

# **WE MAKE REGIONALITY NOTICEABLE**

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# THE “HAUSBANK” AS RELIABLE

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## **PARTNER IN THE REGION**

Consolidated NFI Report  
of VOLKSBANK WIEN AG

To improve readability, all terms are used in their male form in this report;  
they are meant to refer to female persons in equal measure.



# An extract of our key indicators

## 2019

<b>Compliance</b>	Unit	Separate <sup>1)</sup>	Group <sup>1)</sup>	Page
Confirmed cases of corruption	Number	0	0	25
Total financial penalties of all kinds	Euro	0	0	25

### **Data security**

Employees who received information security or data protection training	%	92	91	29
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### **Regional products**

Share of regional financing in all financing transactions	%	-	98	36
Share of regional financing in all savings deposits and other deposits	%	-	84	36

### **Subsidized financing transactions**

Subsidized projects	Number	92	92	48
Volume of subsidized projects	Euro	59,913,005	59,913,005	48

### **Digression / product partners**

Volume of "der faire Credit" TeamBank VBW customers	Euro thousand	206,585	206,585	55
Joint customers TeamBank VBW	Number	15,394	15,394	55
VBW volume in Union Investment funds	Euro thousand	1,138,277	1,138,277	59
Share of sustainable funds in Union Investment volume	%	5.8	5.8	59
New ERGO insurance contracts VBW customers	Number	4,209	4,209	63
New business volume ERGO insurance contracts of VBW customers	Euro thousand	8,832	8,832	63

### **Resources**

Specific district heat consumption headquarters <sup>2)</sup>	kWh per m <sup>2</sup>	85.0	85.0	74
Specific electricity consumption headquarters <sup>3)</sup>	kWh per m <sup>2</sup>	112	112	75
Print-out and reprographic paper	kg per FTE	39.8	39.8	75
Total specific waste	kg per FTE	106.7	106.6	76

### **Employees & employee representation as at 31 Dec 2019**

Headcount	Number	1,138	1,489	79
Employees by full-time equivalents	FTE	976	1,270	79
In positions with managerial responsibility <sup>4)</sup> (F) <sup>5)</sup>	%	23.7	25.8	85
In positions with managerial responsibility <sup>4)</sup> (M) <sup>5)</sup>	%	76.3	74.2	85
Works council members	Number	14	14	90

1) The key indicators of the parent company (Separate) are shown separately from the key indicators of the Group (Group) (cf. page 9).

2) Billing period: 1 September to 31 August; hence annual consumption data are based on calculations. The calculation of the consumption data per m<sup>2</sup> is based on the total surface of the Group of 19,788 m<sup>2</sup> and a pro rata surface of 15,217 m<sup>2</sup> for VBW Separate.

3) Billing period: 1 December to 30 November, including electricity from company-owned PV system

4) from group manager, branch manager, department manager, division manager (group manager only upwards of three persons); share of all employees with managerial responsibility

5) F = female, M = male

*To know who you are,  
you need to know  
where you come from.*

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**2019**

**THE VALUES "TRUST, REGIONALITY,  
AND CUSTOMER FOCUS" WERE DEFINED AS CORE VALUES OF VOLKSBANK.**



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Dear readers,

for VOLKSBANK WIEN AG and the Association of Volksbanks, 2019 was the first year after completion of the successful mergers and with the new 8+1 structure (eight large regional Volksbanks and the bank for the healthcare professions Österreichische Ärzte- und Apothekerbank). This new start was sealed with a new positioning and the return to historical values that determine our focus for the future.

Based on the comprehensive involvement of the managing boards within the Association, the values “trust, regionality, and customer focus” were defined as the new core values in a first step. Then, in April 2019, within the scope of the first Management Conference with more than 150 executives from the Association participating, the goals and measures for the next years were determined for the Association of Volksbanks. This complex process is meant to ensure that the entire Association, all executives and employees, are strongly committed to the “Hausbank der Zukunft” (the relationship bank of the future) and identify with the concept.

In 2019, for the second time already, Volksbank examined the personal environment of self-employed persons in Austria within the scope of the “Volksbank Unternehmer-Studie” (survey of entrepreneurs), which helps us to find out more about our customers, their challenges and motivation and to respond accordingly in our consultancy. In the past year, the “Entrepreneurs’ Billion” was launched for the third time already. It serves to support the small and medium-sized enterprises in the region – the backbone of the Austrian economy – with respect to investment activities.

The 2019 Sustainability Report has evolved as well. For the first time this year, we applied the standards of the Global Reporting Initiative (GRI) as a basis for the report and analysed our own portfolio using the Paris Agreement Capital Transition Assessments (PACTA). Moreover, the CO<sub>2</sub> footprint of the retail branches and of the headquarters was determined for the first time.

