG

As part of a communication campaign on sustainable investment, Volksbank Oberösterreich communicated the topic in a regionalised way in the Upper Austrian “Bezirksrundschau” newspaper together with its product partner Union Investment. The focus was on sustainability and regionality. The articles also introduced the private banking advisors from the region, whom interested customers could turn to.

OUTLOOK

In 2023, the topic of regionality will continue to be emphasized in various measures within the entire Association of Volksbanks, whether in terms of Volksbank’s positioning as a regionally sustainable bank, in terms of employer branding, where regionality plays an important role, or in terms of the selection of suppliers, partners and projects that are supported by the bank.



GOALS

In 2022, the primary goal relating to sustainability was to continue the incorporation of ESG risks into the risk processes. The focus was on identifying and assessing ESG risks for the main risk types within the Association of Volksbanks.



IMPORTANT SUCCESSES AND RESULTS

In 2022, important successes and results were achieved within the Association of Volksbanks:

- » Inclusion of ESG aspects in the risk framework and the risk strategy adopted across the Association
- » Integration of ESG risks into the revolving internal capital adequacy process
- » Development of an ESG heat map that enables the standardised identification of ESG risks. This describes various risk events, which are evaluated for all relevant risk types.
- » Survey of ESG risks across the Association with all risk owners concerned
- » Expansion of quantification methods for ESG risks
- » Development of a questionnaire for the survey of ESG risks at customer level
- » Extension of the new product process and of the outsourced risk assessment to include ESG aspects
- » Association-wide Credit Risk Summit with all employees in credit risk management on the topic of sustainability with a focus on the integration of ESG criteria in the credit life cycle
- » Implementation of the ESG Score
- » Implementation of a longer-term climate scenario with a focus on credit risk within the scope of the bank's internal stress test
- » Gap analysis on ESG data and evaluation of external providers
- » Setting up a data project to cover ESG data requirements for bank steering and risk management, as well as sustainability reporting and disclosure
- » Project launch to quantify acute/chronic physical risks
- » Support of external initiatives regarding Austria-wide ESG data (OeKB > ESG-Data Hub, Energy Performance Certificate database)
- » Exchange of content with OeKB on data tool
- » Labelling of sustainable real estate financing
- » Initiative for the labelling of sustainable financing
- » ESG heat map further development and annual update
- » Continued focus on physical risks and transitory risks (e.g. real estate valuation)

Developments in risk management

Assuming and professionally managing the risks associated with the business activities is a core function of every bank. In its capacity as central organisation of the association of credit institutions under section 30a of the Austrian Banking Act, VOLKSBANK WIEN AG performs this central task for the Association of Volksbanks, so that the latter has in place administrative, accounting and control procedures for the recognition, assessment, management and monitoring of the risks associated with banking transactions and banking operations as well as of the remuneration strategy and practices (section 39 (2) of the Austrian Banking Act).

The business model requires risks to be identified, assessed, measured, aggregated and managed effectively. Risks and capital are managed by means of a framework of principles, organisational structures as well as measuring and monitoring processes that are closely aligned with the activities of the departments and divisions. In its role as the central organisation of the Association of Volksbanks, VOLKSBANK WIEN AG is responsible for drawing up the risk strategy of the Association. The risk strategy of the Association provides for consistent general conditions and principles for uniform risk management and ensures that the risk-bearing capacity is guaranteed at all times. For example, the sub-risk strategy for ESG risks, which was included for the first time in the previous year, was expanded for the coming year to include important findings from the ESG heat map and the internal stress test. The sub-risk strategy for ESG risks was defined at the level of the Association and is applied to all affiliated banks as part of the local risk strategies. The risk strategy is reviewed for up-to-dateness and adequacy at least annually and adjusted to the respective current general conditions.

The composition of the Association of Volksbanks' exposure corresponds to the pattern of a regionally operating retail bank. For credit risk as a key risk driver, in particular, the Association of Volksbanks has taken measures to identify, assess and manage ESG risks.

The Association of Volksbanks and its affiliated banks act in accordance with the highest ethical and professional standards and are therefore committed to conducting lending business in a sustainable and responsible manner. For this reason, we do not enter into business relationships in sensitive areas that conflict with this claim. Business relationships or financing transactions are not possible for traders in ethically questionable sectors and business areas, or are only possible in accordance with the rules of conduct specified by Compliance (see "Compliance" chapter).

Furthermore, in the context of lending, attention is paid to the protection of the environment and the sustainability of social concerns. Financed transactions must comply with environmental regulations. For this reason, no business is conducted in environmentally or socially harmful sectors.

ECONOMY

RISK MANAGEMENT

For the assessment of the risks associated with ESG factors at the individual borrower level, a separate scoring was developed, which is applied depending on the credit exposure for corporate and real estate customers. By means of the assessment of soft facts by the account managers, the risks associated with ESG factors as well as the risk-mitigating measures taken by the customers are evaluated in the context of an ESG score. The soft facts, which are tailored to the customer segments, cover all three risk aspects (environmental, social and governance), including environmental risks not associated with climate risks (such as loss of biodiversity).

The ESG score is designed to take into account both industry risks and customer awareness and actions in relation to ESG factors. In quantitative terms, the additional assessment of customer-specific soft facts (evaluation of qualitative information), in addition to industry-specific ones, results in an ESG score, which can subsequently be used to classify ESG risks.

An assessment of the risks associated with ESG factors is carried out as part of the lending and monitoring processes. The assessment of the borrower's ability to service the debt is generally made taking into account the borrower's current and future financial circumstances, whereby risks to the future financial and liquidity position must be included in the consideration. The credit decision must therefore also take transitory and physical environmental risks into account. The manufacturing, energy supply and transport sectors in particular are currently undergoing a major transformation process with regard to the reduction of CO₂ emissions. For customers in these sectors, the market statement should therefore address – in addition to the ESG score – the extent to which costs/efforts

for high CO₂ emissions or for the transformation towards low CO₂ economic activity are incurred by the customer. In doing so, onerous or hazardous aspects in relation to the customer's earning power and business model need to be assessed.

Furthermore, the statement must address if a financed property is located in a danger zone (e.g. flood, avalanche danger, earthquake). As it may be assumed that there is insufficient insurance cover for properties in danger zones, an assessment must be made as to whether there are reserves in the customer's financial position to cover any losses.

As part of the internal stress test, ESG-related scenarios have been simulated since December 2020, reflecting both physical and transition risks. For example, the effects of extreme weather events as well as the rapid implementation of stricter requirements in connection with climate and environmental standards on the portfolio of the Association of Volksbanks are simulated. The scenarios are oriented towards the portfolio composition of the Association of Volksbanks and also take into account the assumptions of the NGFS. In 2022, the scenario analyses were extended to a long-term horizon of ten years.

The integration of ESG risks into risk frameworks and into the internal capital adequacy process is continuously being expanded based on the insights gained. For example, ESG risks are regularly analysed and reassessed as part of the risk inventory using ESG heat maps. The ESG heat map is a tool to identify, analyse and assess the materiality of ESG risks and/or their risk drivers. In the ESG heat map, various risk events (e.g. increased costs due to CO₂ taxes, extreme weather events such as heat, drought, floods and storms, biodiversity loss, water stress and land use, etc.) are described and evaluated for all relevant risk types of the Association of Volksbanks. The risk events included in the ESG heat map are derived from the United Nations Sustainable Development Goals (SDGs). The assessment of the impact of risk events is based on a medium- to long-term horizon of five to ten years.

Customer rating since 2022 in the context of an ESG score.

The ESG heat map is used, for example, to analyse the loan portfolio on the basis of individual industries. The result of these analyses is the mapping of ESG risks in the context of the risk inventory. On the basis of the risk analyses, steering impulses and needs for action are derived.

Although ESG risks can be material in principle, they represent a manageable risk for the Association of Volksbanks, especially in the short term. Nevertheless, the bank puts the focus on initiatives for the sustainable management of ESG risks (e.g. reduction of financed emissions).

In order to achieve the strategic plans and ensure the requirements for ESG data, the Association of Volksbanks set up an ESG data project in Q4 2022 – to continue and expand the topics addressed by the sustainability project – in particular for the lending portfolio.

This project ensures the comprehensive ESG data requirements for internal control and risk management as well as sustainability reporting and regulatory disclosure.

A special event on the topic of sustainability was the two-day Credit Risk Summit in October 2022, where all employees of credit risk management in the Association of Volksbanks discussed the integration of ESG in the lending processes with experts from the central departments and discussed both the current situation and further development opportunities.

A more detailed description of risk management, risk policy principles, the organisation of risk management and regulatory requirements as well as material risks can be found in the Annual Report of the Association of Volksbanks and of VOLKSBANK WIEN AG as well as in the disclosure pursuant to the CRR.

OUTLOOK

Continuous further development of methods and models

Based on the insights already gained, the Association of Volksbanks aims to continuously develop its methods and models in connection with the identification, measurement and management of ESG risks and to further expand the creation of an appropriate data basis. The focus is on quantifying physical risks and determining CO₂ emissions. Based on this and in line with the strategic orientation of the Association of Volksbanks, risk indicators are going to be developed that adequately reflect and limit the extent and development of the ESG risks inherent in the existing risk types.

In order to continue to adequately assess and evaluate climate-related risks and opportunities and to help stakeholders assess information on ESG issues of VOLKSBANK WIEN AG in accordance with another international initiative, the disclosure in compliance with Task Force on Climate Related Financial Disclosures (TCFD) is being developed.

DIGITISATION



IMPORTANT SUCCESSES AND RESULTS

In 2022, important successes and results were achieved within the Association of Volksbanks:

- » Increase in mobile payment (pay app): +111 % digital cards used
- » 113,288 product and service orders via "hausbanking" – 2,610 days of customer time saved
- » Increase in digital signatures (qualified electronic signature) by 58 % in 2022 as compared to the previous year
- » Increase in online consulting: 236 trained account managers with a total of 1,382 video conferences
- » Expansion of training and education measures for digital ambassadors (retail branches)



GOALS

In 2022, the goals of the Association of Volksbanks with respect to digitisation were:

- » Use digitisation to save resources and protect the environment (saving CO₂, time, paper)
- » Strengthening employee awareness on digitisation and development of digital mindset
- » Increase in digital signatures (qualified electronic signature for customer service)
- » Expansion of Opti-Channel approach to processes and consulting
- » Development of digital mindset in sales and back office



MEASURES

Measure	Time horizon	Status
Increase of product and service orders in "hausbanking"	2018 – 2025	ongoing
Use of qualified electronic signature (QES) for customer services	2022 – 2024	Phase 0 completed
Qualification of employees to provide video consultancy (incl. interview training)	2022 – 2023	Phase 1 completed
Customer focus groups & stakeholder interviews about the new app	2022	completed
Extension of KPI dashboard (Association-wide comparison)	2022	completed

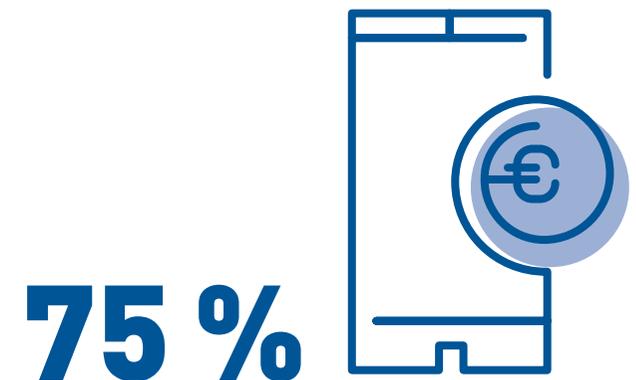
DIGITISATION

The Digitisation department of VOLKSBANK WIEN AG as central organisation supports the business model with digital products and services as well as Opti-Channel networking. A consistent focus on expanding excellent, digitally supported consultancy and creating an outstanding Opti-Channel customer experience are key success factors. Customer processes are optimised and enable customers to save time – this is measured on an ongoing basis using key performance indicators. Internally, specific measures are taken to promote the digital mindset of employees and to strengthen awareness of digital solutions.

The development of the online processes includes the optimisation of the new customer closing procedure when opening an account, the enhancement of the online account switching service and the provision of new service orders in “hausbanking” (e.g. for limit management). With strategic partners such as TeamBank, ERGO and Union Investment, the digital product range is being expanded and existing product solutions are also being made available in the online channel (e.g. fund savings). Especially in the area of mobile payment transactions, increased customer use was measured in 2022. For example, the number of digital cards used increased by +111 %, the number of transactions carried out by +89 % and the transaction volume by +82 %. In response to popular demand, Garmin and Swatch Pay were introduced as well.

