

# Disclosure pursuant to section 65a BWG (Austrian Banking Act)

Pursuant to section 65a BWG, VOLKSBANK WIEN AG must explain on its website in which way it observes the provisions of sections 5 (1) (6) to (9a), 28a (5) (1) to (5), 29, 39b, 39c, 64 (1) (18) and (19) BWG and of the annex to section 39b BWG. Implementing this obligation, VOLKSBANK WIEN AG makes its bank-specific internal measures regarding observance of the Corporate Governance provisions and its remuneration provisions publicly accessible by providing the following fundamental information.

## 1. Information on compliance with section 5 (1) (6) to (9a) BWG and section 28a (3) and (5) BWG (Fit & Proper)

The provisions of section 5 (1) (6) to (9a) BWG stipulate a catalogue of requirements to be met by managers, those of section 28a (3) BWG by chairpersons of Supervisory Boards and those of section 28a (5) BWG by all members of Supervisory Boards. In addition to criteria relating to personal reliability and sufficient time availability, the professional suitability and experience required for the respective function are stipulated as well.

With the “Guidelines on the assessment of the suitability of members of the management body and key function holders” (“Fit & Proper Guidelines”), uniform minimum requirements for the assessment of the personal reliability, professional suitability and experience of persons in management and control functions (managing directors, Supervisory Board members and employees in so-called “key functions”) in credit institutions, financial holding companies and mixed financial holding companies were also defined throughout Europe.

In compliance with these and other relevant legal requirements, VOLKSBANK WIEN AG has issued a “Fit & Proper Policy” which ensures compliance with these requirements. This regulates the responsibility for the implementation as well as the course of the process for individual and collective suitability assessment.

It also regulates in detail the succession process as well as strategic succession planning.

Thus, before each appointment or reappointment of a member of the management, the Supervisory Board or a holder of key functions, their professional suitability as well as personal reliability and, in the case of Supervisory Board members, also their independence must be checked and documented on the basis of the legal requirements. Furthermore, appropriate re-evaluations of individual and collective suitability must be carried out regularly and on an ad hoc basis. The decision is based on the information and documents to be submitted by the person nominated, such as a curriculum vitae, an extract from the criminal record, evidence of education and training, if applicable, as well as information on time availability and potential conflicts of interest.

If the professional suitability and personal reliability meet the defined criteria and the legal requirements, a positive overall assessment (“fit & proper”) is made. In accordance with the statutory provisions, the banking supervisory authority is notified accordingly of the appointment of members of the management and the Supervisory Board as well as of changes in suitability.

## **2. Information on the implementation of the provisions on the Nomination Committee (section 29 BWG)**

VOLKSBANK WIEN AG has set up a Nomination Committee to meet the requirements of section 29 BWG. The latter is responsible for submitting appropriate proposals for filling vacancies in executive management or the Supervisory Board. Furthermore, it must support the Supervisory Board in preparing proposals to the annual general meeting for filling vacancies on the Supervisory Board. Another task of the Nomination Committee is the annual re-evaluation of the individual members of the Managing Board and Supervisory Board as well as the respective body as a whole in accordance with the Fit & Proper requirements. The Equality of Women and Men on Supervisory Boards Act (GFMA-G), which came into force on 1 January 2018, is complied with.

## **3. Information on the implementation of the provisions on the principles of remuneration policies and practices (section 39b BWG, annex to section 39b BWG, as well as section 39c BWG)**

### **3.1. Governance of the remuneration policy**

Under Article 10 of the CRR, section 30a BWG and under the Association Agreement, VOLKSBANK WIEN AG as the central organisation (CO) of the Association of Volksbanks is obliged to issue a General Instruction on remuneration policy for the entire Association of Volksbanks. As CO of the Association of Volksbanks, VBW is responsible for compliance with the remuneration principles set down in the annex to section 39b BWG within the entire credit institution group. The remuneration policy of the Association of Volksbanks is in line with the business and risk strategy as well as the general risk management mechanisms, and supports the long-term interests of the Association of Volksbanks.

#### **3.1.1. Preparation, implementation and monitoring of the remuneration policy**

The preparation as well as the continuous maintenance, updating and development of the General Instruction (GI) and of the Association's working instruction on remuneration policy are the responsibility of the HR Management function of the CO, in consultation with the CO Managing Board. The relevant decisions are made by the Remuneration Committee of VOLKSBANK WIEN AG. The remuneration policy is reviewed by the CO HR Management function at least once a year to ensure that it is up-to-date and is revised accordingly. This review includes making sure that the remuneration policy is gender-neutral.