Our special thanks go to our customers and partners who allowed us to enhance our readers’ experience of the sustainable business model through practical examples.

### **Our co-operative approach**

VOLKSBANK WIEN AG is characterised by its cooperative identity and sustainable values. Our focus is on customers, partners and employees. We act responsibly, sustainably, quickly and flexibly. We respect human rights and disapprove of any form of discrimination. The fight against corruption is of high priority at VOLKSBANK WIEN AG. These basic principles are set down in our Code of Conduct and honoured by all our employees within the scope of our corporate activities.

And it is precisely in times marked by globalisation and digitalisation that VOLKSBANK WIEN AG deliberately chooses to remain a regional bank. In this way, the bank supports the long-term economic success of its customers in the region. Hence, the core elements of the activities of VOLKSBANK WIEN AG are trust, customer focus and regionality, making it a “Hausbank” in the truest sense of the word: from the region to the region.

The conscious use of resources and the environment is of particular concern to us. Owing to its business model, VOLKSBANK WIEN AG is able to minimise risks for its owners, employees and the bank itself. Any risks are systematically taken account of within the risk management process.

# Foreword

## **Our business model**

VOLKSBANK WIEN AG is a purely Austrian bank and only operates within its catchment area and on the Austrian market, respectively. 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 increasingly handled in central units. In this way, cost reductions can be achieved that our customers benefit from.

VOLKSBANK WIEN AG 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 the regional trading areas. In all divisions, customers may rely on comprehensively trained account managers. This is emphasized 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. Over the past few years, therefore, co-operation 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.

## **Our positioning**

The aim of VOLKSBANK WIEN AG is to be perceived as the “Hausbank” of business enterprises and private customers with an entrepreneurial mindset within the region. This means that Volksbank and its services are always easily available, and it also includes the presence of retail branches at highly frequented locations, on the one hand, and a stable Volksbank Digital Banking offer, on the other hand. Volksbank offers all the products and services that our customers need, but no unnecessarily wide and complex range. The “Hausbank” is there for its customers, whenever it is needed, with a long-term perspective. It knows its customers and is familiar with their needs – this is the foundation that trust is built on!

In the digital world of finance, VOLKSBANK WIEN AG 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.



Gerald Fleischmann  
Chairman of the Managing Board of VOLKSBANK WIEN AG

## CUSTOMER SERVICE

344,202 CUSTOMERS

## REGIONALITY

87 LOCATIONS  
(IN AUSTRIA, INCL. SELF-SERVICE  
BRANCHES AND SPARDA)

## SUBSIDIZED FINANCING TRANSACTIONS

92 PROJECTS

## QUALITY

MODEL BUSINESS  
AUSTRIA SINCE 2019

## DIGITALISATION AND INNOVATION

94 % USAGE OF ID APP

## ETHICS

CODE OF CONDUCT  
SINCE 2015

## TRAINING AND PROFESSIONAL DEVELOPMENT

10 INTERNAL COURSE  
PROGRAMMES

## HUMAN RIGHTS

SINCE 2018  
UNGC MEMBER

# MATERIAL TOPICS

## SUSTAINABILITY OF THE BUSINESS MODEL

FOR 150 YEARS

## RESOURCES/ ENERGY

19,751 KWH POWER  
GENERATION FROM OUR  
OWN PV POWER PLANT

## DATA SECURITY

NO  
IT SECURITY  
INCIDENTS

## INTERNAL COMMUNICATION

4 ISSUES OF THE  
STAFF MAGAZINE  
PER YEAR

## SUSTAINABLE PRODUCTS & SERVICES

2 SUSTAINABLE FUNDS

## REGIONAL PRODUCTS

SHARE OF REGIONAL  
FINANCING IN ALL FINANCING  
TRANSACTIONS 98 %

## COMPLIANCE

89.9 % OF EMPLOYEES  
HAVE RECEIVED SOME KIND  
OF RELEVANT TRAINING

# About the report

The report of VOLKSBANK WIEN AG was prepared for the first time in accordance with the Global Reporting Initiative (GRI) Standards ("Core" option). The GRI standards constitute the de facto benchmark in sustainability reporting, the application of which ensures continuous and standardized reporting for VOLKSBANK WIEN AG. The GRI Index is contained in the annex.

Already for the previous year's reports, care was taken to align the report with GRI indicators, meaning that no significant changes are derived for the 2019 sustainability report. By comparison with the previous year, no further substantial changes have occurred, except that GRI is now used as the basis for reporting and that environmental data is now also collected for the retail branches of VOLKSBANK WIEN AG. No changes occurred in the reporting year 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. Nor have there been any new presentations of information from previous reports. The reporting period extends from 1 January 2019 until 31 December 2019. The last report was published on 25 April 2019, the reporting cycle of VOLKSBANK WIEN AG is once a year.