The use of “hausbanking” (internet banking of the Volksbanks) was further expanded in 2022. The number of active users (login within the last 90 days) increased by +4.2 % compared to the previous year and the number of mobile logins increased by +21 %. In total, the use of “hausbanking” service orders saved 2,610 days of customer time (travel time, call duration, processing).

In order to strengthen employee awareness, in addition to the develop-



HIGH ONLINE BANKING
AFFINITY OF CUSTOMERS.

DIGITISATION

Increase in digital signatures by 58 % as compared to the previous year.

ment of knowledge management content, the exchange of knowledge via roadshows, online training courses, community calls and “hausbanking” tips was promoted as well. For example, an Association-wide Moodle platform was set up for the “digital ambassadors” in the retail branches, which is also accessible to all interested employees. Furthermore, a Moodle training course “fit für hausbanking” including several modules was designed and launched and a total of seven in-depth “hausbanking” tips with practical examples and instructions were published.

As part of the design of a new banking app, the views and needs of customers were increasingly integrated in 2022. By means of focus group meetings, customers of the Association of Volksbanks and of other banks were asked about their experiences with a banking app, also about their expectations and obstacles in using it. In the selection of participants, special attention was paid to different target groups. In the future, all age groups should have equal access to digital services and receive the best possible support in handling and using them.

OUTLOOK

In 2023, further measures will be taken to advance the digital transformation and increase the level of digital maturity. The new IT service provider Accenture will make a significant contribution by rebuilding the infrastructure and modernising the necessary interfaces. Based on this, it will be possible to integrate partner solutions even more easily and quickly and to optimise customer processes even better. The expansion of digital signatures in the customer area will cover as much as approx. 80 % of all form sheets (in the private and corporate customer area) in the first phase. By using the qualified electronic signature, a large part of the form sheets can be signed dispensing with paper, thus saving a high proportion of printing costs and paper in the retail branches. A digital service world for corporate customers is planned for “hausbanking” and the redesign of the banking app is to be finalised in 2023.

The steady increase in cybercrime requires additional measures to make customers more aware of possible dangers and to sensitise them to the correct behaviour in the case of phishing attempts, for example. In addition to current warnings in “hausbanking”, via the banking app and the websites, cyber-security training will be developed for customers in 2023. Interested parties can attend this training online: the most important contents will be conveyed via different content modules (involving illustrative graphics and instructive videos). A knowledge test will support the absorption of what has been learned and a certificate will document the acquired knowledge.

SKI AUSTRIA





IMPORTANT SUCCESSES AND RESULTS

In 2022, important successes and results were achieved within the Association of Volksbanks:

- » Optimisation of retail branches and headquarters with respect to various environmental aspects
- » Green electricity through framework agreement with electricity supplier for the Association
- » Optimisation of the vehicle fleet with regard to climate and environmental issues
- » Implementation of sustainable procurement strategy within the Association
- » Sustainable construction standards were prepared in 2022 and will be applied with effect from 2023



MEASURES

Measure	Time horizon	Status
Development and implementation of a climate strategy	by 2030	ongoing
Implementation of guidelines on sustainable procurement	2022	completed
Calculation of CCF for the Association	from FY 2021	ongoing
Sustainable construction standards were prepared in 2022 and are taken into account	from 2023	being planned
Addition of sustainable aspects to the guideline for company cars	2021	completed
Acquisition of electric and hybrid vehicles	since 2021	ongoing



GOALS

In 2022, the goals of the Association of Volksbanks in the area of energy and climate were:

- » Green electricity through framework agreement with electricity supplier for the Association
- » The prerequisite for the use of recycled paper was created within the Association.
- » Strategic goal: climate-neutral operations by 2030

ECOLOGY

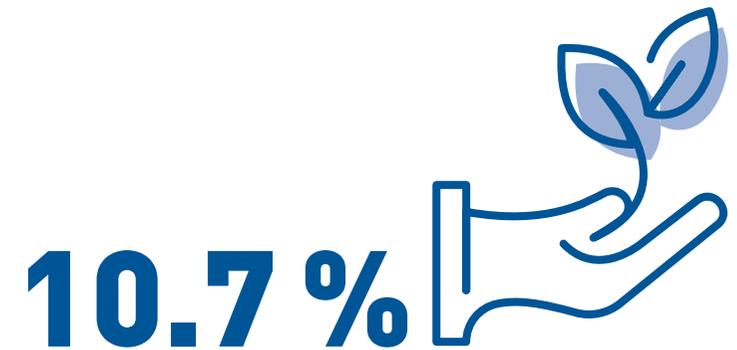
ENERGY AND CLIMATE

Despite the small direct environmental impact of any bank's operations, the Association of Volksbanks still makes a contribution to climate and environmental protection in terms of energy, heat and power consumption as well as waste paper and other waste.

In the Association of Volksbanks, facility management was transformed from a decentralised organisation to a collaborative model (centralised-decentralised). However, this does not apply to all areas such as vehicle fleet, waste management or paper purchasing.

Overall, the Association of Volksbanks attaches great importance to successively introducing and implementing optimisations with regard to the environment and climate in the areas of electricity purchasing, heating, vehicle fleet, paper and waste management. For this reason, the strategy of the Association of Volksbanks stipulates that operations should become climate-neutral in terms of its CO₂ emissions by 2030.

The indicators for resources and energy were collected by the individual banks of the Association and reported to VB Infrastruktur und Immobilien GmbH. This company is a wholly-owned subsidiary of VOLKSBANK WIEN AG and provides infrastructure services (with the exception of IT services) with a current focus on real estate management, bank logistics, central purchasing and facility management services within the Association of Volksbanks.



REDUCTION OF SCOPE 1+2
EMISSIONS (LOCATION-BASED)

Corporate Carbon Footprint (CCF)

In the 2022 reporting year, the CO₂ footprint of the Association of Volksbanks was calculated for the second time. The reporting scope includes all banks of the Association, and their direct (Scope 1) and indirect (Scope 2) greenhouse gas emissions. Direct emissions include thermal energy consumption and greenhouse gas emissions caused by company cars. The indirect emissions in Scope 2 result from the purchase of electricity

ECOLOGY

ENERGY AND CLIMATE

and district heating. Emissions from power consumption were calculated on the basis of the electricity actually purchased by the banks of the Association (market-based) and the average electricity mix for Austria (location-based). As 100 % of the electricity purchased by the retail branches comes from renewable sources, there are no market-based emissions in the area of electricity.

Overall, there was a 10.7 % reduction in Scope 1 and 2 emissions (location-based) in 2022 compared to the previous year and a 10.6 % reduction (market-based), partly due to lower emission factors for district heating and electricity in Austria. The Association of Volksbanks also has Scope 3 emissions, which are disclosed for the second time in 2022.¹⁾

Corporate Carbon Footprint (in kg CO ₂ e)		2022	2021
Österreichische Ärzte- und Apothekerbank AG	Direct emissions (Scope 1)	47,534	37,488
	Indirect emissions (Scope 2 – market-based)	1,619	1,045
	Indirect emissions (Scope 2 – location-based)	26,087	19,066
Volksbank Kärnten eG	Direct emissions (Scope 1)	163,229	134,545
	Indirect emissions (Scope 2 – market-based)	147,184	167,956
	Indirect emissions (Scope 2 – location-based)	306,059	327,598
Volksbank Niederösterreich AG	Direct emissions (Scope 1)	423,108	432,733
	Indirect emissions (Scope 2 – market-based)	104,464	118,846
	Indirect emissions (Scope 2 – location-based)	370,166	432,719
Volksbank Oberösterreich AG	Direct emissions (Scope 1)	233,705	279,266
	Indirect emissions (Scope 2 – market-based)	133,496	131,734
	Indirect emissions (Scope 2 – location-based)	336,611	352,566
Volksbank Salzburg eG	Direct emissions (Scope 1)	120,876	184,622
	Indirect emissions (Scope 2 – market-based)	161,055	161,382
	Indirect emissions (Scope 2 – location-based)	400,389	469,288

ECOLOGY
ENERGY AND CLIMATE

Corporate Carbon Footprint (in kg CO ₂ e)		2022	2021
Volksbank Steiermark AG	Direct emissions (Scope 1)	159,638	292,586
	Indirect emissions (Scope 2 – market-based)	165,604	136,271
	Indirect emissions (Scope 2 – location-based)	355,271	347,661
Volksbank Tirol AG	Direct emissions (Scope 1)	261,172	193,777
	Indirect emissions (Scope 2 – market-based)	43,277	58,080
	Indirect emissions (Scope 2 – location-based)	279,479	302,068
VOLKSBANK VORARLBERG e. Gen.	Direct emissions (Scope 1)	82,340	82,588
	Indirect emissions (Scope 2 – market-based)	20,530	22,470
	Indirect emissions (Scope 2 – location-based)	190,310	202,367
VOLKSBANK WIEN AG	Direct emissions (Scope 1)	645,880	821,826
	Indirect emissions (Scope 2 – market-based)	244,395	276,859
	Indirect emissions (Scope 2 – location-based)	701,518	802,881
Association of Volksbanks in total	Direct emissions (Scope 1)	2,137,482	2,459,431
	Indirect emissions (Scope 2 – market-based)	1,021,624	1,074,643
	Indirect emissions (Scope 2 – location-based)	2,965,890	3,256,212
	Total Scope 1 + 2 emissions (market-based)	3,159,106	3,534,074
	Total Scope 1 + 2 emissions (location-based)	5,103,372	5,715,643
Specific¹⁾	Total Scope 1 + 2 emissions (market-based) per m ²	20	22
	Total Scope 1 + 2 emissions (location-based) per m ²	32	35

1) The calculation of consumption values per m² is based on a total area of 160,245 m².

ECOLOGY

ENERGY AND CLIMATE

Energy

When modernising office buildings, special attention is paid to optimisations in the climate and environmental areas in order to be able to achieve the CO₂ targets. For this purpose, guidelines for sustainable construction standards were prepared in 2022, which include measures based on the “klimaaktiv” standard and will be applied depending on the type and scope of the construction project.

As part of the “Sustainability Project”, templates were created for all banks of the Association as “Best Practice”, showing examples of measures for optimising the retail branches and head offices with regard to various environmental aspects.

Electricity

In terms of electricity purchasing, a framework agreement has been in place for the Association of Volksbanks since 2020, ensuring that the banks in the Association of Volksbanks only purchase green electricity. The strategy for 2023 will be, among other things, to push the sustainability concept even further, also for electricity purchasing. In 2022, electricity consumption across the Association decreased by 8.5% as compared to the previous year.

By consolidating the electricity data of all banks of the Association in 2022, the basis for a strategy to reduce CO₂ can be created for the Association.

Illuminated advertising is switched off at all locations during the night (between 10:00 p.m. and 06:00 a.m.).

Power consumption	Unit	2022	2021
Österreichische Ärzte- und Apothekerbank AG	kWh	73,030	104,166
Volksbank Kärnten eG	kWh	907,862	922,785
Volksbank Niederösterreich AG	kWh	1,570,278	1,722,273
Volksbank Oberösterreich AG	kWh	1,182,641	1,276,489
Volksbank Salzburg eG	kWh	1,407,602	1,698,032
Volksbank Steiermark AG	kWh	1,099,116	1,195,182
Volksbank Tirol AG	kWh	1,388,149	1,402,794
VOLKSBANK VORARLBERG e. Gen.	kWh	975,591	1,006,450
VOLKSBANK WIEN AG	kWh	2,786,664	3,120,490
Association of Volksbanks in total	kWh	11,390,934	12,448,661
Specific power consumption in total¹⁾	kWh per m ²	71	76

1) The calculation of consumption values per m² is based on a total area of 160,245 m².

Heat

By consolidating the heat data of all banks of the Association in 2022, the basis for a strategy to reduce CO₂ can be created for the Association. In 2022, the consumption of heat across the Association decreased by 5.5 % as compared to the previous year.