The corresponding internal functions – i.e. HR Management, Compliance, Risk Control, and Finance – as well as the Supervisory Board and/or the Remuneration Committee, as well as the Working and Risk Committee are closely involved in the review of the remuneration policy, including identification of the key risk takers pursuant to section 39b BWG and granting employee profit participation. This is meant to ensure that the remuneration policy is geared to the business and sustainability strategy and that it supports the risk management framework of the affiliated banks.

Under the working instruction of the Association (Association WI) on remuneration policy, the General Instruction must be implemented in all affiliated banks. The Association WI serves as a “transparency document” ensuring implementation in line with the Instruction in the respective affiliated banks. The directives of the General Instruction and of the Association WI shall be considered as minimum requirements. The local Managing Board as well as the

Remuneration Committee or the Supervisory Board of the respective affiliated bank must accept the Association WI.

### **3.1.2. Scope of the remuneration policy**

VOLKSBANK WIEN AG and the affiliated banks are also responsible for compliance with the remuneration principles set down in the annex to section 39b BWG by the other companies and subsidiaries included in the scope of consolidation. Hence, the respective affiliated bank of the Association of Volksbanks must ensure that even group companies that are not credit institutions themselves are integrated in risk control activities under section 39b BWG, and that remuneration policies and practices exist in these companies that comply with the annex to section 39b BWG and with the remuneration policy of the Association of Volksbanks based thereon.

### **3.1.3. Supervisory Board committees that deal with remuneration policy pursuant to section 39c BWG**

#### **3.1.3.1. Remuneration Committee at VOLKSBANK WIEN AG**

The Supervisory Board of VOLKSBANK WIEN AG has formed a Remuneration Committee which, among other things, is responsible for the remuneration agendas under section 39c BWG.

The Remuneration Committee consists of Supervisory Board members, delegated state commissioners and works council representatives. Christoph Herzeg acts as remuneration expert. The main tasks of the Remuneration Committee include the approval, monitoring and implementation of the remuneration policy, the remuneration practices, as well as of the remuneration-related incentive structures. These tasks relate to the control, monitoring and limitation of risks under section 39 (2b) (1) to (10) BWG, of available own funds and liquidity. Moreover, the long-term interests of shareholders, investors and employees of the entire Association of Volksbanks must be taken into account. The Remuneration Committee is authorised to take decisions within its allocated sphere of competence.

The Remuneration Committee meets at least once a year.

#### **3.1.3.2. Working and Risk Committee**

Annual reporting takes place in the Working and Risk Committee of VOLKSBANK WIEN AG about the remuneration system of the Association of Volksbanks. The Committee is also involved in reviewing remuneration policy, identifying risk takers and granting and disbursement of the employee profit participation.

#### **3.1.3.3. Boards of the affiliated banks**

The following boards are responsible for remuneration policy at the respective affiliated banks of the Association of Volksbanks:

VOLKSBANK (affiliated bank)	COMMITTEE
ÖSTERREICHISCHE ÄRZTE- UND APOTHEKERBANK AG	Supervisory Board
VOLKSBANK KÄRNTEN eG	HR Committee
VOLKSBANK NIEDERÖSTERREICH AG	Supervisory Board
VOLKSBANK OBERÖSTERREICH AG	Supervisory Board
VOLKSBANK SALZBURG eG	Remuneration Committee
VOLKSBANK STEIERMARK AG	Supervisory Board
VOLKSBANK TIROL AG	Supervisory Board
VOLKSBANK VORARLBERG e. Gen.	Remuneration Committee
VOLKSBANK WIEN AG	Remuneration Committee

Establishing a remuneration committee is mandatory under section 39c BWG for affiliated banks with total assets exceeding euro 5 billion, i.e. currently only mandatory for VOLKSBANK WIEN AG within the Association of Volksbanks.

### 3.1.4. Role of control functions

The control units of VOLKSBANK WIEN AG (Compliance, Risk Control, and Internal Audit) act as 2nd and 3rd lines of defence for VOLKSBANK WIEN AG and the respective affiliated bank of the Association of Volksbanks. They are actively and regularly working together and cooperating with other functions and committees to develop the remuneration policy and practices.