At group level, VOLKSBANK WIEN AG is obliged to prepare a consolidated non-financial statement/non-financial report under section 267a Austrian Business Code (UGB). Moreover, as a parent company VOLKSBANK WIEN AG is equally obliged to prepare a consolidated non-financial statement under section 243b Austrian Business Code. The present report summarizes the required information about concepts, results and risks relating to environmental, social and employee matters, the respect of human rights as well as the Anti-corruption and bribery. The information provided applies to both the group and the parent company in equal measure. The performance indicators are shown separately in the table of key indicators (Separate and Group). VOLKSBANK WIEN AG, as parent company, has a headcount of 976 FTE; the group has 1,270 FTE; for exact details regarding the fully consolidated companies please refer to the annex.

In operational terms, the following material topics and the associated key indicators are dealt with only in the banking operation of the parent company VOLKSBANK WIEN AG. Therefore, the key indicators of the parent company (Separate) correspond to the key indicators of the group (Group): [Subsidized Financing Transactions](#), [Product Partners](#), [Digitalisation/Innovation](#)

As for the material topic of [Resources](#) (environment), an allocation key is applied based on employee FTE, since no clear breakdown on the basis of ACTUAL values is possible. The [Code of Conduct/Compliance](#) topic is dealt with at group level only. The key indicators for the topic of [Employees and Employee Representation](#) are reported based on actual figures for the parent company (Separate) and the group (Group), to the extent possible and reasonable. As for the topic of Data Security, actual figures have equally been determined for Separate and Group. The key indicators for the material topic of [Regional Products](#) are reported at group level only.

The results of the due diligence process regarding the risks of the individual material topics are contained in the respective chapters; they were revised within the scope of a project meeting and summarized in a table for better convenience. This table is included in the annex to the sustainability report for the 2019 reporting year.

The e-mail address [information@volksbankwien.at](mailto:information@volksbankwien.at) is available for questions regarding the sustainability report of VOLKSBANK WIEN AG.

# *We are committed to a corporate culture of sustainability.*

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VOLKSBANK WIEN AG is part of the Association of Volksbanks, an association of credit institutions organised as a co-operative according to Schulze-Delitzsch, pursuant to section 30a 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.

With 87 locations\* in the Vienna, Burgenland, Weinviertel, Waldviertel and Industrieviertel regions, as well as with the cross-regional SPARDA-BANK brand, VOLKSBANK WIEN AG is the biggest among Austrian Volksbanks. The focus of the regional bank is on sustainable partnerships with customers and continuous improvement of customer service – VOLKSBANK WIEN AG is the “Hausbank” of customers from the region.

## **Co-operative principles**

VOLKSBANK WIEN AG operates in line with co-operative principles. These values trace back to Hermann Schulze-Delitzsch, co-founder of the co-operative system. Part of the vision is a sustainability-oriented corporate strategy that is based on the values of freedom & responsibility, as well as on trust & reliability.

Sustainable development is the equivalent of the present-day implementation of co-operative principles. That means finding contemporary answers to economic, ecological and social challenges of our times that include all groups of stakeholders. VOLKSBANK WIEN AG is making a contribution to speed up the evolution of society with a view to increasing sustainability.

# Co-operative

Sustainable development is equivalent to future viability. It means adapting to significant social, ecological and economic trends already today. Hence, VOLKSBANK WIEN AG is convinced that by acting sustainably it will be economically successful in the long run by

- opening up new market opportunities and encouraging product innovations,
- increasing cost awareness, honing risk awareness and saving ecological resources,
- strengthening the partnership with stakeholders, enhancing customer satisfaction and loyalty, and increasing a sense of identity for our employees, and
- contributing to increase attractiveness for investors, both private and institutional.

## **Co-operative system of VOLKSBANK WIEN AG**

A total of eight “Verwaltungsgenossenschaften” (managing co-operatives) and “Beteiligungsgenossenschaften” (holding co-operatives) hold participations in VOLKSBANK WIEN AG. They have contributed their banking operations to VOLKSBANK WIEN AG. The purpose of the co-operatives still is to advance the procurement and other economic activities of their members. They realise their mission together with VOLKSBANK WIEN AG. They hold general meetings, promoting a sense of community within the region concerned, and supporting the success and independence of VOLKSBANK WIEN AG. For more than 150 years, one distinguishing feature of credit co-operatives has been that the banks’ customers have also been shareholders of the bank. At VOLKSBANK WIEN AG, this option of participation is guaranteed indirectly through the managing co-operatives.

