



Policy Statement of the Managing Board of VOLKSBANK WIEN AG on the Protection of Human Rights

Version 2.0

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1 Foreword, principles and scope

Being an employer as well as a user and provider of products and services, VOLKSBANK WIEN AG is in a position to influence human rights, and the company proactively assumes this responsibility within the scope of its corporate duty of care. The bank is convinced that a business model geared to sustainability is an absolute necessity for its continuing success; VOLKSBANK WIEN AG considers the protection of human rights as a core element of responsible governance.

Representing the Association of Volksbanks in its role as central organisation of the latter, VOLKSBANK WIEN AG joined the United Nations Global Compact (UNGC) in 2018. By committing to the Ten Principles of the UNGC regarding human rights, labour, the environment and anti-corruption, the company emphasizes the importance of responsible governance and sustainability within the scope of its business model.

The principles regarding human rights, in particular, (Principle 1 and Principle 2) as well as the principles regarding labour (Principle 3 to Principle 6) focus on the protection of human rights. As a signatory of the UNGC, VOLKSBANK WIEN AG is committed to:

- supporting and respecting the protection of internationally proclaimed human rights within its sphere of influence (Principle 1),
- making sure that it is not complicit in human rights abuses (Principle 2),
- upholding the freedom of association and the effective recognition of the right to collective bargaining (Principle 3),
- eliminating all forms of forced and compulsory labour (Principle 4),
- effectively abolishing child labour (Principle 5),
- eliminating discrimination in respect of employment and occupation (Principle 6).

Additionally, VOLKSBANK WIEN AG is geared towards other initiatives relating to human rights issues:

- “Charta der Vielfalt” (advancing diversity and mutual respect within the company),
- Declaration of the ILO (International Labour Organization) and the core labour standards,
- Oikocredit (advancing ethical investment, fair investments and social return)¹,
- UN Global Compact.

¹ <https://www.oikocredit.at/>

Based on these international principles, VOLKSBANK WIEN AG undertakes to respect and advance human rights in all its business activities.

VOLKSBANK WIEN AG has implemented a Code of Conduct that constitutes an integral part of its corporate culture. All employees, including the management, have to comply with the Code of Conduct.

The Code of Conduct constitutes the basis of the bank's own commitment to sustainability, to dealing with any violations, and to the Ten Principles of the UNGC.

This Policy Statement focuses on the bank meeting its duty of care; in this way, VOLKSBANK WIEN AG contributes to raising people's awareness, confirming corporate responsibility for the protection of human rights with respect to its own business activities and those along the supply chain.

VOLKSBANK WIEN AG has identified three areas where business activities may influence stakeholders in both a negative and a positive way – and which accordingly can be influenced by VOLKSBANK WIEN AG.

These include:

- the company's own employees,
- the products and services (financing and investment), and
- the suppliers along the supply chain.

2 Governance and due diligence

The business of VOLKSBANK WIEN AG is based on the disciplined and prudent taking of risks. Therefore, the bank sets great store by independent risk management, compliance and internal audit systems with clear management responsibilities. No business relationships will be entered into or maintained with companies or individuals who commit or support human rights violations.

The management of VOLKSBANK WIEN AG makes sure that the present Policy Statement on Human Rights is communicated in all divisions of the company and is responsible for offering relevant trainings and for ensuring that the principles are observed.

The Sustainability Committee (Nachhaltigkeitskomitee or NAKO) of VOLKSBANK WIEN AG is a body of the entire Managing Board and is responsible for steering sustainability topics and implementing the main sustainability goals; the NAKO meets every two months. The

Compliance department is part of the Sustainability Committee. Compliance emphasizes the topic of human rights in its policies, thus guarding against any violations, especially in the sphere of financing or investment. Compliance may express concerns vis-à-vis the chairperson of the Supervisory Board if Compliance and the Managing Board differ in terms of risk orientation. Compliance may also turn to all or individual members of the Managing Board apart from the regular reporting sessions.

The topic of human rights is systematically reviewed and assessed within the framework of the double materiality analysis. This involves identifying relevant risk drivers and analysing them in terms of their potential impact on business activities. As part of operational risk monitoring (operational risk control), human rights are also assessed annually as a potential risk factor. This continuous review ensures that human rights risks are identified at an early stage and addressed appropriately.

