

# Statement on the principal adverse impacts of investment decisions on sustainability factors in accordance with Article 4 of the Disclosures Regulation (EU) 2019/2088

---

Due to the services offered (investment and insurance advice, asset management), VOLKSBANK WIEN AG (hereinafter "Volksbank") falls under both the concept of **financial adviser** as defined in Article 2 no. 11 of the Disclosures Regulation (EU) 2019/2088 (hereinafter "SFDR"), and the concept of **financial market participant** as defined in Article 2 no. 1 of the SFDR.

## I. INVESTMENT AND INSURANCE ADVICE – DISCLOSURES FOR FINANCIAL ADVISERS

VOLKSBANK considers the principal adverse impacts of investment decisions on sustainability factors as part of its sustainability strategy in providing investment and insurance advice.

Sustainability factors include environmental, social and employee concerns, the respect for human rights and the fight against corruption and bribery (ESG criteria). The investment and insurance advice provided by VOLKSBANK may have a negative impact on these sustainability factors, for example if a company that investments are made in violates environmental standards.

### 1. Statement on the consideration of the principal adverse impacts of investment decisions on sustainability factors when providing investment advice (Art. 4 (5) (a) SFDR)

#### a. Use of information in accordance with the SFDR

In the regular update of the investment universe (master list), VOLKSBANK takes account of sustainability-related information as defined by the SFDR. At product level, this master list sets out whether the product is a sustainable product (with a classification in accordance with Art. 8 or Art. 9 SFDR) and also whether indicators for the measurement of adverse impacts of investment decisions on sustainability factors (hereinafter "PAIs") are taken into account in the corresponding product. Here, VOLKSBANK makes exclusive use of its fund partner UNION INVESTMENT (excluding third-party funds) and its product range, which also takes into account the principal adverse impacts on sustainability factors.

UNION INVESTMENT is pursuing the following measures, among others:

- Integration of ESG criteria in investment decisions
- Consideration of exclusion criteria for companies with controversial business practices
- Participation in general meetings and leading a constructive corporate dialogue

For further details, please visit the following website:

[Transparency obligations regarding sustainability | Union Investment Austria \(union-investment.at\)](https://www.union-investment.at)

If PAIs are considered in the individual products within VOLKSBANK's master list, an allocation is made based on the following classifications (exclusively for investments in companies) in accordance with Table 1 of Annex 1 of Delegated Regulation (EU) 2022/1288, and a corresponding tagging is added in the master list:

- Greenhouse gas emissions
- Biodiversity
- Water
- Waste
- Social and employee matters

### **b. Classification and selection of financial products based on the principal adverse impacts (Table 1 of Annex I)**

When providing investment advice, customers are asked, if they have sustainability preferences, whether they would like a product that takes PAIs into account. This information will be considered by VOLKSBANK when selecting a suitable product offer. The suitability test checks whether a PAI product can be recommended to customers who want one. If not, this aspect will be pointed out separately to the customer, and reasons will be given as to why the recommended product is not suitable. Hence, depending on customer preference, the product is selected based on the PAIs from Table 1 of Annex 1 of the above-mentioned Regulation.

However, this information does not at any time constitute a criterion that may lead to the inclusion or exclusion of a product from VOLKSBANK's investment universe. Classification or assessment of the products based on this information will not be performed outside the requirements under Article 2 no. 7a, 7b or 7c of Directive 2014/65/EU (MiFID II).

VOLKSBANK regularly monitors its own customer demand as well as the product manufacturers' offerings in order to assess whether an integration of adverse impacts on sustainability factors and corresponding indicators or criteria in the product selection process should take place in the future.

### **c. Selecting or advising on financial products based on criteria or thresholds of the principal adverse impacts (Table 1 of Annex I)**

Since PAIs are not a criterion in the selection of financial products, as described above, no exclusion criteria, thresholds or other aspects related to PAIs are considered in the selection of financial products.

However, when advising on financial products that take PAIs into account, specific thresholds may be requested by the customer as part of the sustainability preference query. If no suitable product with corresponding thresholds / criteria is available, the customer will be informed accordingly.

## **2. Statement on the consideration of the principal adverse impacts on sustainability factors when providing insurance advice (Art. 4 (5) (a) SFDR)**

In the context of providing insurance advice, our partners ERGO VERSICHERUNG AG and Österreichische Beamtenversicherung, Versicherungsverein auf Gegenseitigkeit pursue clear strategies to take adverse impacts on sustainability factors into account.