One of the measures to strengthen the co-operatives is to use the sales unit to sell more shares in co-operatives, thus winning customers as members. At present, the managing co-operatives of VOLKSBANK WIEN AG have a total of 176,000 members, enjoying various membership-related advantages.

**The sustainable business philosophy describes the values and principles of the bank that determine its attitude and the way it operates its business, as well as the goals pursued on behalf of stakeholders like customers, employees, business partners, and society at large.**

#### Vision

Volksbank is the "Hausbank" for entrepreneurs and entrepreneurial private individuals in Austria.

#### Mission

With Volksbank as their partner, our customers will accomplish their goals more fully, more easily and more quickly. This is what makes the Volksbanks more successful than others.

#### Company philosophy

Volksbank is: trustworthy, honest, competent, reliable, respectable, close to the customer.

1. Mutual respect is in our genes: co-operative society and partnership.
2. We have the courage to put a clear focus on what we are really good at.
3. Volksbank is present in all of Austria and in Austria only.
4. Our employees have the ability and the freedom to make a courageous contribution the way entrepreneurs would do.
5. Executives assume entrepreneurial responsibility, serving as a model to their staff.
6. We combine a contemporary attitude and efficiency in simple financial services with competent individual advice in fundamental financial decisions.
7. At Volksbank, innovations are always based on the needs of our customers.
8. We are continuously improving ourselves and our services in all spheres in line with the market and together with our customers.
9. At Volksbank, membership and loyalty will be rewarded.
10. Our growth is based on recommendations given by happy customers.

Sustainability management already is an integral component of everyday practice at VOLKSBANK WIEN AG and within the entire Association of Volksbanks. The resulting responsibility for the region and its people is of high strategic priority, forming the philosophical basis of future success.

#### Strategy in sustainability management

Its active management of corporate responsibility in the spheres of economy, ecology and society firmly positions the Volksbank as a successful bank that acts sustainably for private customers and entrepreneurs within a purely Austrian Association of Volksbanks.

#### Principles

- Our activities are aimed at achieving stable success in the long run.
- We are aware of our social responsibility as an entrepreneur.
- We respect our system of values as a regional bank.
- We are striving for stability by focusing on our core business.
- We limit our risks by creating a purely Austrian association of banks.
- The individual – employee, customer or inhabitant of our region – is the centre of our attention.
- We expect our partners and suppliers to respect our system of values.

# Sustainability management

- For over 150 years, we have been doing business with our customers within the scope of sustainable partnerships.
- We use all our resources sparingly and with a sense of responsibility.
- Social commitment and making a contribution to society are very important to us.

The sustainability charter of the Association of Volksbanks and hence of VOLKSBANK WIEN AG reflects our sustainable corporate culture.

## Who we are

We are a strong Austrian association of banks consisting of independent regional Volksbanks and their central organisation, as well as one special bank and the affiliated banks.

## What we stand for

We represent the co-operative core values of self-reliance, self-help and self-administration. We have a sustainable business model, and we know and understand the needs of our customers.

## We are truly regional

As a purely Austrian banking group, we are committed to encouraging the positive development of our regions. As a reliable partner of small and medium-sized enterprises and of the population in general, we make a contribution to the creation of value and prosperity in the regions of Austria.

## Our approach

The individual is the focus of our efforts at all times. Utmost efficiency and co-operation with strong partners enable us to provide contemporary services on competitive terms.

## Materiality analysis

As they form the basis of the sustainability report, the material topics were worked out together with the stakeholders of VOLKSBANK WIEN AG in 2018. The material topics were defined considering the impact of the sustainability topics identified, as well as their relevance to the stakeholders. Identification as well as impact assessment of the sustainability topics were effected within the scope of a workshop with the relevant internal departments of VOLKSBANK WIEN AG. During that process, both the effects on the environment and on society were assessed.