As 2nd line of defence, **Compliance** regularly checks the remuneration policy and practices of the Association of Volksbanks. They perform internal controls of remuneration practices, validating internal reports regarding remuneration claims of employees with board functions, they identify the risk takers under section 39b BWG, they perform the annual review of the remuneration policy and the introduction or update of the bonus model. This way of procedure guarantees that remuneration policies and laws are fully complied with. The Compliance function regularly checks if the remuneration practices live up to ethical standards and corporate values, to ensure the integrity and effectiveness of the remuneration policy. Compliance reports quarterly in the Managing Board meeting, in the Audit Committee and in the Supervisory Board, with one essential topic being the review of the remuneration policy.

As part of the 2nd line of defence, **risk management**, which is assumed by the Risk Control unit of VOLKSBANK WIEN AG as CO within the Association of Volksbanks, is always integrated in the definition of the remuneration policy, the bonus model and in the assessment process for identifying risk takers of the respective affiliated bank, and it is adequately involved in designing and monitoring the remuneration systems.

**Internal Audit**, as 3rd line of defence, carries out an independent review of the design, implementation and effects of the remuneration policy of the Association of Volksbanks once a year. It reports on the results relating to the remuneration policy of the Association of Volksbanks in the Remuneration Committee annually.

### 3.1.5. Identification of risk takers under section 39b BWG

The categories of employees whose professional activities have a significant impact on the risk profile of the respective affiliated bank (key risk takers) comply with the requirements of EBA/RTS/2020/05. The identification of key risk takers follows a structured and formalised assessment process at both Association and affiliated bank level on the basis of the guidelines laid down by the CO, involving the Risk Control and Compliance functions, in order to guarantee a common standardised approach at Association level.

For the recognition of identified employees with a significant impact on the risk profile of the respective affiliated bank, the role, decision-making authority with regard to management responsibility, and the total annual remuneration are taken into account.

The respective affiliated bank conducts an annual self-assessment in the first quarter of each calendar year for the previous year in order to identify all employees whose professional activities have or may have a significant impact on the risk profile of the institution. The self-assessment is based on the qualitative and quantitative criteria set out in EBA/RTS/2020/05. The risk analysis is updated during the year as well, at least with regard to the qualitative criteria of EBA/RTS/2020/05, to ensure that all employees to whom any of the qualitative criteria may apply for at least three months of the financial year are identified as key risk takers. This is particularly the case with new hires or transfers involving the assumption of new functions or responsibilities, or changes in business strategy.

Based on the *qualitative criteria*, the following key risk takers are identified:

- 1) Supervisory Board members;
- 2) Managing Board members / managers;
- 3) Senior management (Managing Board – level 1);
- 4) Senior employees in Sales (Managing Board – level 1) who report directly to the Managing Board;
- 5) Senior employees in control functions, including senior positions in Compliance and Risk Control as part of the second line of defence, and Internal Audit as part of the third line of defence;
- 6) Voting members of the Risk Committee, Asset Liability Committee (ALCO), Credit Committee;
- 7) Employees who manage a division that is responsible for legal matters, finance incl. taxes and budgeting, human resources, remuneration policy, information technology, economic analysis, money laundering and the financing of terrorism, accounting, information security, and outsourcing;
- 8) Senior employees authorised to decide on, to approve or prohibit any relevant risk, or who are voting members of a committee authorised to take the aforementioned decisions;
- 9) Senior employees authorised to decide on the approval or rejection of the launch of new products.

The criteria for identifying risk takers cover all types of risk that are part of the risk strategy. The risk profile and risk limits of the major divisions with an RWA utilisation of more than 2 % of risk-weighted assets as well as their control, determination and monitoring are also taken into account as criteria for identifying the risk takers.

The most important criterion for identifying the employees in qualitative terms is not the job title, but the authorities and responsibilities associated with the function.

Based on the *quantitative criteria*, the following employees are identified:

- a) Employees whose remuneration amounted to at least euro 500,000 and corresponded to at least the average remuneration of the members of the Supervisory Board (excl. works council members participating without remuneration), of the Managing Board and of the senior management of the institution;

- b) Employees whose remuneration amounted to at least euro 750,000 in the previous financial year (including the employees explicitly mentioned in item a));
- c) Employees counting among the 0.3 % of employees who received the highest amount of total remuneration in the previous or current financial year.

The key risk takers are determined by the respective board responsible from the affiliated bank.