### **ERGO VERSICHERUNG AG**

The investment principles set out how ESG criteria are taken into account in the investment decision process. The purpose of the investment principles is to supplement the management of assets and liabilities of ERGO Versicherung AG with rules concerning specific individual investments. These contain the following provisions, among others:

- Consideration of MSCI ESG Ratings
- Exclusions of specific companies (e.g. outlawed weapons, production of coal, production of oil...)
- Valuation and prioritisation of investments by the decision-making body (the Group Corporate Responsibility Committee (GCRC)) as well as guidelines / position papers / ratings

For further details, please visit the following website:

[Erklärung zu nachteiligen Auswirkungen von Investitionsentscheidungen auf Nachhaltigkeitsfaktoren Artikel 4 .pdf \(ergo-versicherung.at\)](#) [Statement on the adverse impacts of investment decisions on sustainability factors Article 4]

### **Österreichische Beamtenversicherung, Versicherungsverein auf Gegenseitigkeit**

The investment principles set out how ESG criteria are taken into account in the investment decision process. The purpose of the investment principles is to supplement the management of assets and liabilities of Österreichische Beamtenversicherung with rules concerning specific individual investments. These contain the following provisions, among others:

- Exclusions of specific companies (oil and natural gas production, coal mining and conversion into electricity, construction or operation of nuclear power plants)
- Exclusions of specific countries (human rights violations, death penalty, corruption)
- Periodic review against quantitative targets and restrictions by Risk Management

For further details, please visit the following website:

<https://www.oebv.com/nachhaltigkeit-esg>

## II. PORTFOLIO MANAGEMENT – DISCLOSURES FOR FINANCIAL MARKET PARTICIPANTS (Outsourced to VOLKSBANK VORARLBERG e. Gen.)

Apart from providing investment and insurance advice, VOLKSBANK also offers asset management services to its customers. Therefore, as a financial market participant, it is obliged to publish information in accordance with Art. 4 SFDR. These asset management services are outsourced to Volksbank Vorarlberg e. Gen.:

### 1. Statement on the principal adverse impacts of investment decisions on sustainability factors in accordance with Article 4 (1) (a) SFDR of Volksbank Vorarlberg

#### a. Strategies for addressing the principal adverse impacts of investment decisions on sustainability factors

In its investment decisions for selected investment solutions (Premium Selection Sustainable Equity Fund, Premium Selection Equity Mandate and Premium Dividends Sustainable Equity Mandate), the asset management of Volksbank Vorarlberg e. Gen. takes the principal adverse impacts on the above-mentioned sustainability factors into account. For this purpose, an exclusion filter was defined in cooperation with the external research partner ISS ESG Research, which is used for selected investment strategies.

In the context of portfolio management, the asset management of Volksbank Vorarlberg e. Gen. has made the strategic decision to design its investment decisions in such a way that the principal adverse impacts on sustainability factors are avoided in the selected investment solutions.

The individual positions within the selected investment strategies are checked for the principal adverse impacts regularly (at least monthly) using the exclusion filter. The asset management carries out the review of the individual companies with regard to an exclusion via the "DataDesk" platform of the external research partner ISS ESG Research.

Volksbank Vorarlberg e. Gen. uses the following qualitative and quantitative sustainability indicators to consider the PAIs for selected investment solutions. Using these indicators, Volksbank Vorarlberg e. Gen. assesses and monitors any adverse impacts of investment decisions on sustainability factors when making new investments and in the context of regular reviews of investments held, in order to prevent, mitigate or eliminate these impacts

#### Premium Selection Sustainable Equity Fund

- |   |  |
|---|--|
| 01 GHG emissions  | 09 Hazardous waste and radioactive waste ratio   |
| 02 Carbon footprint   | 10 Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises  |
| 03 GHG intensity of investee companies                          | 11 Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises |
| 04 Exposure to companies active in the fossil fuel sector       | 12 Unadjusted gender pay gap   |
| 05 Share of non-renewable energy consumption and production     | 13 Board gender diversity  |
| 06 Energy consumption intensity per high impact climate sector  | 14 Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)                                  |
| 07 Activities negatively affecting biodiversity-sensitive areas |  |
| 08 Emissions to water   |  |

### Premium Selection Equity Mandate

- 01 GHG emissions
- 02 Carbon footprint
- 03 GHG intensity of investee companies
- 04 Exposure to companies active in the fossil fuel sector
- 05 Share of non-renewable energy consumption and production
- 06 Energy consumption intensity per high impact climate sector
- 07 Activities negatively affecting biodiversity-sensitive areas
- 08 Emissions to water
- 09 Hazardous waste and radioactive waste ratio
- 10 Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
- 11 Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises
- 12 Unadjusted gender pay gap
- 13 Board gender diversity
- 14 Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)