Basically, within the Association of Volksbanks, the topic of human rights is dealt with decentrally at the operational level and by the respective divisions when it comes to specific topics. Human Resources is responsible for staff-related topics, Sales Management for products and services, and Facility Management or ORG/IT for procurement. The Compliance department ensures that the complaints process is monitored. Each employee is responsible for complying with legal requirements and internal guidelines – monitored by the management. Compliance with requirements and guidelines is checked by the Internal Audit department.

3 Employees

Within respect to labour relations with employees, VOLKSBANK WIEN AG has ample scope to protect human rights in terms of freedom of opinion, safe working conditions, the right to education, diversity and equal opportunities. VOLKSBANK WIEN AG makes active use of this scope together with its employees. The company's employees are driving its corporate culture, expressing it every day through their individual personalities and comprehensive skills.

VOLKSBANK WIEN AG provides clear rules to create a working environment where a wide range of cultural backgrounds and perspectives is appreciated, ensuring at all times that the dignity of employees is respected. Apart from the Code of Conduct, the present policy constitutes the framework for the bank's corporate duty of care. In addition, interests, views and rights of employees are safeguarded by the works council (elected employee representatives).

3.1 Working in a fair, safe, healthy and respectful environment

The creation of fair and safe working conditions is one of the key elements of the HR strategy and of HR management. Within the framework of this strategy, VOLKSBANK WIEN AG pursues the goal to support the compatibility of professional and private life through flexible working time and workplace models. As described in the current Sustainability Report, the relevant measures specifically include various offers and preventive measures to promote the health of employees or the provision of a company physician and/or occupational psychologist to support employees in times of personal crises.

The requirements in terms of occupational safety are dealt with in an internal working instruction, which also includes the specific tasks and duties of VOLKSBANK WIEN AG under the ArbeitnehmerInnen-Schutzgesetz (ASchG; Austrian occupational health and safety act). Under this working instruction the employer is required to ensure the health and safety of employees, and employees are required to observe these protective measures.

In order to ensure occupational safety, employees are offered training events that include topics such as general behaviour at the workplace, occupational health and safety, fire, first aid or robberies. The results of regular checks regarding the identification of hazards, risk assessments as well as investigations of incidents serve as the basis for continuously updating and developing the training events.

3.2 Training and education: scope for developing individual skills

Through their commitment and their skills, employees are key to the company's success; accordingly, investing in their development with a long-term perspective is essential. VOLKSBANK WIEN AG relies on development opportunities for all, offering customized training models to employees and supporting them to explore their interests. The Association's own training institution, Volksbank Academy, provides the systematic framework to advance need-based training as well as education that is individually adjusted to the respective job profile.

Special training courses for executives and internal training events such as "Fit for the future as an executive", "Diversity Management" or "How to conduct appraisal interviews successfully" etc. help executives to deal with current challenges and to ensure process compliance.

At the same time, external training events on the topic of sustainability provide employees with the skills to manage increasing regulatory requirements. Furthermore, VOLKSBANK WIEN AG offers to its customer advisors digital education programmes on the topic of sustainability

preferences, which are implemented together with product partners Union Investment and ERGO Insurance (hereinafter referred to as 'ERGO'). Customer advisors are obligated to systematically check their customers' sustainability preferences and to only recommend financial instruments that correspond to these preferences.

3.3 Diversity and equal opportunities: the right to equal treatment and freedom from discrimination

The equal treatment of employees is an integral part of the value system and the corporate culture of VOLKSBANK WIEN AG. In the Diversity Policy, the Managing Board has expressed a clear commitment to equal treatment and equal opportunities. The company strives to establish an organisational culture of actual diversity, where no person is discriminated against and everyone is able to develop their potentials. The management, the HR department and the works council aim to identify any conflicts early on when they are arising and to support their amicable settlement.

In the Code of Conduct, VOLKSBANK WIEN AG especially emphasizes the topics of integrity, respect of human rights, and mutually respectful interactions. The company expects the same attitude from customers, business partners and competitors.

VOLKSBANK WIEN AG appreciates all employees regardless of their colour, origin, race, religion, faith, biological gender, age, handicap, sexual orientation, gender identity or gender expression, political views, social or other background. The policy against harassment, misconduct and mobbing confirms the company's strict stance against any form of discrimination.

Apart from the commitment to the "Charta der Vielfalt", this attitude is also expressed in the Diversity Policy, which explicitly deals with diversity, equal opportunities and personnel development, among others. In this way, VOLKSBANK WIEN AG provides the basis that is required to ensure the right to equal treatment and freedom from discrimination for employees and/or vulnerable groups.