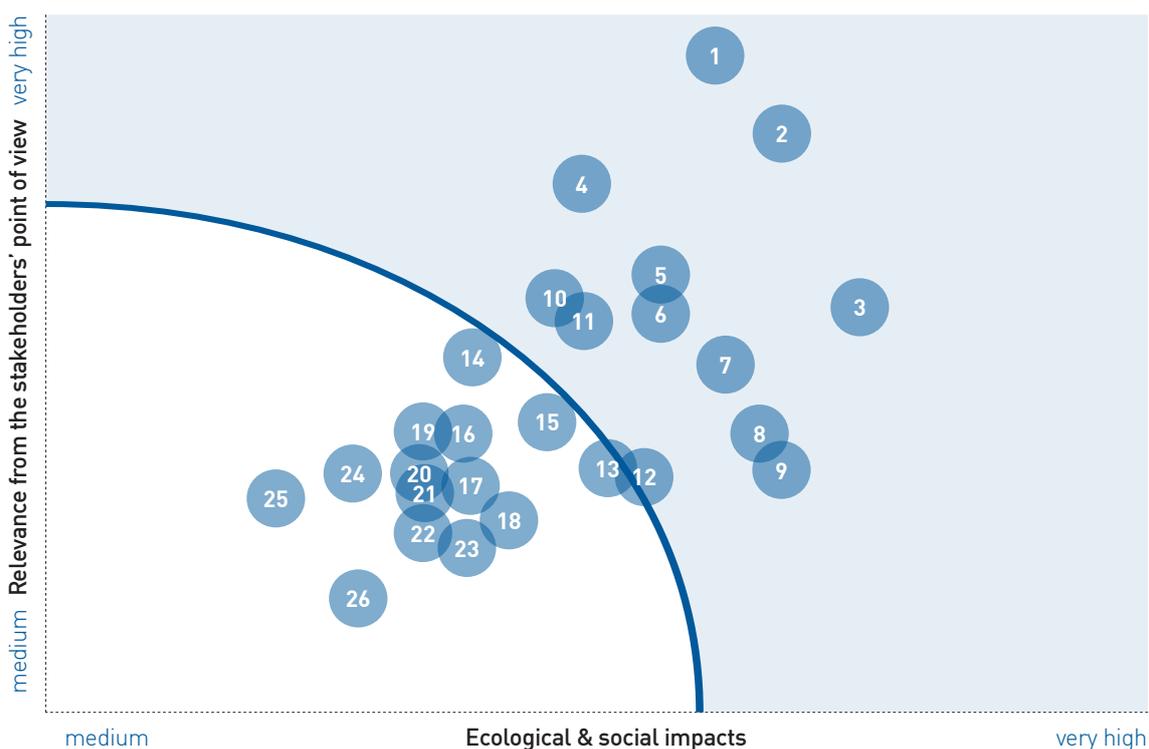
## Stakeholder survey

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

In 2018, the stakeholders were asked to evaluate the importance of the sustainability topics as well as the commitment of VOLKSBANK WIEN AG to sustainability topics. To improve comprehensibility, each topic was described in greater detail in the questionnaire. More than 380 individuals from the stakeholder groups of retail and corporate customers, employees and works council, shareholders, product partners, the political sphere, Österreichischer Genossenschaftsverband (Austrian Federation of Co-operatives), and housing co-operatives participated in the survey in August and September 2018, thus making an important contribution to defining the main topics of the report.

### Materiality matrix of VOLKSBANK WIEN AG

The results of impact assessment and of the stakeholder survey are put together in the materiality matrix of VOLKSBANK WIEN AG. The matrix shows the material topics (topics above the blue line), in other words those of particularly high relevance from the stakeholders' point of view, on the one hand, and with substantial ecological and social impacts on the other hand. The basic assumption is that all the topics analysed are relevant in economic terms. Ethics & Compliance as well as Resources/Energy are situated on that line and were included.



- |  |                                    |                               |
|--|------------------------------------|-------------------------------|
| 1 Customer service and customer relationship     | 9 Human rights                     | 19 Employee health and safety |
| 2 Regionality                                    | 10 Sustainable products & services | 20 Diversity                  |
| 3 Data security                                  | 11 Digitalisation/innovation       | 21 Sustainable procurement    |
| 4 Quality  | 12 Ethics & compliance             | 22 Product partners           |
| 5 Training, education and internal communication | 13 Resources/energy                | 23 Waste                      |
| 6 Sustainability of the business model           | 14 Work-life balance               | 24 Sponsoring                 |
| 7 Regional products                              | 15 Income                          | 25 Social commitment          |
| 8 Subsidized financing transactions              | 16 Investment                      | 26 Sports sponsorships        |
|  | 17 Employee representation         |                               |
|  | 18 Mobility                        |                               |

# Sustainability management

For better convenience, the material topics of the VOLKSBANK WIEN AG, the respective matters pursuant to the Nachhaltigkeits- und Diversitätsverbesserungsgesetz (NaDiVeG), as well as the GRI aspects are described in the following table.