## **3.2. Structure and design of the remuneration system**

### **3.2.1. Reasonable and sustainable remuneration policy**

The remuneration policy of the Association of Volksbanks provides for reasonable, market-compliant, sustainable and gender-neutral remuneration. The remuneration policy does not create any incentives to take on excessively high risks, including sustainability risks.

A guiding principle of the remuneration system is that the total remuneration is market-compliant with reference to the external market (competitors in the banking and financial services sector on the Austrian labour market). Criteria for assessing market conformity are the function, professional and personal qualifications, (relevant) experience and also the results of internal comparisons in salary studies. Internal methodologies for determining internal bandwidths were developed based on this.

Remuneration is governed by collective agreements, employer/works council agreements and/or individual agreements.

### **3.2.2. Fixed remuneration**

The fixed remuneration within the Association of Volksbanks meets the following prerequisites:

- a) Set in advance;
- b) Non-discretionary (reflecting the extent of the employee's professional experience and length of service, and not subject to anybody's discretion);
- c) Transparent;
- d) Permanent over a period for the specific function and responsibility;
- e) Not revocable, except through collective bargaining or renegotiation in line with national salary adjustment criteria;
- f) Payments cannot be reduced, suspended or cancelled unilaterally by the bank;
- g) No incentive for assumption of risks;
- h) Not performance-related.

The fixed remuneration mainly reflects the person's relevant professional experience, activities actually performed, and the organisational responsibility within the respective affiliated bank. Basically, the following components are classified as fixed remuneration: gross total amount of all payments or benefits (incl. non-cash benefits) the disbursement of which does not depend on any performance within the Association of Volksbanks or on the economic result (e.g. additional voluntary social benefits such as anniversary bonuses, insurance contributions within the scope of company pension schemes, severance payments under the old or new system).

### **3.2.3. Variable remuneration**

Within the Association of Volksbanks variable remuneration is limited to the models defined in the remuneration policy.

The following special remuneration components are classified as variable remuneration and are not permitted in the Association of Volksbanks as a matter of principle:

- Allowances that do not meet the criteria for fixed remuneration (e.g. performance-related allowances);
- Variable remuneration based on future performance;
- Guaranteed variable remuneration (“welcome bonus”, “sign on bonus”, “minimum bonus”, etc.);
- Voluntary performance-based benefits under pension schemes;
- Compensation or severance payments for prior employment;
- Retention bonuses.

The total pool of variable remuneration must not restrict the ability of the Association of Volksbanks or of the respective affiliated bank to improve its own funds base. A circumvention ban applies to all employees. Insurances and hedging strategies are not admissible for the purpose of compensating variable remuneration payments.

Within the association of credit institutions, salary components such as allowances, fringe benefits, contributions to pension schemes and the like are designed in such a way that they basically meet the criteria of fixed remuneration.

#### **3.2.3.1. Ratio of fixed and variable remuneration**

The variable remuneration component should not provide an incentive for reckless risk-taking through being too high. The variable remuneration is limited to a maximum of 100 % of the fixed remuneration (ratio 1:1). Any increase to a maximum of 200 % of the fixed part is only admissible by resolution of the general meeting.

#### **3.2.3.2. Remuneration in the form of instruments**

Pursuant to the annex to section 39b (11) BWG, a significant part amounting to at least 50 % of variable remuneration components consists in a reasonable proportion of equities or equivalent participations, share-linked instruments or equivalent non-cash means of payment, or capital instruments. As no instruments are available within the Association of Volksbanks, number 11 is not applicable.

#### **3.2.3.3. Deferment of variable remuneration**

Under number 13 (a), affiliated banks with total assets amounting to less than euro 15 billion (average of the last 4 years) are exempt from deferring the variable remuneration. Under number 13 (b), regardless of the size of the institution, variable remuneration components of all employees, the amount of which does not exceed euro 50,000 and does not account for more than a third of the total annual remuneration of the respective employee need not be deferred. Therefore, no variable remuneration components are deferred within the Association of Volksbanks.

#### **3.2.3.4. Ex-post risk adjustment**

‘Malus’ and clawback are used for ex-post risk adjustment. These are explicit mechanisms for subsequent risk adjustment, where the affiliated bank itself adjusts the remuneration of the relevant employee on the basis of said mechanisms. Part or all of the deferred variable remuneration is forfeited in a malus case. Catching up is not permitted for the annual portions omitted. Clawback is used to reclaim any variable remuneration that has already been paid out. The following cases may constitute a clawback event:

- any significant contribution to the poor financial situation,
- willful or grossly negligent breaches of duty of care,
- fraud,
- violations of statutory provisions or regulatory requirements to protect customers' interests, if determined by the regulatory authorities or by a court.