The advancement of women and social mobility are key topics at VOLKSBANK WIEN AG. A women's network was implemented, among others, to provide for targeted measures in terms of equality. Other measures include the WoMentoring programme to promote equal opportunities for career-minded women, initiatives to counter the underrepresentation of women in executive positions, and a transparent job application process. Flexible working time models and the option of remote working support the compatibility of work and family life – this is

explicitly promoted in a gender-neutral manner. In addition, VOLKSBANK WIEN AG pursues the goal of systematically improving equal opportunities in management positions. To this end, measures are regularly taken to increase the proportion of women in management positions. Another focus is on continuously analysing and reducing gender pay gaps and development gaps.

Moreover, at VOLKSBANK WIEN AG, the topic of diversity and equal opportunities is reflected by demographic trends. The respect of senior employees, their knowledge and opportunities for success is just as important as accepting and providing opportunities for young employees who offer new ideas and approaches, thus making an essential contribution to the bank's ability to keep in touch with social and cultural developments in the long term.

3.4 Meeting the corporate duty of care

The topic of human rights has a high priority at VOLKSBANK WIEN AG and is comprehensively taken into account within the scope of the company's core business.

Under the Code of Conduct, VOLKSBANK WIEN AG acts in accordance with the highest ethical and professional standards and is committed to conducting its business in a sustainable and responsible manner. For this reason, the bank does not enter into business relationships (both lending and deposit business) in sensitive areas that conflict with this claim.

For instance, the bank will not enter into business relationships involving transactions that are known to directly or indirectly make use of forced labour, child labour or trafficking in human beings. The same applies in cases where the counterparties fail to comply with the European Convention on Human Rights or any labour and social law requirements of the relevant country.

Measures have been taken to implement the principles set down in the above-mentioned documents and to increase employees' awareness of compliance topics. Moreover, compliance topics are represented at Managing Board level and count among the responsibilities of the management; only practised compliance will create the level of integrity that is required to sustainably counter any violations.

VOLKSBANK WIEN AG remains committed to the employee rights set down by the International Labour Organization (ILO). The Diversity Policy puts special emphasis on the principles of "freedom of association" and the "right to collective bargaining". The freedom of association is guaranteed by means of an agreement between the bank and the works council.

Training events focusing on compliance, diversity and especially on human rights help raise employees' awareness of the essential importance of these topics for VOLKSBANK WIEN AG. Item 3.3 "Diversity and equal opportunities" comprehensively deals with the topics of mutual respect, freedom from discrimination or equal treatment.

The protection of human rights includes a data privacy management system, which was implemented within the Association of Volksbanks by the data protection officer of the Association.

4 Procurement and suppliers

The Association of Volksbanks positions itself as a purely Austrian, regional banking association. Ever since 2019, VOLKSBANK WIEN AG, as central organisation of the Association of Volksbanks, has been taking care of procurement for all regional banks of the Association. Throughout the value chain, ESG criteria are taken into account for the bank to live up to its corporate responsibility also in the sphere of procurement.

A special focus is on sustainable products, regional suppliers and environmental certificates. The working instruction on sustainable procurement includes the evaluation parameters to be considered and indicates how procurement is meant to take place and whether suppliers or service providers can be classified as socially sustainable.

The bank has implemented two matrices for the purpose of evaluating sustainability in procurement processes:

- evaluation of the regionality of a product or service, and
- sustainability (supplier and service provider / product and service).

These matrices are the basis of sustainable procurement processes within the Association of Volksbanks; this includes, among others, screening products and services in terms of sustainability, evaluating the performance of suppliers and service providers in the sphere of sustainability, integrating social aspects into the process, and finally making a well-founded decision. Social decision criteria specifically include the following:

- No negative press releases (non-compliance with ASchG requirements etc.),
- involvement of welfare institutions in supply or production and delivery (for instance, sheltered workshops etc.), and
- no forced labour or child labour (for instance, violations against occupational health and safety rules).

VOLKSBANK WIEN AG expects its customers, suppliers, partners and investors to act in accordance with both ethical standards and statutory requirements. This expectation is defined in the Code of Conduct of VOLKSBANK WIEN AG, which is representative of the entire Association of Volksbanks.

5 Products & services

The financial products and services offered constitute another sphere that provides scope to influence human rights issues. VOLKSBANK WIEN AG strives to make a positive contribution to the respect of human rights; by providing capital, on the one hand, and by offering investment opportunities together with product partners, on the other hand. For this reason, VOLKSBANK WIEN AG takes account of ESG aspects for financial products and services and provides for training measures to convey relevant sustainability knowledge to employees and to advance its implementation in practice.