Heating		Unit	2022	2021
Renewable energies ¹⁾	Österreichische Ärzte- und Apothekerbank AG	kWh	12,269	7,404
	Volksbank Kärnten eG	kWh	1,115,028	1,190,105
	Volksbank Niederösterreich AG	kWh	890,931	950,454
	Volksbank Oberösterreich AG	kWh	1,022,471	948,316
	Volksbank Salzburg eG	kWh	1,400,408	1,321,742
	Volksbank Steiermark AG	kWh	1,280,331	992,317
	Volksbank Tirol AG	kWh	549,494	498,687
	VOLKSBANK VORARLBERG e. Gen.	kWh	623,403	628,182
	VOLKSBANK WIEN AG	kWh	1,853,114	1,875,399
	Non-renewable energies ²⁾	Österreichische Ärzte- und Apothekerbank AG	kWh	127,313
Volksbank Kärnten eG		kWh	444,387	512,896
Volksbank Niederösterreich AG		kWh	1,552,131	1,618,642
Volksbank Oberösterreich AG		kWh	965,768	1,169,739
Volksbank Salzburg eG		kWh	291,097	277,660
Volksbank Steiermark AG		kWh	536,185	1,218,061
Volksbank Tirol AG		kWh	793,490	674,769
VOLKSBANK VORARLBERG e. Gen.		kWh	282,067	291,246
VOLKSBANK WIEN AG		kWh	2,627,169	3,097,465
Total heat consumption Association of Volksbanks		kWh	16,367,056	17,317,628
Specific heat consumption Association of Volksbanks ³⁾		kWh per m ²	102	106

1) Renewable energy sources comprise district heating, biogenic sources, and electricity from renewable sources.

2) Non-renewable energy sources comprise natural gas and fuel oil.

3) The calculation of consumption values per m² is based on a total area of 160,245 m².

ECOLOGY

ENERGY AND CLIMATE

Total energy consumption	Unit	2022	2021
Total energy consumption Association of Volksbanks (electricity + heating)	kWh	27,757,990	29,766,290
Specific energy consumption Association of Volksbanks	kWh per m ²	173	182

Vehicle fleet

When it comes to managing their vehicle fleets, the banks of the Association of Volksbanks act independently. In some cases, measures have already been taken to reduce CO₂, and electric and hybrid vehicles have been purchased. But the switch to e-cars is not the only green measure in the area of the vehicle fleet. The travel policy has been reviewed for sustainability.

As part of the "Sustainability Project", templates were created for all banks of the Association as "Best Practice" to provide a guideline for the procurement of company cars. Strict limits for maximum fuel consumption and maximum carbon dioxide emissions were also imposed on the purchase of new petrol- or diesel-fueled vehicles. It is also planned to use low-viscosity oil for oil changes in the future.

Paper

Paper is always purchased via the VB Infrastruktur online portal. However, the banks of the Association are free to place orders independently. Overall, in the year under review, some 78 t of paper were procured by the banks of the Association, that is about 15% less than in business year 2021¹⁾.

A large proportion of the paper procured is either produced in a CO₂-neutral manner or at least provided with the EU Ecolabel certification. The Association of Volksbanks pays attention to the economical use of paper as a resource and aims to ensure a continuous reduction in paper consumption.

As part of the "Sustainability Project", templates were created for all banks of the Association as "Best Practice", showing examples of measures for optimising paper consumption and the procurement of recycled paper.

Consumption of printing and copying paper	Unit	2022	2021	2020
Printing and copying paper	kg	77,751	91,197	101,481
Printing and copying paper	kg per FTE	26	29	*

Within the Association of Volksbanks, various measures were introduced to deactivate the printing of account statements/documents or to switch to paperless options.

In the period from 1 January to 30 November 2022, due to reduced frequencies in terms of the delivery of branch supplies, as many as 25,700 delivery runs were saved, as compared to the comparative period from 1 January to 30 November 2021, which corresponds to 27.6%. Deliveries are made by Post AG and are CO₂-neutral.

1) Due to an update of the data basis, 2021 was recalculated.
*not collected in the year under review

Waste

Together with the paper consumption data, the waste volume of all banks of the Association was also surveyed for the reporting year 2022. The volume of data waste, residual waste, glass, cardboard, metal and plastics was recorded at all sites. Waste data were not available for some sites due to the relevant entities renting their premises in third-party buildings. The waste volume within the Association of Volksbanks showed a minimal increase of around 1.6 % compared to 2021, which can be explained by archive disposals due to location closures or conversions.

Waste generation ¹⁾	Unit	2022	2021	2020
Waste	kg	291,509	286,932	307,828
Waste	kg per FTE	96.1	91.7	*

Climate-optimised local transport

As regards climate-optimised local transport, the banks of the Association were shown numerous ideas as “Best Practice”, such as leasing bicycles, car sharing, the ‘Austria Cycles’²⁾ campaign, etc., with a view to optimising local transport in terms of climate and environmental aspects.

Sustainable procurement

The details are described in the chapter “Regionality” under the item “Sustainable and regional procurement”.

BEST PRACTICE

VOLKSBANK VORARLBERG e. Gen.

In the past year, facility management at VOLKSBANK VORARLBERG e.Gen. put a clear focus on steadily reducing the CO₂ footprint. This was achieved, among others, by continuously switching to LED lighting, energy-saving and ecologically compatible refurbishment measures, the conversion of a photovoltaic system for the bank’s own use, and by expanding e-mobility throughout the company. The “Get your Jobbike” campaign was in high demand as well, offering employees an opportunity to buy e-bikes on attractive terms due to tax savings, simultaneously reducing CO₂ emissions by arriving at their place of work without using a car.

In 2023, the implementation of this energy concept will be continued by expanding the network of charging stations and developing district heating for selected retail branches, as well as expanding the bank’s own photovoltaic systems. Even more efficient energy management is being aimed at for small items as well, for instance with a view to switching off small appliances at night or over the weekend, timer clocks for electrical appliances, and having heating and ventilation systems adjusted by an energy consultant. The recycling system in everyday office operations is also being relaunched to make it more attractive for employees.

1) Includes total waste generated by all banks within the Association of Volksbanks. Only data waste could be included for VOLKSBANK WIEN AG.

*not collected in the year under review

2) “Österreich Radelt” (www.radelt.at) is an initiative that provides an overview of cycled kilometres for individuals and their friends.

ECOLOGY ENERGY AND CLIMATE

A careful, responsible attitude towards nature and the environment.

Another great focus was put on the way in-house events are organised. Almost all events for employees, members and customers were awarded the “ghörig feschts” certificate. Volksbank Vorarlberg has joined the homonymous initiative of Vorarlberger Gemeindeverband (association of Vorarlberg municipalities), which is presented on the “umwelvtv” platform of the land of Vorarlberg. In this context, the customer event featuring the Vorarlberg symphony orchestra at Montforthaus (Feldkirch) is particularly noteworthy, which was awarded the highest seal of quality for sustainable events in Austria (“Green Event”) by the Federal Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology.

Volksbank Oberösterreich AG

With the LeaseMyBike initiative, Volksbank Oberösterreich offers its employees an opportunity to acquire up to two bicycles or e-bikes for themselves and members of their household on tax-privileged terms up to a defined maximum amount. Employees choose a bike directly at the retailer, and the leasing contract is then concluded between Volksbank and the retailer. The monthly payment will then be deducted directly from the gross salary, thus reducing the payroll tax assessment basis (is not treated as taxable remuneration in kind). This results in the bike’s purchase price being reduced for the employee. At the end of the lease term, the bike will be purchased at a defined residual value or returned to the retailer.

OUTLOOK

Measures for optimisation in the real estate area of the Association of Volksbanks are planned for 2023, primarily to increase energy efficiency. In addition, guidelines for sustainable construction standards are developed, which will be applied with effect from 2023. Sustainability aspects in the area of construction are being included in project planning and successively implemented from 2023.

By consolidating the vehicle fleet data of all banks of the Association in 2022, the basis for a strategy to reduce CO₂ can be created for the Association. To achieve climate neutrality by 2030, the course is being set for a climate strategy. The ambitions in the area of carbon footprint calculation as well as climate target setting are to be complemented next year by examining the possibility of joining initiatives. Specifically, it is being evaluated whether joining the Science Based Target Initiative (SBTi) is likely to further support Volksbank’s climate ambitions.

SKI AUSTRIA



SOCIAL MATTERS EMPLOYEES



GOALS

In 2022, the goals of the Association of Volksbanks with respect to employees were:

- » Positioning of the Association of Volksbanks as an attractive employer
- » Strengthening identification with the company
- » Focused development of employees and creation of a systematic framework for this purpose
- » Full equal treatment and recognition of employees
- » New and further development of training formats
- » Development of digital skills
- » Development of additional training formats in the sphere of sustainability

IMPORTANT SUCCESSES AND RESULTS

In 2022, important successes and results were achieved within the Association of Volksbanks:

- » The Association has set itself the goal of increasing the proportion of female managers by 10 % in the period from 31 December 2021 to 31 December 2023.
- » Starting in 2022, an NPS (Net Promoter Score) survey will be conducted annually. The score for 2022 was used as a baseline for defining specific, local targets.

Other measures pursued in 2022 include:

- » Ongoing measures to position the Association of Volksbanks as an attractive employer in order to create employee loyalty and acquire external talent and experts
- » Continuation of unrestricted equal rights and recognition measures and the expansion of measures to include:
 - Gender pay gap analysis and potential measures
 - Expansion of the women's advancement programme to include female experts
- » Consistent use of employee feedback
 - Conducting an NPS (Net Promoter Score) survey
- » Continuation of professional COVID-19 crisis management
- » Continuous organisational development and optimisation of the organisational structure
- » Enhancement of the digital education offered in the form of modern online training courses
- » Development of additional training formats in the sphere of sustainability



MEASURES

Measure	Time horizon	Status
Increase in the proportion of women in managerial positions by 10 %	2022	end of 2023
Employee satisfaction is evaluated with an NPS (Net Promoter Score) survey	2022	ongoing
The employer branding values are being made a reality in the Association of Volksbanks.	since 2019	ongoing
Implementation of a standardised gender pay gap analysis	since 2021	ongoing
Measures to increase pride and identification within the Association of Volksbanks	2022	ongoing
Establishment of a structured framework for remote work	since 2021	ongoing

*Our employees
are the basis
of our success!*

SOCIAL MATTERS

EMPLOYEES

3,771



EMPLOYEES ARE WORKING FOR
THE ASSOCIATION OF VOLKSBANKS.¹⁾

The Association of Volksbanks builds on a relationship based on trust – because when it comes to banking, mutual trust has been a bond with customers for many years. The same is also very important to the Association of Volksbanks as an employer in its relationship with its employees. That is why the Association relies on mutual trust through partnership.

As a central element of the HR strategy, a promise to employees was formulated by the managing board members of the Association in 2022, which is supported by the employer values and the strategic HR guiding principles, addressing the challenges and opportunities arising from the

current environment: “As a modern and customer-oriented regional bank, we promise you performance-based remuneration with flexible working models in a corporate culture based on trust. Within the scope of our sustainable business model, we offer meaningful work that we support through top-level training and development opportunities.”

Employees are represented by the authentic employer values of the Association of Volksbanks – encounters at eye level, the courage to get involved, and making the company ‘fit for the future through flexibility’ – encouraging them to work together. Behind all three employer values is a value commitment that the individual Volksbanks and Österreichische Ärzte- und Apothekerbank make vis-à-vis their employees. This value commitment has become an integral part of the value framework practiced by the Association of Volksbanks, helping the Volksbanks to improve as employers. As part of the organisation’s positioning as an attractive employer, great importance is attached to training and education, flexible working hours, equal rights, recognition, innovation and self-fulfillment. The Association of Volksbanks is building on this, because this is how Volksbank will remain fit for the future and sustainably successful.

Employment development

The Association of Volksbanks currently has 3,771 employees. The figures indicated in the employee area refer to those employees that were employed within the Association of Volksbanks (8 regional Volksbanks, Österreichische Ärzte- und Apothekerbank, and fully consolidated affiliated companies) on 31 December of the reporting year. Full-time equivalents are rounded mathematically to whole numbers.

SOCIAL MATTERS
EMPLOYEES

Employees ¹⁾	Gender	Unit	2022	2021
Headcount		Number	3,771	3,919
	F	Number	2,250	2,322
	M	Number	1,521	1,597
Employees by full-time equivalents		FTE	3,033	3,128
	F	FTE	1,589	1,614
	M	FTE	1,445	1,514
White-collar workers	F	FTE	1,561	1,589
	M	FTE	1,408	1,471
Blue-collar workers	F	FTE	1	3
	M	FTE	21	26
Apprentices	F	FTE	26	22
	M	FTE	16	17
Full-time employees		Number	2,316	2,466
	F	Number	977	1,047
	M	Number	1,339	1,419
Part-time employees		Number	1,455	1,453
	F	Number	1,277	1,275
	M	Number	178	178
Employees with permanent employment contract		Number	3,732	3,881
	F	Number	2,058	2,300
	M	Number	1,674	1,581
Employees with fixed-term employment contract		Number	39	38
	F	Number	31	20
	M	Number	8	18

All of the white-collar employees and apprentices are covered by a collective bargaining agreement. The blue-collar employees are not subject to a collective bargaining agreement.