Ex-post risk adjustments are performance- or risk-based.

### 3.2.4. Severance payments

Uniform legal rules apply to all employees, including Managing Board members and all other identified employees. Voluntary severance payments are only permitted in connection with restructuring operations. The severance payments must not be higher than the opportunity costs that would arise in connection with or as an alternative to the premature termination of contracts and are limited to a maximum of two years of gross salary. Opportunity costs must be estimated within the scope of a business case, taking into account the alternative costs such as salary costs, ancillary wage costs, court and litigation costs, legal fees, etc., and must be documented in a verifiable manner.

### 3.2.5. Early retirement scheme

Employees are not entitled to any early retirement scheme. Within the framework of statutory partial retirement, working hours can be continuously reduced by 40 % to 60 %. Compensation is paid in the amount of 50 % of the difference if working hours are reduced by 40 %. In exceptional cases, a block model may be agreed. Access to partial retirement is possible at the earliest five years before reaching the standard retirement age.

### 3.2.6. Remuneration of specific functions

#### 3.2.6.1. Remuneration of Supervisory Board members

The Supervisory Board members exclusively receive fixed remuneration. Incentive mechanisms based on the performance of the respective Volksbank are excluded. Under section 98 Austrian Stock Corporation Act, the general meeting approves the remuneration of Supervisory Board members. The remuneration must correspond to the economic situation of the company. The adequacy of the remuneration of Supervisory Board members within the scope of adjusting the remuneration is checked by Compliance and HR Management of VBW as CO.

#### 3.2.6.2. Remuneration of Managing Board members

The Managing Board members receive fixed remuneration that is stable and independent of the risk appetite of the banks of the Association. Success or performance-related components do not currently form part of the remuneration policy for Managing Board members.

Fixed remuneration includes in particular the basic salary and other additional and fringe benefits.

#### **Basic salary**

The amount of the basic salary of the Managing Board members is determined on an extended basis using criteria defined in the General Instruction for all employees:

- a) **personal criteria**, such as professional and personal qualifications, as well as relevant/applicable experience,

- b) **function-related criteria**, such as the role of the Managing Board member, internal comparisons with similar positions within the bank, salary studies within the industry, and the complexity of the corporate structure and size of the company.

Discussions regarding the personal criteria and the determination of the proposal for the remuneration of the Managing Board member are documented on an audit-proof and detailed basis in the respective affiliated bank and by the responsible Supervisory Board committee and recorded in the minutes of the responsible Supervisory Board committee. The results recorded are made available to the CO in order to allow a complete evaluation to be made.

Adjustments to the basic salary are evaluated and are implemented if applicable within the scope of contract extensions.

#### **Additional and fringe benefits**

##### **a) Retirement benefits:**

Managing Board members receive retirement benefits through a statutory employee pension fund and a defined contribution pension plan via the BONUS Pension Fund. The company covers the contributions in full. The regulations are based on specifications from collective bargaining agreements and are also relevant for Managing Board activities. The contributions form part of the fixed remuneration and are based on standard market benchmarks.

##### **b) Supplementary insurance:**

Managing Board members can receive supplementary insurance (health, casualty, life insurance) that covers personal risks. The company covers the costs of these in full.

##### **c) Benefits in kind:**

All Managing Board members are entitled to a company car with a parking space and this car may be used for private purposes without any restrictions.

The Supervisory Board is responsible for structuring the remuneration systems for the Managing Board members and must ensure that this is commensurate with the tasks and responsibilities of the Managing Board, and with the economic situation of the respective affiliated bank. External comparisons are used to assess the appropriateness and market-conformity of the remuneration of Managing Board members. The Managing Board members are excluded from disbursements under the employee profit-sharing scheme.

### **3.2.6.3. Remuneration of identified employees**

All identified employees receive a fixed remuneration that reflects their professional experience and organisational responsibility. In 2025, they received a payment for 2024 under the employee profit-sharing scheme calculated on a full-time-equivalent basis, just like all other employees. The Supervisory Board and Managing Board members of the respective credit institutions are excluded from this.