Material topics	Description	Chapter in the report	Matters according to NaDiVeG	GRI aspect
Sustainability of the business model	Sustainability as success factor for a competitive company	Regional products	Environmental matters, social matters	GRI 201
Regionality	Volksbanks as local provider of financial services, contributing to the regional creation of value	Regional products	Environmental matters, social matters	No GRI standard available
Ethics & compliance	Ensuring compliance with all legal requirements in all spheres	Code of Conduct/ compliance	Anti-corruption and bribery	GRI 205, GRI 206, GRI 419
Data security	Ensuring the protection of personal data	Approach to data security	Social matters	GRI 418
Customer service and customer relationship	Clear expression of customer orientation in the sense of customer satisfaction and recommendation of professionally competent consultancy services	Complaints management	Employee and social matters	GRI 417
Resources/energy	Contribution to climate and environmental protection by steadily increasing energy efficiency and reducing the consumption of energy, heat and electricity	Resources	Environmental matters	GRI 302, GRI 305
Training, education and internal communication	Central importance of ongoing training and professional development, as well as active open communication	Employees, employee representatives	Employee matters	GRI 404
Human rights	Respect for human rights and no tolerance of human rights violations	Code of Conduct/ compliance	Respect for human rights	GRI 412
Quality	High-quality services through excellent quality of processes, products and consultancy services	Risk management, complaints management, employees	Employee and social matters	No GRI standard available
Regional products	Financing of investments, ensuring payment transactions, and need-based investments for private households, and small and medium-sized enterprises	Regional products, subsidized financing transactions	Environmental matters, social matters	No GRI standard available
Subsidized financing transactions	Commitment to company subsidies, builder-owner models, and housing financing	Subsidized financing transactions	Social matters	No GRI standard available
Sustainable products & services	Meeting diverse customer needs through regional products, subsidized financing transactions and innovative services such as digital banking and accounting solutions	Regional products, subsidized financing transactions	Environmental matters, social matters	No GRI standard available
Digitalisation/innovation	Response to changed customer behaviour through digital products and services and exchanging ideas with fintechs, startups and other Corporates	Digitalisation/innovation	Social matters	No GRI standard available

### 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 10 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 with the "Signatory" status. The present 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. The political sphere, civil society and the economy are all meant to co-operate to implement the SDGs, and accordingly they are of relevance to VOLKSBANK WIEN AG as well.

Starting in 2018, therefore, specific SDGs were allocated to the material sustainability topics of VOLKSBANK WIEN AG. The SDGs most relevant to VOLKSBANK WIEN AG are:



# Sustainability management

Description of the SDGs relevant to VOLKSBANK WIEN AG:



## **Good health and well-being**

*Promoting a healthy life for all people of all ages and their well-being.*

VOLKSBANK WIEN AG 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. Gratuitous health checks by the company physician, vaccinations, the Volksbank-Aktiv courses, and sports groups are only some of the preventive measures to promote employees' health that are being offered. A company psychologist as well as the "Keep Balance" coaching programme in co-operation with Hilfswerk Österreich provide support in questions regarding stress and burn-out prevention.



## **Quality education**

*To guarantee inclusive quality education, equal for all, and enhance options of lifelong learning for all.*

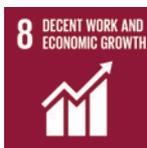
At Volksbank Akademie, with the training formats offered by that institution, such as courses and professional training events, that constitute an essential part of HR development, VOLKSBANK WIEN AG demonstrates its commitment to quality education. Programmes to promote female high potentials, as well as mentoring contribute to inclusive, equal education for all. On the topic of Diversity, workshops were organised for all executives ("Diversity as an Asset – Working Together – Respecting Each Other").



## **Gender equality**

*To achieve gender equality and empower all women and girls for self-determination.*

The promotion of female high potentials comprises talks delivered by experts, a talent course programme, and the so-called WoMentoring programme, where all division managers and managing board members are available to act as mentors. Options regarding more flexible working hours, improved compatibility of family and career, as well as paternal leave of one month following the birth of a child ("Papa-Monat"), which is getting increasingly popular, all contribute to achieving that goal. Moreover, in the works council, the position of women's affairs officer was established on a permanent basis.



## **Decent work and economic growth**

*To promote stable, sustainable economic growth with a broad impact, efficient full employment and decent work for all.*

As a bank for small and medium-sized enterprises with knowledge about the customers in the region, VOLKSBANK WIEN AG offers quick, need-based loans, thus contributing to local, sustainable economic growth. The employer branding initiative continues to position

VOLKSBANK WIEN AG as an attractive, strong and authentic employer brand. Almost 100 % unlimited employment contracts, flexible organisation of the workplace, and constructive communication with the works council are only some of the pillars of promoting favourable working conditions.



### **Industry, innovation and infrastructure**

*To build up a resilient infrastructure, encourage sustainable industrialisation with a broad impact, and to support innovations.*

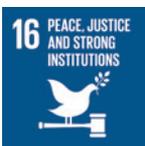
The preparation of a digital agenda operating as signpost for further developments of digital products and services consolidates the company's positioning as fast follower – also involving fintechs and start-ups in innovative developments. A clear trend towards involving customers in organising customer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



### **Sustainable cities and communities**

*To organise cities and communities with a view to inclusion, safety, resilience and sustainability.*

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 subsidized housing financing, a great amount of regional planning and socio-political steering potentials can be realised. For over 150 years, the Volksbanks have been local providers of financial services in their regions, making an essential contribution to value creation and prosperity.