### Premium Dividends Sustainable Equity Mandate

- 01 GHG emissions
- 02 Carbon footprint
- 03 GHG intensity of investee companies
- 04 Exposure to companies active in the fossil fuel sector
- 05 Share of non-renewable energy consumption and production
- 06 Energy consumption intensity per high impact climate sector
- 07 Activities negatively affecting biodiversity-sensitive areas
- 08 Emissions to water
- 09 Hazardous waste and radioactive waste ratio
- 10 Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
- 11 Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises
- 12 Unadjusted gender pay gap
- 13 Board gender diversity
- 14 Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)

### Asset management strategies (Income, Balanced, Growth)

Currently, Volksbank Vorarlberg e. Gen. does not take the principal adverse impacts of investment decisions on sustainability factors into account for its asset management strategies. There is no legal requirement to consider the principal adverse impacts of investment decisions on sustainability factors for investments for asset management strategies. Furthermore, from the company's perspective, it is also not required to consider the principal adverse impacts of investment decisions on sustainability factors for asset management strategies as the focus of the investment strategy of the asset management strategies is not on pursuing sustainable aspects.

### Balanced Selection Fund

Currently, Volksbank Vorarlberg e. Gen. does not take the principal adverse impacts of investment decisions on sustainability factors into account for the Balanced Selection Fund. There is no legal requirement to consider the principal adverse impacts of investment decisions on sustainability factors for investments for the Balanced Selection Fund. Furthermore, from the company's perspective, it is also not required to consider the principal adverse impacts of investment decisions on sustainability factors for the Balanced Selection Fund as the focus of the investment strategy of the Balanced Selection Fund is not on pursuing sustainable aspects.

### Individual mandate

Currently, Volksbank Vorarlberg e. Gen. does not take the principal adverse impacts of investment decisions on sustainability factors into account for the individual mandate. There is no legal requirement to consider the principal adverse impacts of investment decisions on sustainability factors for investments for the individual mandate. Furthermore, from the company's perspective, it is also not required to consider the principal adverse impacts of investment decisions on sustainability factors for the individual mandate as the focus of the investment strategy of the individual mandate is not on pursuing sustainable aspects.

## **b. Strategies for identifying and weighting the principal adverse sustainability impacts and sustainability indicators**

The asset management of Volksbank Vorarlberg e. Gen. can carry out the review of the principal adverse sustainability impacts for selected investment solutions using a defined exclusion filter (cooperation with the external research partner ISS ESG). This ensures that adverse impacts on sustainability factors are avoided or further reduced.

A comprehensive consideration of the principal adverse impacts of the investment decisions of Volksbank Vorarlberg e. Gen. on sustainability factors with regard to all financial products (e.g. investment funds) is not possible yet.

For this, it would be necessary for those companies that investments are made in to publish, for example, data on their carbon footprint or their corporate governance in a standardised form, to provide this data to the producers of financial products or also to Volksbank as a financial adviser, making this information available as a basis for decision-making. Volksbank Vorarlberg e. Gen. hopes for a steadily increasing supply of the necessary data and will implement the corresponding processes as soon as the volume and reliability of available sustainability data make this possible.

The asset management of Volksbank Vorarlberg e. Gen. advertises selected investment strategies with ecological as well as social characteristics (these represent investment solutions as defined in Article 8 of the Disclosures Regulation). For these selected investment solutions, the asset management of Volksbank Vorarlberg e. Gen. considers the principal adverse impacts on sustainability factors by using a filter.

## **c. Description of the principal adverse sustainability impacts**

Within the asset management of Volksbank Vorarlberg e. Gen., controversial business practices (violations of UN Global Compact principles) as well as controversial business areas (outlawed and controversial weapons, nuclear energy and uranium mining) have been identified as principal adverse sustainability impacts. In cooperation with the external partner ISS ESG, the asset management of Volksbank Vorarlberg e. Gen. has defined an exclusion filter that excludes those companies violating these criteria right from the start. Revenue tolerances may come into play in the event of further adverse sustainability impacts. This ensures that investments (e.g. individual equities) remain permitted only up to a predefined limit. This exclusion filter is applied to selected investment strategies.

## **d. Participation policy**

The participation policy of Volksbank Vorarlberg e. Gen. is available at the following Internet address:

[www.volksbank-vorarlberg.at/mifid](http://www.volksbank-vorarlberg.at/mifid)