### **3.2.6.4. Remuneration of control functions**

Employees holding control functions are independent of the business units they control, have sufficient authority and are remunerated irrespective of the performance of the business units they control. The adequacy of the annual remuneration of senior management in Risk Control, Compliance and Internal Audit is reviewed annually by the Remuneration Committee of VOLKSBANK WIEN AG. Senior management in Risk Control, Compliance and Internal Audit of VOLKSBANK WIEN AG assumes the relevant function at the Volksbanks as well. In 2025, the employee

profit-sharing scheme for 2024 was paid out to employees in control functions in accordance with their full-time equivalent.

### **3.2.6.5. Remuneration of sales and lending staff**

No incentives were created (either monetary and/or non-monetary forms of remuneration) that lead to a situation where the sales representatives put their own interests or the interests of the respective Volksbank above those of consumers. No individual or performance-related variable remuneration is paid to sales and lending staff. In 2025, the employee profit-sharing scheme for 2024 was paid out to sales and lending employees in accordance with their full-time equivalent.

## **3.3. Bonus system of the Association of Volksbanks**

The bonus model is based on an employee profit-sharing model and takes account of the cooperative idea, aiming to motivate employees for subsequent periods. It provides for bonus amounts per FTE, which are determined regardless of the salary level of the employees. The bonus model provides for a bonus payment to all employees (=profit sharing). Starting at a certain threshold, employees in Sales are then paid an additional bonus (=“upside Sales”).

The bonus model established hereby is directly coupled to the business results at Association level, tying bonus payments to profitability, risk and return. The bonus pot is defined at the level of the Association and then broken down to the individual affiliated banks based on the FTE share. The companies' individual bonus pots are then adjusted taking account of profit, risk indicators, qualitative criteria and sustainability indicators.

All targets and thresholds are resolved upon annually in the December Remuneration Committee of VOLKSBANK WIEN AG for the subsequent year. The individual targets of the affiliated banks are defined by resolution in the December meetings of the competent Supervisory Boards.

The following criteria and prerequisites are applied to the distribution of the Association's bonus pot:

- 1) Capital & liquidity minimum requirements of the Association (Risk Appetite Statement, CET1 capital ratio, Association limit or RAS liquidity coverage ratio limit) are met. K.O. criterion: if the respective Association limit is not reached, no bonus may be paid out in any affiliated bank.
- 2) Allocations must be made to the bonus pot of the Association. K.O. criterion: if the respective threshold (profit target of the Association) is not reached, no bonus may be paid out in any affiliated bank.
- 3) The bonus pot of the Association is distributed on the basis of the FTE of the respective affiliated bank.

The local bonus pot allocated on the basis of the profit target may not entirely or not adequately reflect actual risks, therefore ex-ante risk adjustments must be effected. This ensures that the variable remuneration takes account of the risks assumed. The allocated bonus pot may be adjusted by no more than  $\pm 15\%$  per target. Any upward correction is only possible upon approval by the Remuneration Committee of VOLKSBANK WIEN AG, and the total of the corrections made by the companies cannot exceed 100 % of the bonus pot originally allocated.

The targets of the respective company include specified risk targets (NPL ratio), customer satisfaction targets (Net Promoter Score) and sustainability targets (reduction in total emissions (corporate carbon footprint) and an increase in the proportion of female executives).

The bonus model does not provide for any remuneration exceeding euro 50,000 and/or more than a third of the total annual remuneration of the relevant employee. Therefore, the variable remuneration is not deferred.

The current bonus model of the association of credit institutions (employee profit-sharing scheme) is tied to the overall performance of the company, and not to individual employee targets.

The bonus for 2024 was paid out in accordance with the decisions made by the relevant committees. The general prerequisite for entitlement to this is active employment on 31 December of the calendar year in question. The entitlement is calculated on a pro rata basis for employees who start at the company during the year. The amount of the bonus is based on the employment level as at 31 December of the year in question and is calculated on a pro rata basis for part-time employees.

### **3.4. Harmonisation of remuneration, risk culture and sustainability**

The remuneration policy of the Association of Volksbanks is consistent with sound and effective risk management, supporting the same, and does not encourage risk-taking beyond what has been defined by the central organisation in the risk strategy of the Association.

The criteria for determining the fixed and variable remuneration components are set in such a way that employees will always act in the interest and with a view to the benefit of the Association of Volksbanks and in line with the company's risk culture and risk appetite. The conduct of employees complies with the value system and the Code of Conduct, and they act within the set risk tolerances.