### **Peace, justice and strong institutions**

*To promote peaceful and inclusive societies for sustainable development, to provide all people with access to justice, and to develop strong, accountable and inclusive institutions at all levels.*

Compliance and transparency are two fundamental values of VOLKSBANK WIEN AG. The Code of Conduct available on the website summarizes the most important compliance topics. Apart from the definition of undesirable branches of industry and areas of business, they also include topics such as the prevention of money laundering and the fight against terrorism, confidentiality, data protection and data security, fiscal honesty, lobbying, etc. VOLKSBANK WIEN AG also commits to transparency with respect to its corporate activities in its regularly published reports.

# Sustainability management

## Stakeholder information

Within the scope of the materiality analysis and stakeholder survey, the following stakeholder groups were classified as relevant to VOLKSBANK WIEN AG: retail and corporate customers, employees and works council, shareholders, product partners, the political sphere, the Austrian Federation of Co-operatives, and housing co-operatives.

## Public relations

In order to inform the stakeholders of VOLKSBANK WIEN AG about new developments within the bank, VOLKSBANK WIEN AG performs regular PR work in the form of interviews with the Chairman of the Managing Board or press officer, press conferences, advertorials or press releases.

## “Newsroom”

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

A dedicated “Newsroom” has been set up for journalists and all other interested stakeholders, 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](http://www.volksbankwien.at/presse)

## Customer magazine

For 14 years already, VOLKSBANK WIEN AG has been regularly publishing its customer magazine, reporting on interesting topics relating to the bank. The aim is to provide stakeholders with information about VOLKSBANK WIEN AG.

## Dialogue with shareholders

Already in 2017, VOLKSBANK WIEN AG approached the executive officers of the managing co-operatives with a new initiative. Within the scope of the shareholder dialogue, the Managing Board of the bank provides information about goals, strategies and planned measures. But also ideas and suggestions from the shareholders’ representatives are welcome. The shareholder dialogue took place three times in 2019.

## Investor relations

VOLKSBANK WIEN AG has set up a web page for investors of VOLKSBANK WIEN AG, where a great variety of other information is available, apart from all information subject to disclosure requirements: presentations for investors, rating information, financial calendar, prospectuses etc.

[www.volksbankwien.at/investoren](http://www.volksbankwien.at/investoren)

*Self-initiative, self-reliance  
and team spirit are prominent  
features of our sustainable style  
of working.*

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**19**

**EMPLOYEES ARE ACTIVE  
IN THE SUSTAINABILITY TEAM  
OF VOLKSBANK WIEN AG.**



# The sustainability team

## CEO

Chairman of the Managing Board Gerald Fleischmann



## Sustainability Project Management

Communication  
Monika Bäumel



## Corporate Values

Compliance  
Karl Angermann

Communication  
Wolfgang Layr

Data Security  
Thomas Danninger

Complaints Management  
Martin Dworschak

## Products

TeamBank  
Tanja Weisz

Union Investment  
Nicole Adrian

ERGO Versicherung AG  
Ernst Pomper

Sales Management  
Heribert Schacherl

Subsidized Financing  
Martin Rosar

Corporate Financing  
Robert Walenta

Retail Branches  
Bernhard Bregesbauer

## Digitalisation / Innovation

Digitalisation  
Bettina Fattinger

## Resources

VB Infrastruktur und Immobilien GmbH  
Michael Hirschler

## Employees

HR Management  
Alexander Riess

Employee Representation  
Manfred Worschischeck

Volksbank Akademie  
Barbara Czak-Pobeheim

## Sponsorships

Marketing  
Barbara Bleier-Serentschy



# Corporate values

## CODE OF CONDUCT/COMPLIANCE



**In 2019, the Code of Conduct established at VOLKSBANK WIEN AG was the object of e-learning training events throughout the bank.**

The Code of Conduct is a compact presentation of the core values of VOLKSBANK WIEN AG, summarizing the key Compliance topics. The Code of Conduct is publicly available on the Internet pages of VOLKSBANK WIEN AG ([www.volksbankwien.at/hausbank/das-unternehmen/code-of-conduct](http://www.volksbankwien.at/hausbank/das-unternehmen/code-of-conduct)). Internally, it is contained in the introduction to the Compliance Manual and accordingly is part of the written rules of the bank, which guarantees regular reviews and updates by the Compliance function. All modifications of the Code of Conduct are also submitted to the Supervisory Board.