1) The abbreviation F or M in the tables stands for female or male, respectively, and FTE for full-time equivalent.

SOCIAL MATTERS

EMPLOYEES

The materiality matrix and the link to the HR guiding principles of the Volksbanks

As part of a stakeholder survey conducted throughout the Association on the views of the most important sustainability issues of the Association of Volksbanks, four key points emerged from the area of "social matters".

These are the following:

- » Diversity and equal opportunities
- » Training and education
- » Employee satisfaction
- » Employee health and safety

These results fit very well with the established HR guiding principles of the HR strategy, which supports the sustainability strategy. In particular, the following HR guiding principles reflect the results of the stakeholder survey:

- » Full equality and recognition
- » Targeted development of employees and creation of a systematic framework for this purpose
- » Consistent use of employee feedback as a development driver for the organisation and managers
- » Creating a framework for and supporting the work-life balance

Following this, the stakeholder key points from the area of "social matters" are merged with the HR guiding principles.

Diversity and equal opportunities

Full equality and recognition

For years, the Association of Volksbanks has been committed to a fair and positive working environment for all employees, with a strong focus on diversity and inclusion. First and foremost, all employees are valued and treated equally. The aim of "living diversity" is to create an organisational culture where no one is disadvantaged and everyone is able to develop and unfold their potentials. This increases productivity, motivation and social skills and brings sustainable success to the company and all employees. In the Code of Conduct, to which all employees are bound, the Association of Volksbanks states that it expressly respects human rights and rejects any form of discrimination.

In order to professionally manage staff diversity in all its complexity, individual measures are not enough. The Association is committed to the appreciation and equal rights of all employees in an overall concept that has an impact on corporate culture, above all through the behaviour of executives.

In order to ensure equal rights, the Association of Volksbanks primarily implements measures for the advancement of women with a view to equal opportunities. The overriding goal of cross-company measures for the advancement of women is to reduce or prevent the underrepresentation of women in senior positions. The proportion of women in managerial positions is meant to increase steadily in order to achieve equal participation in decision-making and responsibility.

SOCIAL MATTERS EMPLOYEES

In particular the following goals for the advancement of women are derived from this:

- » Increase in the proportion of women in the target group of “high potentials”
- » Creating awareness and structures for equal treatment of women and men
- » Ensuring compatibility of work and family (family-friendly HR policy)
- » Utilisation of the multiplier function of female high potentials for all the women employed within the Association of Volksbanks

Another key success factor for equal treatment and equal opportunities is a structured analytical process on gender pay gaps. In the future, significant differences between average male and female remuneration will be documented and justified annually – as part of the remuneration report – and appropriate measures will be taken, if necessary (see General Instruction Remuneration Policy and working instruction).

Supervisory board	Gender	Unit	2022	2021
Supervisory board members		Number	88	117
	F	%	25	22
	M	%	75	78

Managing board	Gender	Unit	2022	2021
Managing board members		Number	19	20
	F	%	5	10
	M	%	95	90

Managerial responsibility	Gender	Unit	2022	2021
Employees with managerial responsibility		Number	413	440
	F	%	25	24
	M	%	75	76

Managerial responsibility	Gender	Unit	2022	2021
Employees without managerial responsibility		Number	3,358	3,479
	F	%	64	64
	M	%	36	36

Fit & Proper training of Volksbank Akademie

For years, the supervisory board members and executives of the Association of Volksbanks have been trained, e.g. on compliance and banking regulatory issues as well as on sustainability issues. In 2022, these training courses were attended by 189 executives, 68 of whom were supervisory board members.

BEST PRACTICE

Women’s advancement programme of Volksbank Salzburg eG

The Salzburg Women’s Network was established with the aim to create a strong network among women and to offer an optimal platform for getting and working together. In September 2022, 18 participants met for a successful kick-off event together with the Managing Board and the extended management team. One of the goals of this women’s network is to empower women, increasing their awareness for their strengths, for them to be able to better develop their roles. Male colleagues are equally meant to be part of the network to increase the awareness of all stakeholders. Moreover, the female participants were given an opportunity to take an active part in designing initiatives for the advancement of women and to present their ideas to the Managing Board. Based on the quick and straightforward implementation of individual projects, positive results are meant to be achieved in the sphere of women’s advancement soon.

SOCIAL MATTERS

EMPLOYEES

Further training

Focused development of our employees and creation of a systematic framework for this purpose

For the Association of Volksbanks, further training is an essential component of HR development and employee retention in order to ensure and develop the knowledge and skills of the employees required to implement the “relationship bank of the future” strategy throughout the Association. In this context, the services of Volksbank’s own academy (Volksbank Akademie) are used, which provides needs-based training courses with optimal coordination between executives, technical experts and HR management.

All training formats of Volksbank Akademie take account of the strategic orientation of the Association of Volksbanks and are based on blended learning as well as e-learning scenarios in accordance with the latest approaches to didactic methodology. The training courses offered by Volksbank Akademie follow the 70:20:10 learning model by Morgan Mc-Call et al. This model propagates that the major part of the knowledge, skills and types of behaviour that are required for the exercise of any activity is acquired through actual experience and in collaboration with colleagues in practice (learning by doing), and not in a classroom. The current regulatory requirements are reviewed by the experts of the central organisation of VOLKSBANK WIEN AG and included in the training courses of the academy. This allows employees as well as members of managing boards and supervisory boards to keep their knowledge up to date and provide evidence of their skills when required. Apart from the proven central pool of trainers of the Association with internal and external experts, Volksbank Akademie additionally relies on regional coaches and mentors who accompany the participants on a professional and personal level during their training.

Volksbank Akademie offers training courses in the areas of sales, operations, regulatory matters, IT, personal development and leadership. Topics include IT user training, service managers, account managers, corporate account managers, investment advisors, clerks (including MSC and KSC), housing consultants, loan officers, mentors, trainers, professional/senior executives, talent programmes, regulatory matters (e.g. compliance, money laundering, FATCA), as well as Fit & Proper for key personnel, supervisory board and managing board members.

For the purpose of deepening professional know-how and soft skills, an external digital library with some 1,500 books and 100 audio books, with topics ranging from IT via HR development through to self-management, is available for download from the “moodle” training platform throughout Austria, in addition to the script library. The three most popular books will be presented on “moodle” as recommended literature.

For the fourth time, the combination of innovative digital learning methods with Volksbank’s core values of regionality, customer proximity and trust has resulted in an international award for Volksbank Akademie: the “VR Coaching 2.0 – Einwandbehandlung \[handling of objections]” project received the “eLearning Award 2022” in the “Coaching” category. The jury praised the mix of using VR for the acquisition of “soft skills” as an alternative to face-to-face role plays, the similarity to real conversation situations in the retail branches and the authentic and immersive learning experience in imparting knowledge.

In addition to the cooperation with Volksbank Akademie as the primary training provider in the Association, in-house training courses as well as external training measures are used as well. These training courses, which complement the Volksbank Akademie programme, are used whenever the size of the target group makes in-house development uneconomical and/or suitable special training courses are available on the open market.

Training on the subject of sustainability¹⁾

Education is fundamentally sustainable due to several aspects: education solves social and ecological problems, creates (job) prospects and increases income. With SDG 4, the Association of Volksbanks has committed itself to high-quality education; this also applies to education on the topic of sustainability.

- » Across the Association, the 2022 education year started in January in the area of sustainability with the certification as EFPA-ESG Advisor®, which is recognised across Europe. The curriculum covers the basic principles of sustainability as defined by the UN and the EU, their implementation in business, and their impact on products, processes and consulting. As at 31 December 2022, 236 employees of the Association of Volksbanks have completed certification as ESG-Advisors®.
- » In April 2022, the fifth part of the e-learning format “relationship bank of the future / sustainability episode 2” was rolled out on a mandatory basis for all employees of the Association of Volksbanks. The training conveys current regulatory requirements, an update on the sustainability strategy in the Association of Volksbanks and provides information on the measures that have already been implemented. By 31 December 2022, 3,517 employees of the Association of Volksbanks have completed sustainability episode 2.
- » Late in May, the training offer was expanded to include the online format “Basic Training Sustainability in Corporate Business”. Five learning videos provide corporate account managers with information on the current regulatory framework; furthermore, the opportunities of sustainability and how to implement these principles in day-to-day work are shown. By 31 December 2022, 1,180 employees of the Association of Volksbanks have completed the basic training.

- » In mid-July, the digital offer in the area of sustainability was supplemented by the format “ERGO – sustainability preferences in the ERGO portal”. Here, within the framework of the EU Action Plan for Financing Sustainable Growth, it is important to take into account the new rules to embrace the sustainability aspect. By 31 December 2022, 1,160 employees of the Association of Volksbanks have completed the training.
- » New educational format Credit Risk Conference: on 20/21 October 2022, the first conference across the Association, with more than 130 Credit Risk employees from all banks of the Association of Volksbanks, was held for the first time. The focus of the two-day summit was on the topic of “Sustainability: Commitment & Opportunity”. Eight workshops, case studies and discussions were used as a basis for the transfer of knowledge.
- » At management level, the “Sustainability for Fit & Proper” training was offered for the third year in a row. The training provided knowledge on current regulatory requirements, the associated practical examples, and the measures already implemented successfully within the Association. By 31 December 2022, 40 participants have completed this training course.
- » The annual Trainer and Examiner Fresh-up on 10 and 11 November 2022 was also dedicated to sustainability and the presence-based exchange of opinions. From the keynote speech, the participants were able to gain directly applicable impulses on how employees can become sustainably active on the basis of specific standards, norms and target catalogues of the GRI and SDGs. By 31 December 2022, 48 trainers and examiners of the Association of Volksbanks have participated in the fresh-up.

1) These evaluations also include the participation of managing board and supervisory board members, if applicable.

SOCIAL MATTERS

EMPLOYEES

Average training hours	Gender	Unit	Total	Akademie	in-house/external
Total employees		Ø hours	40.83	33.02	7.81
	F	Ø hours	35.25	29.09	6.16
	M	Ø hours	49.68	39.17	10.51
Employees without managerial responsibility		Ø hours	39.38	32.13	7.25
	F	Ø hours	36.28	29.75	6.53
	M	Ø hours	51.99	43.02	8.97
Employees with managerial responsibility		Ø hours	54.90	40.77	14.13
	F	Ø hours	55.25	42.14	13.12
	M	Ø hours	56.37	41.10	15.27

BEST PRACTICE

Talent programme of Volksbank Niederösterreich AG

Utmost importance is attached to training and further education by Volksbank Niederösterreich as well, and the offers available in this sphere are appreciated and considered highly valuable by its employees. Twelve employees who have distinguished themselves through extraordinary commitment were invited to participate in the talent programme in 2022. In the course of this intensive further education programme, the participants were not only provided with expert input, but many soft skills and personal development measures were also conveyed to them. In small groups, the participants were dealing with the topics of remote work, sustainability etc. The results were presented to the management in a plenary meeting, and measures for implementation were derived therefrom.

Employee satisfaction

Consistent use of employee feedback as a development driver for the organisation and executives

The Association of Volksbanks relies on mutual trust through partnership. This includes listening to, and systematically using, employee feedback to develop the organisation and executives. This is operationalised in the form of employee surveys and appraisal interviews.

Employee surveys

Since 2022, a Net Promoter Score (NPS) survey has been conducted at all Volksbanks, as part of the "Employee Satisfaction" sustainability goal.