#### **3.4.1. Integration of sustainability into performance management**

The remuneration policy is designed to encourage sustainable and risk-conscious corporate governance. In line with regulatory requirements and the business strategy, sustainability targets (including ESG criteria) are being integrated into performance management of the Managing Board members and of senior management at the respective affiliated bank in the first half of 2025.

##### **Linking of the remuneration policy with sustainability goals**

The remuneration policy has been adjusted to support the strategic sustainability goals of the Association of Volksbanks. Sustainability risks are taken into account with this by:

- establishing sustainability goals as an integral part of individual performance assessments for Managing Board members and executives in senior management.
- incorporating ESG criteria and KPIs into the assessment of corporate objectives, which are used as a basis for variable remuneration for employees (i.e. employee profit-sharing scheme, with the exception of Managing Board members).
- using the long-term reduction in climate-related risks and the promotion of sustainable financing strategies as benchmarks for performance expectations.

Various social sustainability factors are taken into account in the aim of supporting the sustainable direction and long-term value creation of the Association of Volksbanks. This includes compliance with labour law standards and comprehensive employee protection and health and safety. Reasonable fixed and variable remuneration in line with the sustainable and cooperative business model is just as crucial as fair working conditions, diversity in practice and targeted opportunities for training and further education. Measures aimed at combating inequality and promoting social cohesion also play a part in strengthening social sustainability within the Association.

## Accountability for achieving the sustainability goals

Accountability for the sustainability goals is also ensured without variable remuneration through clear control mechanisms, regular reporting and embedding within the strategy. Sustainability goals are an integral part of annual performance assessments for Managing Board members and senior management from 2025 onwards. Achievement of the goals is discussed in employee appraisals and annual financial statements and documented transparently in the Annual Reports. The Supervisory Board monitors this process and regularly requests progress reports, introducing measures as necessary to ensure that goals are achieved.

Public sustainability reports also ensure transparency in relation to stakeholders. Regular communication with investors, customers and other stakeholders ensures that sustainability remains embedded within the strategy. The goals are integrated into the business strategy and business development over the long-term and have a significant impact on the bank's reputation and market position. Managing Board members are under an obligation to provide continuous reporting on progress and challenges, which further strengthens establishment of a sustainable corporate culture.

### 3.4.2. Fair pay

The remuneration policy of the Association of Volksbanks is gender-neutral, establishing the principles of equal pay as well as equal and equivalent work for all employees.

To ensure performance-adequate and gender-neutral remuneration, the Association of Volksbanks has developed and implemented tools like the competence model, internal job profiles and job descriptions. The competence model defines the skills that employees need to have, while internal job profiles are based on objective criteria, defining specific activities, skills and modes of behaviour. Job descriptions offer a comprehensive overview of the positions, regardless of any specific persons.

The structured process of analysing equal pay gaps and gender pay gaps remains a factor with respect to equal treatment and equal opportunities. Every year – as part of the remuneration report for the Supervisory Board and/or Remuneration Committee – differences between the average male and female remuneration are documented and explained and appropriate measures are taken to equalise these differences where necessary. The gender pay gap can still mainly be attributed to the fact that men are disproportionately represented in higher-paid professions and positions, while women are more likely to work in lower-paid jobs. These structural differences have a direct impact on the gender pay gap.

In addition, gender-specific pay gaps are calculated using the median, which allows for a more accurate assessment of typical differences in pay and helps to uncover unequal distribution of women and men in different pay structures.

In addition to continuous analysis and the salary adjustments arising from this, we have implemented further measures within the scope of gender equality management:

- **Increasing the proportion of female executives:** A key objective within our strategy of reducing the gender pay gap is to increase the proportion of women in executive roles. We have been able to increase the representation of women at senior management levels on a sustainable basis through targeted programmes, mentoring and intensified gender recruitment measures. This plays a role in reducing salary differences at the executive levels.
- **Gender recruitment:** We have developed targeted programmes to bring more women into roles that are rated more highly and to increase the representation of women in executive roles.

- **Mentoring programmes:** These programmes provide targeted support to women in their career development and help them overcome obstacles on their way towards leadership roles.
- **Transparent application processes:** We promote equal opportunities in internal and external recruitment by designing a clearly structured and transparent application process.

#### **4. Information on the provisions of section 64 (1)**

The items listed in section 64 (1) (18) and (19) BWG are disclosed in the notes to the annual financial statements of VOLKSBANK WIEN AG to the extent required.