Separate compliance rules for financial products are included in the Compliance Manual; they apply to all relevant persons in the bank and must be upheld from the time of the respective employee joining the company until termination of the employment.

Within the bank, Compliance is responsible for all matters relating to financial products, including the central responsibility for compliance-relevant communication with the financial market supervisory authority (FMA). The Compliance department reports to the entire Managing Board. The main task of Compliance is to advise the management, the Supervisory Board as well as the employees with a view to identifying any conflicts of interest between the bank, its employees and its customers and to mitigating the same through appropriate measures.

5.1 Financing

Within the scope of financing, products and services of VOLKSBANK WIEN AG may have negative consequences; for instance, if any activities of customers negatively affect the respect of human rights.

Therefore, business relationships or financing transactions with businesses in certain industries and areas of business are excluded. In the context of funding business activities in conflict regions, the bank must comply with applicable sanctions and embargoes.

Moreover, the bank will not enter into business relationships involving transactions that are known to directly or indirectly make use of forced labour or child labour. The same applies in

cases where the counterparties fail to comply with the European Convention on Human Rights or any labour and social law requirements of the relevant country.

In the course of lending to commercial businesses, VOLKSBANK WIEN AG evaluates ESG aspects, such as

- compliance with labour and social law requirements,
- protection of consumers,
- ethical standards throughout the supply chain,

in order to prevent potential human rights violations and to meet the company's duty of care.

In this context, the bank offers specific training events to corporate customer advisors to raise their awareness of sustainability and to improve the identification of existing risks in relation to human rights in the customers' business practices.

If it turns out in the course of a new business relationship or financing transaction that the business may fail to respect human rights, the matter may be handed over to Compliance. The Compliance department will then decide on the matter within the scope of a due diligence process.

5.2 Investment

Both focusing on private customers and cooperating with strong product partners are primary aspects of the business model of VOLKSBANK WIEN AG. The product partners of VOLKSBANK WIEN AG are Union Investment, TeamBank and ERGO, among others. In financial year 2022, the so-called "Nachhaltigkeitspräferenzabfrage" or sustainability preference questionnaire was introduced in the financial services sector. This means that investment advisors must ask their customers about their wishes regarding sustainability and are allowed to recommend to them only financial instruments that meet these wishes. This requires additional skills, which is why advisors have completed a special ESG Advisor training course that requires annual recertification.

As one of our product partners, Union Investment counts among the pioneers of sustainable investment. Union Investment is convinced that taking account of sustainability criteria in an investment context reduces risks and at the same time creates added value. The product portfolio of Union Investment includes a great number of sustainable funds that are offered to customers of VOLKSBANK WIEN AG.

The fund management puts together sustainable funds according to a defined procedure. In an initial step, companies and countries that violate Union Investment's exclusion criteria are excluded by means of the UniESG sustainability filter. Apart from being geared to the UNGC, this filter will exclude human rights violations, environmental destruction or corruption, among others. In the next step, investments are evaluated using the UniESG Score of Union Investment. This includes various aspects and dimensions, including a valuation of ESG areas (environmental, social, governance), controversies and sales revenues in sustainable areas of business (UN SGDs).

Following this, based on a best-in-class ranking (top 50%), some companies will immediately be approved for investment after the sustainability analysis, on the one hand. On the other hand, the remaining companies, the bottom 50%, are evaluated using a UniESG transformation rating, where only companies with a credible transformation strategy will receive a positive score and thus become eligible for investment.

Subsequently, the fund management will check whether the remaining investment universe meets sustainable and economic requirements and whether a benefit can be expected for the fund.

Another product partner of VOLKSBANK WIEN AG is TeamBank, which has strategically integrated sustainability in its business model. Consequently, the bank always considers sustainability aspects when it comes to its products and services.

Finally, as product partner of VOLKSBANK WIEN AG, ERGO has implemented a sustainability strategy that takes account of ESG aspects in their core business. The development of sustainable investment products or the evaluation of the products in terms of their approach to sustainability are equally part of ERGO's sustainability strategy. Within the scope of its daily activities, ERGO relies on voluntary commitments, for instance the Principles of the UNGC, the Principles for Responsible Investment (PRI), and the Principles for Sustainable Insurance (PSI).