These more extensive employee surveys are carried out continuously within the Association at bank level in order to gather new, regional input for improvement measures. For 2023, the following topics are on the agenda of the Association, derived from the HR strategy and the promise to our employees:

- » Focus on making employees feel that they are doing “meaningful work”
- » Encouraging “pride and identity”
- » Introduction of a bonus model
- » Introduction of a young talent programme
- » Bonus for “employees recruiting employees”

Results of the NPS survey 2022¹⁾

	NPS score	Participation rate
Österreichische Ärzte- und Apothekerbank AG	-10	59 %
VB Services für Banken Ges.m.b.H.	-15	44 %
Volksbank Kärnten eG	2	58 %
Volksbank Niederösterreich AG	40	51 %
Volksbank Oberösterreich AG	1	52 %
Volksbank Salzburg eG	4	78 %
Volksbank Steiermark AG	11	61 %
Volksbank Tirol AG	30	54 %
VOLKSBANK VORARLBERG e. Gen.	30	82 %
VOLKSBANK WIEN AG	2	67 %

Appraisal interviews

The Association of Volksbanks is proud of its executives and employees, who bring with them a high degree of professionalism as well as technical, interdisciplinary and social skills. In order to be able to guarantee and develop these resources in the long term, an annual appraisal interview is held between supervisors and employees. The aim is to look back on the past period, to reflect on the joint successes, learnings and areas of development and to define and plan further joint goals.

Appraisal interviews are an important pillar of successful and satisfactory cooperation and support the success of the company’s communication and management culture. The roll-out will take place at the beginning of the year and involve all active employees. Managing board members and inactive employees (e.g. employees on parental leave) are exempt from the interview. Employees who join during the year will be considered in the next round of appraisal interviews.

1) Due to the low number of responses, no statistically relevant results were achieved for VB Infrastruktur und Immobilien GmbH.

SOCIAL MATTERS

EMPLOYEES

BEST PRACTICE

Hello Volksbank, Hello Association, Hello YOU!

Apart from Volksbank Steiermark as pioneer, a culture of "YOU", the German casual form of address "DU", is equally being made a reality at Volksbank Kärnten, Volksbank Niederösterreich, Volksbank Tirol, Österreichische Ärzte- und Apothekerbank, VOLKSBANK WIEN AG, VB Services und VB Infrastruktur & Immobilien within the Association, which is also meant to apply between these banks.

By expanding the "YOU" culture, the change of corporate culture of the past years is continued and another step is made to strengthen a sense of "WE", a feeling of togetherness, at the Volksbank and within the Association.

Moreover, it is a visible sign of encounters at eye level where the matter at hand is more important than corporate hierarchy.

Volksbank Tirol AG – sustainable HR development

In the summer of 2021, a project entitled "GEMEINSAM WACHSEN" (growing together) was initiated as a major strategic step to set the course for sustainable and promising HR development at Volksbank Tirol. Ever since, the HR Management team, together with management representatives, has been working on key topics in various working groups, all of them dealing with the recruitment, development and retention of employees.

With a view to developing a comprehensive picture of the specific requirements, the focus of the first part of the project was on a comprehensive analysis of the ACTUAL situation; based on the results, the bank is going to address the following topics: employer branding, onboarding, employee development, succession management, and development of executives.

Employee health and safety

Creating a framework for, and supporting, work-life balance

Employee health

The Association of Volksbanks is convinced that the compatibility of professional and private life is decisive for the quality of life and health of its employees. HR management sets itself the strategic goal of making this possible. A healthy and successful work-life balance is meant to be facilitated by flexible working hours and workplace models.

Depending on local conditions, further points of emphasis will be the following:

- » "Keep Balance" co-operation with Hilfswerk Österreich
- » Offer of online lectures on the subject of work-life balance
- » Digitisation of the training offered
- » Information packages on the topic of family and nursing for employees with care responsibilities
- » Offers and preventive measures to help employees stay healthy
- » Company doctor or company psychologist to help in personal stress situations

Safety

Within the framework of operational safety, a work standard has been drawn up that contains the main tasks and obligations arising from the Austrian Industrial Safety Act (ArbeitnehmerInnenschutzgesetz; ASchG) for the Association of Volksbanks. According to the ASchG, employers are obliged to ensure the safety and health of employees with regard to all work-related aspects. Employees are obliged to comply with the protective measures provided for and to follow the employer’s instructions. The implementation of the ASchG within the Association of Volksbanks as well as compliance with or observance of the provisions of other laws such as the Austrian Workplace Ordinance (AStV) are described in an internal working instruction. Furthermore, all required documents must be made available digitally at every workplace. Each retail branch is responsible for updating these documents, and at the headquarters, this is done by the safety officer.

Necessary training is provided to ensure employee safety during operations. The implementation of initial training on employee safety is required for every new employee and in addition, further training measures are offered regularly (1x per year). The content of these training events includes general behaviour at the workplace, occupational health and safety, assault, fire and first aid.

Cyclical inspections are performed for hazard identification, risk assessment and incident investigation. These include checking emergency exit lights, first aid kits, defibrillators, and operational checks of lifts.

In spite of comprehensive safety measures, the risk of robberies cannot be excluded completely in the banking sector. Psychological emergency care is available if required. The personal risk is further minimised through security training events for employees at retail branches.

Safety training	Gender	Unit	2022	2021
Crisis intervention and safety training	F	Number	587	701
	M	Number	463	535

In total, 2,100 hours were spent on crisis intervention and safety training in 2022.

SOCIAL MATTERS

EMPLOYEES

The following section describes the measures relating to COVID-19 in the area of social and employee matters.

THE FOLLOWING MEASURES WERE TAKEN DURING THE COVID-19 PANDEMIC TO PROTECT CUSTOMERS AND EMPLOYEES:

- » Incident-related, up-to-date information in the form of FAQs was communicated to employees as quickly as possible.
- » Protection of employees and customers has been a top priority at all times (masks, A/B teams, antigen testing, vaccination offers, etc.).
- » Clear rules of conduct and distancing rules were communicated to protect employees.
- » Employees in areas without customer contact performed much of their work outside the office/working from home during periods of heightened risk of infection (COVID-19 waves of infection).
- » Face-to-face meetings have been replaced by virtual meetings to the greatest possible extent.
- » Increased protective measures have been taken for banking operations in the retail branches (e.g. max. number of people in the customer area).
- » In addition to clear rules of conduct and distancing rules, hand and surface disinfectants, disinfectant wipes, FFP2 masks and Plexiglas protective screens are used to protect customers and employees.
- » The local crisis teams and the crisis team of the Association evaluate the COVID-19 situation and COVID-19 regulations on an ongoing basis.

OUTLOOK

Based on the strategic HR guiding principles, the Association of Volksbanks has set the following priorities for 2023:

- » Performance-related remuneration and continuous support for organisational development:
 - Implementation of variable remuneration
- » Targeted development of employees and creation of a systematic framework for this purpose:
 - Expansion of systematic succession planning
 - Extension of existing management training
- » Positioning of the Association as an attractive employer in order to create employee loyalty and acquire external talent and experts:
 - Development of young talent pool
 - Expansion of flexible working time models
- » Consistent use of employee feedback as a development driver for the organisation and executives:
 - Bank-specific goals regarding the development of the NPS score from 2022
- » Creating a framework for meaningful work and supporting work-life balance:
 - Implementing measures from the Pride & Identity working group
 - Making employees feel that they are doing meaningful work
- » Increase of HR productivity, optimisation of all HR-related costs and improvement of C/I ratio:
 - Bank-specific goals regarding fluctuation
- » Full equality and recognition:
 - Increase of the share of female executives within the Association between 31 December 2021 and 31 December 2023 by 10 %.
 - Decrease of equal pay gap

SKI AUSTRIA



SOCIAL MATTERS

EMPLOYEES



75

ELECTED WORKS COUNCIL MEMBERS REPRESENT THE INTERESTS OF EMPLOYEES WITHIN THE ASSOCIATION OF VOLKSBANKS.

Sustainability is an essential factor of success for any competitive business and, above all, an important instrument to strengthen the confidence of employees in their own company. The works council members of the Association of Volksbanks are committed to sustainable principles:

Sustainability principles of the works council members

The works councils of the banks in the Association of Volksbanks

- » represent, protect and promote the labour-law-related, economic, social, healthcare-related and cultural interests of the company's employees,
- » live up to and represent the principle of non-discrimination,
- » act as partners for the sustainable development of the company's corporate culture,
- » are committed to representing the interests of all employees, and
- » attend to conflicts with a view to a reconciliation of interests.

Within the Association of Volksbanks, there is a works council in every Volksbank (with the exception of VOLKSBANK VORARLBERG e. Gen.) and in Österreichische Ärzte- und Apothekerbank AG. 75 elected works council members (32 of them women) in the Association of Volksbanks represent the interests of employees. 40 works council members (23 men, 17 women) were delegated by the works councils to the supervisory boards and various committees of the supervisory boards at the banks of the Association.

To protect employees' interests, employer/works council agreements are worked out, negotiated and concluded by the works council. Measures in the sphere of employee healthcare and safety are organised by the works council for the major part. The banks of the Association offer a variety of services (e.g. flu vaccinations, TBE vaccinations, pregnancy talks, vision checks, etc.). Various sports and fitness classes are provided both presence-based and online. Group health insurance and cooperations with fitness centres are also offered to employees. Company doctors are available at the banks. The free counseling service "Keep Balance" offered

SOCIAL MATTERS
EMPLOYEES

by Hilfswerk Österreich to help with challenges and questions in all situations in life was gladly used by employees.

The works councils organise various campaigns for employees at the banks of the Association that vary greatly from region to region. Examples are the organisation of employee parties, cultural events, the distribution of fruit baskets to staff members and many others.

Individual works councils have implemented the position of women’s affairs officer / non-discrimination officer. In case of need, employees may contact this person in all confidence. At VOLKSBANK WIEN AG, there is an employer/works council agreement on the prevention and reduction of workplace bullying, sexual harassment, discrimination, and the promotion of amicable conflict resolution practices.

Employees have a great variety of services (e.g. dressmaker’s shop, dry cleaner’s, pharmacy orders, assistance with cultural and arts events) at their disposal at favourable terms. The “corporate-benefits” and “CorpLife-Mitarbeiterwelt” (employees’ world) platforms provide various offers to employees on culture, sports and leisure, housing and much more on a regular basis.

Strong representation of employee interests.

Association of Volksbanks Works Councils	Unit	2022 overall	female	male	2021 overall	female	male
Works council members	Number	75			80		
Österreichische Ärzte- und Apothekerbank AG	Number		4	1		4	1
Volksbank Kärnten eG	Number		0	6		0	6
Volksbank Niederösterreich AG	Number		2	7		2	7
Volksbank Oberösterreich AG	Number		1	8		3	9
Volksbank Salzburg eG	Number		4	3		4	5
Volksbank Steiermark AG	Number		6	1		6	1
Volksbank Tirol AG	Number		4	4		4	4
VOLKSBANK VORARLBERG e. Gen.	Number		0	0		0	0
VOLKSBANK WIEN AG	Number		11	13		5	19
Works council members on supervisory boards and in various committees	Number	40			40		



GOALS

In 2022, the goals of the Association of Volksbanks with respect to social commitment were:

- » Promoting sports, culture and social issues, thus contributing to the common welfare in Austria
- » Further encouraging and promoting young athletes of the Goldi Talents Cup to become the best in ski jumping
- » Focus on sustainability and regionality in the context of the AFBA Austrian Food Blog Award and the Green Marketing Award



IMPORTANT SUCCESSES AND RESULTS

In 2022, important successes and results were achieved within the Association of Volksbanks:

- » Continuation of the Financial Literacy series on social media
- » Austria-wide image campaign with ÖSV men's and women's ski jumping teams
- » Sustainable sponsorship cooperation: 15 years of partnership with the ÖSV
- » Creative painting competition for children to design the bibs of ski jumping stars at a ski jumping event
- » Encouragement of regionality through the category "Best Culinary Shopping Experience" as part of the AFBA Austrian Food Blog Award
- » Cooperations with regard to success stories in which customers of the regional banks were presented
- » First-time participation of the bank as a partner in the Green Marketing Award

SOCIAL MATTERS

SOCIAL COMMITMENT

Assuming responsibility and making a contribution to the common welfare is an integral part of the vision of the Association of Volksbanks. The company considers it its mission to support social and arts facilities as well as sports associations in a spirit of partnership. The focus here is on long-term, integral concepts and mutual learning from each other.

Sponsorship is a marketing instrument allowing to support and achieve a great number of communication and business goals sustainably. Hardly any other form of communication is equally suited to charge a brand with strong, positive values, to create an emotional bond with customers, and to make products come alive. The basic criteria for determining whether a cooperation is suitable and relevant for the Association of Volksbanks are precisely defined and were laid down in guidelines for regional and sustainable sponsorships.

One essential aspect of the sustainability policy of the Association of Volksbanks is to support sports, cultural and social/charitable activities, thus making an important contribution to society at large. Sports and athletics play an extremely important role within society. The Association of Volksbanks focuses on providing children and young people with opportunities to do sports. The targeted promotion of Austrian sports activities and the associated enhanced presence of such activities in the population may lead to increased sports enthusiasm and hence improved physical and mental fitness in the long run.

300

CHILDREN AND
ADOLESCENTS WERE
ACCOMPANIED ON THEIR
EDUCATIONAL JOURNEY.



SOCIAL MATTERS

SOCIAL COMMITMENT

In 2021, the Association of Volksbanks established guidelines on the topic of sustainable sponsorships, which describe sponsorship and promotion principles across the Association to support the regional approach. The Volksbanks position themselves as a purely Austrian, regional banking association, and also as a bank that combines on-site consultancy (relationship bank) with needs-based digital services (“hausbanking”). Sponsorship activities should therefore make this positioning credible and reinforce it. This is achieved on a supra-regional level through a long-term partnership with Austrian testimonials who represent the values of the Association of Volksbanks, as well as on a regional level through activities that transport the Volksbank values in a sustainable manner.

AFBA Austria Food Blog Award

The Austria Food Blog Award brought together influencers, food bloggers and people who enjoy food for the eleventh time in 2022. Volksbank presented a submission category as a sponsor and, true to its ambitions on the topics of sustainability and regionality, brought local suppliers, weekly markets and farm shops into the spotlight under the motto “Best Culinary Shopping Experience”.

Financial Literacy

The right way to handle money is essential these days, but often not easy for customers to understand in the usual banking jargon. This is the reason why, since 2021, there has been “Veronica” on the Volksbank Instagram and Facebook channels, who presents a term from the world of finance every month, making the services of the Association of Volksbanks more tangible for the customers in a playful way. For other projects, see chapter “Cooperative”.

Goldi Talents Cup and talent development

Andreas Goldberger, one of the most successful ski jumpers of all times, has made it his mission to look for young ski jumping talent throughout the country. It is a great concern of the Association of Volksbanks, as a long-standing partner of the ÖSV ski jumping stars, to sponsor the Goldi Talents Cup and the Goldi talent development campaign for young talents, thus contributing to the encouragement and support of children and adolescents who are enthusiastic about the sport. Jan Hörnl, a participant of the Goldi Talents Cup, is now a member of the national team and jumps in the World Cup, Lisa Eder is also a member of the national team and has already achieved several top 10 placements in the World Cup.

SOCIAL MATTERS

SOCIAL COMMITMENT



Green Marketing Award

On 9 June 2022, the Green Marketing Award was presented for the first time to put the most sustainable products and services of the year into the spotlight. A total of 83 submissions on marketing campaigns in the fields of climate and environmental protection, fair social standards and animal welfare were registered, and awards were presented in the categories “think different”, “be aware” and “innovate”. Volksbank as partner of the Green Marketing Award acted as sponsor of the “be aware” category.



Pixi book: “Hanna lacht, so wird gutes Klima gemacht”

For World Savings Day, Volksbank gave away the Pixi book “Hanna lacht, so wird gutes Klima gemacht” [Hanna laughs, that’s how you make a good climate] as a gift. In this little book, children aged two to six years can go on an exciting journey to discover how easy it is to protect the environment in everyday life. The Pixi books are available for download also after World Savings Day: [Pixi book](#).

Cooperation with Österreichische Sporthilfe

Due to its great success, Volksbank continued its comprehensive cooperation as national partner of Österreichische Sporthilfe in 2022, and is thus one of the essential partners who accompany Austrian top athletes with and without disabilities on their way to win medals in the future. Österreichische Sporthilfe also stands for the core values of the Association of Volksbanks: Trust & Partnership, Regionality & Austria, Cooperative (Successful Together). In the context of this cooperation, Volksbank is a partner in the most important award in Austrian sports, in two other gala evenings, in the largest sports festival in Europe, and also in other activities of the largest mobilisation campaign in Austrian sports.

Success stories

In the context of media cooperations, Volksbank has brought its customers from the eight regional banks into the spotlight. This emphasises the bank’s appreciation of and attachment to regionality. Readers were invited to send in their own success stories as part of a competition. In addition, the customer portraits on the Volksbank Entrepreneur Blog were strongly promoted and further expanded.

SOCIAL MATTERS

SOCIAL COMMITMENT

BEST PRACTICE

Volksbank Kärnten eG

Volksbank Kärnten supports Vita nursing award

Ever since its formation, Volksbank Kärnten has been standing for trust, customer focus and the advancement of the regional economy; this is why the bank appreciates the Kleine Zeitung newspaper putting the spotlight on caregivers from Carinthia by distinguishing them with the Vita2022 award. By supporting this award, the cooperative bank intends to express gratitude and appreciation for people doing highly challenging work, but also to promote the profession itself, which is extremely meaningful, exciting and interesting. At the Casineum in Velden on Wörthersee, seven outstanding nurses and caregivers – from among more than 100 nominated persons from all over Carinthia – were called onstage to receive the awards. As sponsor of this important initiative, Volksbank Kärnten, together with Fachhochschule Kärnten, handed over the award in the “career changer” category.



Volksbank Kärnten supports Caritas Lerncafé

At Volksbank Kärnten, the World Savings Day 2022 was organised completely in line with its sustainable business strategy. Children were rewarded with gifts for diligently saving their money, adolescents received active bonus points, and, instead of give-aways for adults, the Lerncafé initiative



of Caritas Kärnten was supported with a charitable contribution. Overall, Caritas Kärnten operates nine Lerncafés for 300 children and adolescents, supporting them on their educational journey. Unfortunately, many children and youths with learning difficulties do not have any suitable place to do their homework, and there is no money for extra tuition. To provide fair opportunities to precisely those kids, Volksbank Kärnten has supported the Siebenhügel Lerncafé in Klagenfurt on Wörthersee with a donation of over euro 5,000. Additionally, during the Advent season, a charitable campaign among employees was initiated spontaneously (entitled “Gemeinsam Gutes tun” [doing good together]), and more funds were collected for lessons, packed lunches or handicraft utensils.

OUTLOOK

Volksbank’s cooperation with Österreichische Sporthilfe will be continued next year and enhanced with regional success stories. In addition, the image campaign “Success starts where trust is built” will be continued. Its motto will be: “Hinter dem Erfolg” [behind success] – with a new content series on the www.volksbank.at/hinterdemerfolg page and a competition in cooperation with the ÖSV men’s and women’s ski jumping teams. The Goldi Talents Cup and the Goldi talent development campaign will be continued to build up more ski jumping talent for the future. The Association of Volksbanks clearly demonstrates that long-term partnerships ensure sustainable success. As part of its social media strategy, the Association of Volksbanks brings selected SME customers of the regional Volksbanks to the fore on further blog videos and as part of a commercial campaign. The “Veronica” Financial Literacy series will also be continued. After being a partner in the Green Marketing Award for the first time in 2022, the bank will do so again in 2023, actively supporting people in making their lifestyles more sustainable.

SKI AUSTRIA



ANNEX/ENCLOSURE

SIGNIFICANT NON-FINANCIAL RISKS

Presentation of risks from the activities of the Association of Volksbanks

Sustainability topic	Important risks	Measures	Opportunities
Regionality	<ul style="list-style-type: none"> » Financing with no regional focus » No selection of local suppliers » No promotion of local structures 	<ul style="list-style-type: none"> » Clear focus on regionality in core business through subsidised financing » Builder-owner models » Securing regional investments » Selection of local suppliers and networking of regional business operators with members/customers of the Association of Volksbanks 	<ul style="list-style-type: none"> » Positioning the Association of Volksbanks as local supplier of financing products » Image improvement » Competitive advantages » Strengthening local infrastructure » Reduction of CO₂ emissions
Sustainable investment, sustainable financing	<ul style="list-style-type: none"> » Insufficient consideration of sustainability in the core business » Financing of high-emission companies or companies with insufficient social working conditions 	<ul style="list-style-type: none"> » Development of sustainability strategy » Adaptation to regulatory requirements (e.g. EU taxonomy) » Realignment of product portfolio » Calculation of CO₂ footprints for investments and financing » Incorporating integral ESG factors into banking processes and the risk framework » Continuous improvement of the distribution of ESG products 	<ul style="list-style-type: none"> » Development into a sustainable relationship bank » Role model effect » Competitive advantage » Significant contribution to climate protection and reduction of CO₂ emissions
Customer satisfaction	<ul style="list-style-type: none"> » Support does not meet customers' expectations » Loss of customers » Excessive bureaucracy with considerable effort in providing documents on the part of customers 	<ul style="list-style-type: none"> » Customer satisfaction monitoring » Constant improvement of the quality of consultancy processes (also relating to ESG) » Standardised data collection on ESG to avoid additional efforts for customers 	<ul style="list-style-type: none"> » Improvement of perception among customers » Competitive advantages » Efficiency and quality in the consulting process » Reduction of CO₂ emissions in the core business » Creating customer awareness regarding ESG risks and opportunities

ANNEX/ENCLOSURE

SIGNIFICANT NON-FINANCIAL RISKS

Sustainability topic	Important risks	Measures	Opportunities
Digitisation	<ul style="list-style-type: none"> » Missing out on digitisation trends » Insufficient range of services offered to customers 	<ul style="list-style-type: none"> » Continuous further development of digital services ("hausbanking") and digital processes » Digitisation of the banking business with state-of-the-art options 	<ul style="list-style-type: none"> » Taking the lead in the industry » Competitive advantages » Facilitating banking transactions for customers » More transparency and traceability for customers » Efficiency increase
Employee health and safety	<ul style="list-style-type: none"> » Occupational diseases due to sedentary work » Stress-related sick leaves 	<ul style="list-style-type: none"> » Regular evaluation of occupational safety risks » Ergonomics training courses » Sports opportunities offered to employees 	<ul style="list-style-type: none"> » Positioning as an attractive employer » Low number of sick days » Better employer branding
Training and education	<ul style="list-style-type: none"> » Inadequate training of employees 	<ul style="list-style-type: none"> » Extensive training and education programme by Volksbank Akademie » Full integration of ESG issues into the bank's risk culture 	<ul style="list-style-type: none"> » Continuous further development of employee know-how » Competitive advantages » Low fluctuation » Better employer branding
Employee satisfaction	<ul style="list-style-type: none"> » Employee fluctuation » Image loss in the labour market » Loss of know-how due to key personnel leaving the company 	<ul style="list-style-type: none"> » Wide range of training options » Diversity concept » Sports activities » Feedback culture » Clear development stages » Service Heroes Award » Regular employee surveys 	<ul style="list-style-type: none"> » Positioning as an attractive employer » Low fluctuation » Good employer branding » Good image » Motivating even back-office employees who rarely have customer contact » Picking up on any dissatisfaction to be able to respond accordingly
Diversity and equal opportunities	<ul style="list-style-type: none"> » Equal opportunities to a limited extent only » Diversity deficit » Discrimination against individual employees for reasons of gender, sexual orientation, ethical affiliation, religious affiliation, age discrimination » Discrimination against female employees 	<ul style="list-style-type: none"> » Diversity concept » Women's Network 	<ul style="list-style-type: none"> » Low fluctuation » Better employer branding » Equal opportunities in practice » Protection against prohibited discrimination within the world of work » Equal treatment laid down in legislation » Interactive exchange and mutual support

ANNEX/ENCLOSURE

SIGNIFICANT NON-FINANCIAL RISKS

Sustainability topic	Important risks	Measures	Opportunities
Energy and climate	<ul style="list-style-type: none"> » No consideration of environmental criteria in the operation of office buildings » Excessive energy consumption in buildings 	<ul style="list-style-type: none"> » Energy efficiency measures at headquarters and in retail branches » Annual calculation of Scope 1 and 2 CO₂ emissions » Future calculation of Scope 3 CO₂ emissions » Setting climate targets » Reduction of energy consumption » Sparing use of resources » Sustainability criteria in procurement » Greening of vehicle fleet 	<ul style="list-style-type: none"> » Improving resource efficiency » Leading by example in the ecological design of office operations » Image improvement » Competitive advantages » Cost savings » Contribution to climate protection through CO₂ savings
Data protection and security	<ul style="list-style-type: none"> » Data theft » Loss of customer data 	<ul style="list-style-type: none"> » State-of-the-art IT security systems » Training regarding the General Data Protection Regulation/ handling of customer data » Compliance management » E-learnings 	<ul style="list-style-type: none"> » Facilitating banking transactions for customers » Strengthened trust on the part of customers
Human rights	<ul style="list-style-type: none"> » Insufficient respect for human rights in the granting of financing and in investment products 	<ul style="list-style-type: none"> » Integral ESG training courses (incl. human rights) » Exclusion criteria for financing » Approval procedure » Consideration of social factors in qualitative risk assessment 	<ul style="list-style-type: none"> » Protection of human rights » Image improvement » Competitive advantages
Professional ethics and compliance	<ul style="list-style-type: none"> » Non-compliance with laws and regulations » Corruption cases 	<ul style="list-style-type: none"> » Corruption prevention » Compliance manual » Compliance training courses » Code of Conduct » Exclusion criteria 	<ul style="list-style-type: none"> » Image improvement » Competitive advantages » Reduction of reputation and operational risks