Human rights aspects are also observed in servicing private customers – customer advisors take social criteria into account in their daily practice of providing consultancy to private customers and advising them on the wide range of products and sustainable investments. For instance, fair lending, leasing and account opening procedures or unbiased consultancy contribute to protecting equal opportunities. Each customer will receive the same treatment

regardless of their age, origin, colour, race, religion, sexual orientation, political views, social or other background.

Targeted training events for consultancy in sales, with a view to dealing with social issues correctly, emphasize the company's efforts in servicing private customers. Uniform sets of rules and internal working instructions provide guidelines for the conduct of employees and must be taken into account when taking any decision, subject to applicable law. Hence, VOLKSBANK WIEN AG provides the framework that is required to responsibly deal with social aspects within the scope of servicing private customers and to advance both equal treatment in customer service and consultancy.

6 Complaints management & whistleblowing system

Complaints management enables us to respond to dissatisfied customers and to quickly identify any weaknesses of the bank. Customers may address complaints directly to their customer advisor or the latter's superior. There is also an ombudsperson's office at VOLKSBANK WIEN AG and within the ÖGV for customers and other persons to contact with any concerns. The bank will make records of complaints both from customers and non-customers in the internal KBS customer service system without exception, regardless of the way they were submitted to the bank. Internally, any complaint may be communicated directly to the superior, to Compliance or to the complaints manager.

The bank encourages anyone who wants to submit a justified complaint to report the same and to start a dialogue with the superior or any person of trust. Moreover, VOLKSBANK WIEN AG has implemented a whistleblowing system to draw people's attention to any justified grievances and to protect integrity as one of the central pillars of the company. Employees as well as external parties can provide information around the clock using the whistleblowing system of VOLKSBANK WIEN AG. The whistleblower may choose between different key topics, such as violation against regulatory provisions, corruption, fraud, theft or embezzlement. Every complaint received is reviewed by the Compliance department and assessed for potential human rights implications. If there is a connection to human rights issues, this is documented and included in further processing.

Whistleblowing reports are handled by internal, independent investigators (usually by Internal Audit). If infringements or violations of any kind occur, VOLKSBANK WIEN AG shall contribute to remedial measures together with the persons concerned. The protection of the whistleblower is a primary concern at all times. The frequency of use of the reporting channels is regularly evaluated to ensure that the available channels are well known and accessible.

VOLKSBANK WIEN AG aims to transparently report on its efforts and progress in implementing the Human Rights Policy. The sustainability report presents both the identified human rights risks and the measures taken to mitigate them. In addition, the Bank provides annual information on the number of work-related incidents and complaints of significant human rights impacts.

7 Further references

- **Voluntary commitments**
 - UN Global Compact,
 - “Charta der Vielfalt”,
 - ILO core labour standards,
 - Oikocredit.
- **Codices and guidelines**
 - Code of Conduct (internal),
 - Diversity Policy.
- **Governance**
 - Compliance Management,
 - Risk Management,
 - Whistleblower portal,
 - Sustainability Report 2022.

8 Outlook

By preparing this Policy Statement on the Protection of Human Rights, VOLKSBANK WIEN AG confirms its stance regarding its corporate duty of care. Based on the bank’s existing foundation and the organisation’s high sensitivity to human rights aspects, the company aims to successively develop further measures, embedding them within the organisation. In the course of the materiality analysis, the bank regularly deals with and evaluates human rights issues along the entire value chain. As part of the double materiality analysis, relevant stakeholders, including employees, their representatives, consumers and end users, are systematically surveyed and consulted on the topic of human rights. The results of these surveys are incorporated into the further development of VOLKSBANK WIEN AG's Human Rights Policy and sustainability strategy.

The disclosure regarding fulfilment of applicable requirements increasingly gains in importance due to mandatory reporting under the Corporate Sustainability Reporting Directive (CSRD) and especially under the Corporate Sustainability Due Diligence Directive (CSDDD). Human rights are a key topic at, and an essential component of the activities of, VOLKSBANK WIEN AG.

Compliance with and effectiveness of the Human Rights Policy are regularly reviewed and adapted to new regulatory requirements. Reporting on material impacts in relation to human rights is verified through annual external audits (with limited assurance).

This Policy Statement is updated on a current basis. All present and new employees of VOLKSBANK WIEN AG are informed about these principles, with their content being more thoroughly dealt with in specific training sessions.

Ultimately, the focus will be on their strategic integration within the Association of Volksbanks to sustainably establish relevant processes and to further increase the management's awareness of the importance of human rights.

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