ANNEX/ENCLOSURE

COMPANIES INCLUDED/ FULLY CONSOLIDATED AFFILIATED COMPANIES

Companies included	Employees FTE	Share in capital
Österreichische Ärzte- und Apothekerbank AG	72.42	100.00
Volksbank Kärnten eG	157.34	100.00
Volksbank Niederösterreich AG	321.01	100.00
Volksbank Oberösterreich AG	223.76	100.00
Volksbank Salzburg eG	290.03	100.00
Volksbank Steiermark AG	242.68	100.00
Volksbank Tirol AG	294.67	100.00
VOLKSBANK VORARLBERG e. Gen.	173.45	100.00
VOLKSBANK WIEN AG	880.20	100.00
Fully consolidated affiliated companies	Employees FTE	Share in capital
3V-Immobilien Errichtungs-GmbH	0.00	100.00
BBG Beratungs- und Beteiligungsgesellschaft m.b.H.	0.00	100.00
Domus IC Leasinggesellschaft m.b.H.	0.00	100.00
Gärtnerbank Immobilien GmbH	0.00	100.00
GB IMMOBILIEN Verwaltungs- und Verwertungs-GmbH	0.00	100.00
VB Aktivmanagement GmbH	0.00	100.00
VB Buchführung GmbH	12.43	100.00
VB Infrastruktur und Immobilien GmbH	52.32	100.00
VB Kärnten Leasing GmbH	3.00	100.00
VB Rückzahlungsgesellschaft mbH	0.00	100.00
VB Services für Banken Ges.m.b.H.	304.24	100.00
VB-Immobilienverwaltungs- und -vermittlungs GmbH	0.00	100.00
VOBA Vermietungs- und Verpachtungsges.m.b.H.	0.00	99.00
Volksbank Salzburg Leasing Gesellschaft m.b.H.	3.75	100.00
Volksbank Vorarlberg Leasing GmbH	5.07	100.00
Volksbank Vorarlberg Marketing- und Beteiligungs GmbH	0.00	100.00
VVG Vermietung von Wirtschaftsgütern Gesellschaft m.b.H.	0.00	100.00

ANNEX/ENCLOSURE

GRI CONTENT INDEX

GRI Content Index

Statement of application

The report provided by the Association of Volksbanks, in accordance with the GRI standards, covers the period from 1 January 2022 to 31 December 2022.

GRI 1 used

GRI 1: Basic information 2021

Applicable GRI industry standard

No GRI industry standard applicable.

GENERAL DISCLOSURES

Information	Position	Requirements omitted	Reason for omission	Statement on omission	More information
The organisation and its reporting practices					
GRI standard/other source: GRI 2: General Disclosures 2021					
2-1 Organisation details	11-12, 136				
2-2 Entities included in the organisation's sustainability reporting	8, 119				
2-3 Reporting period, frequency and contact point	8				The reporting periods for the financial reporting of the institutions of the Association of Volksbanks coincide with those applicable to sustainability reporting.
2-4 Restatements of information	8				
2-5 External assurance					There is no external audit.
Activities and workers					
GRI standard/other source: GRI 2: General Disclosures 2021					
2-6 Activities, value chain and other business relationships	6-7, 8, 11-13, 48-56, 71-73				
2-7 Employees	97				GRI 2-7 b.iii. is not applicable to the Association of Volksbanks.
2-8 Workers who are not employees		2-8	Not applicable	There are no workers who are not employees.	

ANNEX/ENCLOSURE GRI CONTENT INDEX

GENERAL DISCLOSURES

Information	Position	Requirements omitted	Reason for omission	Statement on omission	More information
Governance					
GRI standard/other source: GRI 2: General Disclosures 2021					
2-9 Governance structure and composition	21-23, 99	Part of content not yet available	GRI 2-9 c.vii. The information on the competences is currently not yet available for evaluation and will be collected for the CRR Disclosure as at the reporting date of 30 June 2023 and disclosed there.	GRI 2-9 c.ii. and c.iii. Duration of term of office and information on independence are not provided in the CRR Disclosure. Therefore not yet available and to be disclosed in the CRR Disclosure as at 30 June 2023. GRI 2-9 c.vi. has not yet been ascertained for the Association of Volksbanks. For the next report, it will be evaluated whether this topic is relevant.	For details of the governance structure see Qualitative Disclosure under the CRR in the chapter Information on corporate governance regulations ¹⁾ . Available at: www.volksbank.at/volksbanken-verbund/verbund-offenlegung GRI 2-9 c.i. Pursuant to the Austrian Stock Corporation Act, Supervisory Board members must not be members of the Managing Board and vice versa. GRI 2-9 c.iv. For details see Qualitative Disclosure under the CRR in the chapter Information on corporate governance regulations ¹⁾ . Available at ²⁾ : www.volksbank.at/volksbanken-verbund/verbund-offenlegung GRI 2-9 c.v. see page 99 GRI 2-9 c.vii. The Supervisory Board has a general knowledge about sustainability, which is enhanced in Fit & Proper training courses on sustainability. Competences relevant to the organisation's impact include competences commonly associated with the organisation's industries, products and geographical locations.
2-10 Nomination and selection of the highest governance body					As central organisation of the Association of Volksbanks, VOLKSBANK WIEN AG is responsible for process of nominating Supervisory Board members. For details on the nomination process and committee see the Annual Report of VOLKSBANK WIEN AG in the chapter Report of the Supervisory Board ¹⁾ , the Qualitative Disclosure under the CRR in the chapter Information on corporate governance regulations ¹⁾ and the Remuneration Policy of VOLKSBANK WIEN AG. The Annual Report is available at: www.volksbankwien.at/m101/volksbank/m044_43000/de/individuelle_seite/investoren/geschaeftsberichte.jsp The CRR Disclosure is available at: www.volksbank.at/volksbanken-verbund/verbund-offenlegung The Remuneration Policy is available at: www.volksbankwien.at/m101/volksbank/m044_43000/de/individuelle_seite/investoren/offenlegung_vbw.jsp (see Disclosure pursuant to section 65a of the Austrian Banking Act).
2-11 Chair of the highest governance body					Members of the highest governance body are not executives of the Association of Volksbanks.
2-12 Role of the highest governance body in overseeing the management of impacts	17, 21-23				GRI 2-12 b.i. Currently, the exchange focuses on internal stakeholders.

1) At the time of publication of the report, the exact pages of the Annual Report of the Association had not yet been determined. In order to present the information as clearly as possible, reference is made to the relevant chapters and subchapters of the Annual Report of the Association.
2) See the latest available CRR Disclosure for the 2021 business year. This is updated annually. At the time of reporting, this was the most recent version.

ANNEX/ENCLOSURE

GRI CONTENT INDEX

GENERAL DISCLOSURES

Information	Position	Requirements omitted	Reason for omission	Statement on omission	More information
Governance					
GRI standard/other source: GRI 2: General Disclosures 2021					
2-13 Delegation of responsibility for managing impacts	21-23				
2-14 Role of the highest governance body in sustainability reporting	23				
2-15 Conflicts of interest					For details see Qualitative Disclosure under the CRR in the chapter Information on corporate governance regulations ¹⁾ , which is available at: www.volksbank.at/volksbanken-verbund/verbund-offenlegung
2-16 Communication of critical concerns	37				
2-17 Collective knowledge of the highest governance body	22, 99				
2-18 Evaluation of the performance of the highest governance body	21-24				
2-19 Remuneration policies					For details of the remuneration policy see Disclosure pursuant to Art. 5 Disclosure Regulation or the Remuneration Policy of VOLKSBANK WIEN AG as central institution of the Association, under Disclosure pursuant to section 65a of the Austrian Banking Act. Disclosure pursuant to Art. 5 available at: www.volksbank.at/m101/volksbank/de/individuelle_seite/nachhaltigkeit/nachhaltigkeit.jsp Remuneration Policy available at: www.volksbankwien.at/m101/volksbank/m044_43000/de/individuelle_seite/investoren/offenlegung_vbw.jsp
2-20 Process to determine remuneration					For details of the remuneration policy and the remuneration committee see Disclosure pursuant to Art. 5 Disclosure Regulation or the Remuneration Policy of VOLKSBANK WIEN AG as central institution of the Association, under Disclosure pursuant to section 65a of the Austrian Banking Act. Disclosure pursuant to Art. 5 available at: www.volksbank.at/m101/volksbank/de/individuelle_seite/nachhaltigkeit/nachhaltigkeit.jsp Remuneration Policy available at: www.volksbankwien.at/m101/volksbank/m044_43000/de/individuelle_seite/investoren/offenlegung_vbw.jsp
2-21 Annual total compensation ratio		2-21	Restrictions due to confidentiality obligation	For reasons of confidentiality, there is no disclosure. The media income is disclosed internally and thus a retroactive calculation regarding the salary of an individual managing board member would be possible.	

1) At the time of publication of the report, the exact pages of the Annual Report of the Association had not yet been determined. In order to present the information as clearly as possible, reference is made to the relevant chapters and subchapters of the Annual Report of the Association.

GENERAL DISCLOSURES

Information	Position	Requirements omitted	Reason for omission	Statement on omission	More information
Strategy, policies and practices					
GRI standard/other source: GRI 2: General Disclosures 2021					
2-22 Statement on sustainable development strategy	6-7				
2-23 Policy commitments	18				<p>The Data Protection Policy is publicly available at: www.volksbankwien.at/hausbank/das-unternehmen/code-of-conduct</p> <p>The Code of Conduct of the other banks of the Association are only available internally. The data protection policies are publicly available on the respective website of the banks of the Association.</p> <p>Apart from the UN Global Compact, no specific international frameworks are referred to in the principles for responsible corporate behaviour.</p> <p>Compliance aspects are reviewed by VOLKSBANK WIEN AG on a regular basis. Further due diligence processes for sustainability will be established in the course of the CSRD preparations.</p>
2-24 Embedding policy commitments	18, 33-34, 36				
2-25 Processes to remediate negative impacts					<p>Within the Association of Volksbanks, processes to remediate negative impacts are based exclusively on regulatory processes and complaints mechanisms. The approach to complaint identification and handling including the ombudsperson's office is described on page 37. Stakeholders are currently not involved in the development of processes.</p>
2-26 Mechanisms for seeking advice and raising concerns	35				
2-27 Compliance with laws and regulations	35				<p>In 2022, no penalties or non-monetary sanctions were imposed on the Association of Volksbanks.</p>
2-28 Membership associations	Cover				
Stakeholder engagement					
GRI standard/other source: GRI 2: General Disclosures 2021					
2-29 Approach to stakeholder engagement	17, 31				
2-30 Collective bargaining agreements	97				

ANNEX/ENCLOSURE

GRI CONTENT INDEX

MATERIAL TOPICS

Information	Position	Requirements omitted	Reason for omission	Statement on omission	More information
GRI standard/other source: GRI 3: Material topics 2021					
3-1 Process to determine material topics	17				
3-2 List of material topics	17				
Regionality					
GRI standard/other source: GRI 3: Material topics 2021					
3-3 Management of material topics	68-75				
GRI standard/other source: GRI 201: Economic Performance 2016					
201-1 Direct economic value generated and distributed		201-1	Not applicable	Regional performance is mainly associated with indirect impacts and not through its own employment impact, tax performance or supplier expenses.	
201-2 Financial implications and other risks and opportunities due to climate change		201-2a. ii.-v.	No contents available	Climate risk management in accordance with the TCFD is currently being developed; information will be published from the 2025 report onwards.	
201-3 Defined benefit plan obligations and other retirement plans		201-3	Not applicable	Pension provision in Austria is well covered by the state, additional contribution to employee satisfaction by the Association of Volksbanks is manageable.	
201-4 Financial assistance received from government					For details on the participation right payments of the Austrian Federal Government, see the Annual Report of the Association in the chapter Group Management Report/Business Development and in the Notes ¹⁾ The Annual Report is available at: www.volksbankwien.at/m101/volksbank/m044_43000/de/individuelle_seite/volksbanken_verbund/geschaeftsberichte_verbund.jsp
GRI standard/other source: GRI 203: Indirect Economic Impacts 2016					
203-1 Infrastructure investments and services supported		203-1	Not applicable	Not part of the activities of the Association of Volksbanks. The Association of Volksbanks itself does not build any infrastructure for the public.	
203-2 Significant indirect economic impacts	68-75	203-2b.	Not applicable	No specific standards available.	It was identified as a significant impact that the Association of Volksbanks operates regionally and finances energy cooperatives, which constitute exclusively renewable energy financings, in the sense of the Green Deal to reduce CO ₂ emissions.
GRI standard/other source: Own indicator					
Share of regional financing	70				

1) At the time of publication of the report, the exact pages of the Annual Report of the Association had not yet been determined. In order to present the information as clearly as possible, reference is made to the relevant chapters and subchapters of the Annual Report of the Association.

ANNEX/ENCLOSURE
GRI CONTENT INDEX

MATERIAL TOPICS

Information	Position	Requirements omitted	Reason for omission	Statement on omission	More information
Sustainable investment					
GRI standard/other source: GRI 3: Material topics 2021					
3-3 Management of material topics	48-49, 52-60				
GRI standard/other source: GRI 305: Emissions 2016					
305-3 Other indirect (Scope 3) GHG emissions	58				
GRI standard/other source: GRI G4 Financial Sector Supplement					
FS11 Share of assets examined with a positive or negative result from an ecological or social point of view	57-59				
GRI standard/other source: Own indicator					
Share of sustainable funds	58				
Sustainable financing					
GRI standard/other source: GRI 3: Material topics 2021					
3-3 Management of material topics	48-52, 61-63				
GRI standard/other source: GRI 201: Economic Performance 2016					
201-2 Financial implications and other risks and opportunities due to climate change	76-79, 116, 118				
GRI standard/other source: GRI 305: Emissions 2016					
305-3 Other indirect (Scope 3) GHG emissions	28-29				

ANNEX/ENCLOSURE

GRI CONTENT INDEX

MATERIAL TOPICS

Information	Position	Requirements omitted	Reason for omission	Statement on omission	More information
Customer satisfaction					
GRI standard/other source: GRI 3: Material topics 2021					
3-3 Management of material topics	42-46				
GRI standard/other source: GRI 417: Marketing and Labelling 2016					
417-1 Requirements for product and service information and labelling		417-1	Not applicable	Not applicable to financial products.	
417-2 Incidents of non-compliance concerning product and service information and labelling	35				
417-3 Incidents of non-compliance concerning marketing communications	35				
GRI standard/other source: Own indicator					
Customer satisfaction awards	42-46				
Digitisation					
GRI standard/other source: GRI 3: Material topics 2021					
3-3 Management of material topics	80-82				
GRI standard/other source: Own indicator					
Use of "hausbanking"	81				
Employee health and safety					
GRI standard/other source: GRI 3: Material topics 2021					
3-3 Management of material topics	94-95, 104-106				
GRI standard/other source: GRI 403: Occupational health and safety 2018					
403-1 Occupational health and safety management system	104-106				
403-2 Hazard identification, risk assessment, and incident investigation	104-106				GRI 403-2 d. In the course of the necessary official reporting of accident events, conspicuous accident trends are analysed and, if necessary, internal optimisations are made for the safety of the employees.

MATERIAL TOPICS

Information	Position	Requirements omitted	Reason for omission	Statement on omission	More information
Employee health and safety					
GRI standard/other source: GRI 403: Occupational health and safety 2018					
403-3 Occupational health services	104-106				
403-4 Worker participation, consultation and communication on occupational health and safety	104-106				
403-5 Worker training on occupational health and safety	104-106				
403-6 Promotion of worker health	104-106, 108-109				
403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		403-7	Not applicable	The business relationships and services of the Association of Volksbanks do not pose any risks to the safety and health of its employees.	
403-8 Workers covered by an occupational health and safety management system					There is no certified environmental management system.
403-9 Work-related injuries		403-9	Not applicable	There is hardly any risk of work-related injuries in office operations. A suitable indicator of our own is reported instead.	
403-10 Work-related ill health		403-10	Restrictions due to confidentiality obligation	Information regarding illnesses of employees must not be disclosed. There are no recognised occupational diseases. A suitable indicator of our own is reported instead.	
GRI standard/other source: Own indicator					
Number of safety training courses	105				

ANNEX/ENCLOSURE

GRI CONTENT INDEX

MATERIAL TOPICS

Information	Position	Requirements omitted	Reason for omission	Statement on omission	More information
Training and education					
GRI standard/other source: GRI 3: Material topics 2021					
3-3 Management of material topics	94-95, 100-102				
GRI standard/other source: GRI 404: Training and education 2016					
404-1 Average hours of training per year per employee	102				
404-2 Programmes for upgrading employee skills and transition assistance programmes	108-109				
404-3 Percentage of employees receiving regular performance and career development reviews	103				
Employee satisfaction					
GRI standard/other source: GRI 3: Material topics 2021					
3-3 Management of material topics	94-95, 102-104				
GRI standard/other source: GRI 401: Employment 2016					
401-1 New employee hires and employee turnover		401-1	No information available	Employee turnover cannot be analysed at present. A data collection process is initiated. The key figure is likely to be disclosed in the subsequent report.	
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees					In terms of company benefits, the Association of Volksbanks does not differentiate between different employee relationships. All company benefits are presented on the respective careers pages.
401-3 Parental leave		401-3	No information available	The indicators on employees with regard to parental leave cannot be analysed at present. A data collection process is initiated. The indicators will be disclosed as at the 2024 report at the latest.	
GRI standard/other source: Own indicator					
Result of Net Promoter Score	103				

ANNEX/ENCLOSURE
GRI CONTENT INDEX

MATERIAL TOPICS

Information	Position	Requirements omitted	Reason for omission	Statement on omission	More information
Diversity and equal opportunities					
GRI standard/other source: GRI 3: Material topics 2021					
3-3 Management of material topics	94-95, 98-99				
GRI standard/other source: GRI 405: Diversity and equal opportunity 2016					
405-1 Diversity of governance bodies and employees	99	405-1 a. ii. and b.ii.	Information not complete	A breakdown by age group cannot be analysed at present.	
405-2 Ratio of basic salary and remuneration of women to men	99	405-2 a. Re-muneration	Information not complete	No information is available for the 2022 business year. Data collection will be initiated, and the ratio of women's remuneration to men's remuneration will be disclosed annually in future, within the scope of the remuneration report.	
GRI standard/other source: GRI 406: Non-discrimination 2016					
406-1 Incidents of discrimination and corrective actions taken	98-99, 108-109, 117	406-1 a. and b. i., iv.	Information not complete	For the 2022 business year, the key figure on incidents of discrimination is not available. A data collection process is initiated. The key figure will be disclosed as at the 2024 report at the latest.	
Energy and climate					
GRI standard/other source: GRI 3: Material topics 2021					
3-3 Management of material topics	84-92				
GRI standard/other source: GRI 302: Energy 2016					
302-1 Energy consumption within the organisation	88-90				The total power consumption within the Association of Volksbanks is covered by renewable energy sources.
302-2 Energy consumption outside the organisation		302-2	Not applicable	There is no energy consumption of pre-products or in the product use phase.	
302-3 Energy intensity	88-90				
302-4 Reduction of energy consumption		302-4	No information available	No information is available for the 2022 business year. In 2023, the reduction of energy will be examined as part of an energy efficiency project and the indicator is expected to be published in the follow-up report.	
302-5 Reduction in energy requirements of products and services		302-5	Not applicable	There is no energy consumption in the product use phase.	

ANNEX/ENCLOSURE

GRI CONTENT INDEX

MATERIAL TOPICS

Information	Position	Requirements omitted	Reason for omission	Statement on omission	More information
Energy and climate					
GRI standard/other source: GRI 305: Emissions 2016					
305-1 Direct (Scope 1) GHG emissions	85-87				The CCF was calculated in accordance with the Greenhouse Gas Protocol. All greenhouse gases according to the Kyoto Protocol were included in the calculations. There are no biogenic CO ₂ emissions. The emission factors used are provided by Ecolnvent, the Austrian Federal Environment Agency (UBA) and the International Energy Agency (IEA).
305-2 Energy indirect (Scope 2) GHG emissions	85-87				The CCF was calculated in accordance with the Greenhouse Gas Protocol. All greenhouse gases according to the Kyoto Protocol were included in the calculations. There are no biogenic CO ₂ emissions. The emission factors used are provided by Ecolnvent, the Austrian Federal Environment Agency (UBA) and the International Energy Agency (IEA).
305-4 GHG emissions intensity	85-87				
305-5 Reduction of GHG emissions		305-5	No information available	No information is available for the 2022 business year. In 2023, the GHG reduction will be examined as part of an energy efficiency project and the indicator is expected to be published in the follow-up report.	
305-6 Emissions of ozone-depleting substances (ODS)		305-6	Not applicable	No direct impact due to office and branch operations	
305-7 Nitrogen oxides (NOx), sulfur oxides (SOx) and other significant air emissions		305-7	Not applicable	No direct impact due to office and branch operations	
GRI standard/other source: Own indicator					
Consumption of printing and copying paper	90				
Waste generation	91				

ANNEX/ENCLOSURE
GRI CONTENT INDEX

MATERIAL TOPICS

Information	Position	Requirements omitted	Reason for omission	Statement on omission	More information
Data protection and security					
GRI standard/other source: GRI 3: Material topics 2021					
3-3 Management of material topics	36, 38-40				
GRI standard/other source: GRI 418: Customer Privacy 2016					
418-1 Substantiated complaints concerning breaches of customer privacy or losses of customer data	36, 39				
Human rights					
GRI standard/other source: GRI 3: Material topics 2021					
3-3 Management of material topics	34				
GRI standard/other source: Own indicator					
Training hours for employees on human rights policies	34				
Other indicators					
GRI standard/other source: GRI 205: Anti-corruption 2016					
205-1 Operations assessed for risks related to corruption		205-1	No information available	No information is available for the 2022 business year. Currently, no standardised evaluation is available in this regard. In 2023, a data collection process is initiated and the indicator will be disclosed in the future.	
205-2 Communication and training about anti-corruption policies and procedures		205-2	No information available	No information is available for the 2022 business year. Currently, no standardised evaluation is available in this regard. In 2023, a data collection process is initiated and the indicator will be disclosed in the future.	
205-3 Confirmed incidents of corruption and actions taken	35				

ANNEX/ENCLOSURE

GRI CONTENT INDEX

MATERIAL TOPICS

Information	Position	Requirements omitted	Reason for omission	Statement on omission	More information
Other indicators					
GRI standard/other source: GRI 206: Anti-competitive behaviour 2016					
206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	36				
GRI standard/other source: GRI 304: Biodiversity 2016					
304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas		304-1	Not applicable	No direct impact due to office and branch operations	
304-2 Significant impacts of activities, products, and services on biodiversity	24, 78				
304-3 Habitats protected or restored		304-3	Not applicable	No direct impact due to office and branch operations	
304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations		304-4	Not applicable	No direct impact due to office and branch operations	

LEGAL NOTICE

The Managing Board

Vienna, 8 March 2023



Gerald Fleischmann

Chairman of the Managing Board



Rainer Borns

Member of the Managing Board



Thomas Uher

Member of the Managing Board

Media owner and producer

VOLKSBANK WIEN AG

A-1030 Vienna, Dietrichgasse 25

Telephone: +43 (1) 40137-0

e-mail: information@volksbankwien.at

Internet: www.volksbankwien.at

As at

March 2023

Editorial team

Monika Tögel

Christina Eder

and members of the

Sustainability Report team

[page 9]

Design and production

Bianca Statna

Photos

iStockphoto ilyast, Robert Polster,

Marko Mestrovic

Consultancy

denkstatt GmbH

A-1130 Vienna, Hietzinger Hauptstrasse 28



create sustainable value

Translation

All Languages Alice Rabl GmbH

Association of Volksbanks

Apart from the primary banks, VBVM

(Volksbank Vertriebs- und Marketing eG)

is also part of the Association of

Volksbanks.

Volksbank primary banks

8 regional Volksbanks, 1 special

bank (Österreichische Ärzte- und

Apothekerbank AG).