Since October 2019, all new employees joining the bank are instructed about the Code of Conduct in the course of an introduction event. Moreover, employees receive training in relation to the Code of Conduct by way of e-learning modules. Overall, e-learning sessions regarding the Code of Conduct amounted to more than 2,500 hours. The Code of Conduct e-learning sessions also include training with respect to human rights. The percentage of employees who have completed training on the company's human rights policy was 89.9 %.

### Trust

By recognising our professional responsibility to the greatest possible extent, we create the trust that we need from our customers and shareholders.

### Integrity

Employees will always behave with integrity both within and outside VOLKSBANK WIEN AG. VOLKSBANK WIEN AG explicitly respects human rights and is opposed to child labour.

### Respect

VOLKSBANK WIEN AG encourages mutual respect and expects the same from its customers, business partners and competitors. It disapproves of all forms of discrimination – appreciating the dignity of all men and women, their rights and their privacy.

### Confidentiality

VOLKSBANK WIEN AG takes all precautions for information to be handled restrictively and for secret data to be kept secret appropriately. Additionally, the provisions of banking secrecy and of the Data Protection Act apply.

### Undesirable branches of industry and business areas

In its Code of Conduct, VOLKSBANK WIEN AG has also defined branches of industry and business segments where it does not want to have any business relationships as a matter of principle, or where a specific approval procedure involving the Compliance function must be observed. The approval procedure is meant to verify, in particular, whether the business partner respects human rights, is involved in traffic in arms to countries with political unrest, or its business activities are directly associated with animal testing.

In this way, reputational risks due to financing transactions or investments that may be subject to criticism can be avoided. In the past, the entire customer base was reviewed with respect to connections with undesirable branches of industry and business segments; ever since, the exceptional approvals granted are checked annually. This minimises the risk of negative effects on human rights and the environment, as well as any associated reputational risk for the bank.

### **Whistle-blowing**

Regardless of statutory requirements, it is part of standard practice nowadays that prudent businesses offer their employees a procedure for them to report certain grievances existing within the bank. The preventive character of such procedures is of primary importance. VOLKSBANK WIEN AG has decided to use the Business Keeper Monitoring System (BKMS®), a sophisticated web application that all employees can access at any time to report any cases of

- violation against regulatory provisions
- fraud
- corruption
- theft
- breach of trust /fraudulent conversion/embezzlement

with full anonymity. The system is certified, it offers a high degree of anonymity within a protected engineering environment, while nevertheless allowing for communication between the bank and the whistle-blower, if the latter wants this. The Managing Board has committed itself to the fundamental protection of the whistle-blower and the persons mentioned in the hint.

Information on the BKMS® and about the login details are accessible on the Intranet page of the Compliance function. Additionally, at the end of each classroom training held by the Compliance function, the BKMS® will be pointed out to the training participants, indicating the login details. The hints given in the BKMS® are downloaded by Compliance and treated as confidential to the extent appropriate. Hints will be dealt with in accordance with a process notified to all employees. The aim for 2020 is to maintain the participation rate in training events at a minimum of 90 %.

### **Preventing corruption**

The fight against corrupt acts is of great importance within VOLKSBANK WIEN AG. In order to avoid the risk of criminal offences, on the one hand, and the reputational risk due to cases of corruption, on the other hand, when it comes to (accepting and offering) benefits, employees have been acting in line with a "traffic light system" for years, which indicates reasonable limit amounts. However, the fundamental principle here is that everything is forbidden, unless it is allowed explicitly; in case of doubt, therefore, the prohibition applies. This attitude provides employees with security when dealing with individual situations. The rules apply to the Managing Board in equal measure. The Supervisory Board is subject to a separate rule regarding conflicts of interest.

In the Compliance function, all enquiries and reports are processed centrally in order to guarantee a standardised view of individual cases. In 2019, 187 reports were made to Compliance. Hence, the volume of reports has increased by some 12% against the previous year. At least once a year, the Compliance function will carry out a review based on accounting documents and the relevant expense accounts as to whether the instances reported to Compliance are complete or if officials were granted any inadmissible benefits. No cases of corruption were found in the 2019 financial year.

Within the scope of each classroom training held by the Compliance function regarding capital market compliance, the rules for accepting and granting any benefits are pointed out to the participants; in the 2019 financial year, 679 employees were required to participate. The classroom training was completed by 669 employees (participation rate 98.5 %).

# Corporate values

## CODE OF CONDUCT/COMPLIANCE

Additionally, the Compliance Manual contains comprehensive rules for conflicts of interest and for dealing with sponsorships and donations.

Violations	Unit	2019 Separate	2019 Group	2018 Separate	2018 Group	2017 Separate	2017 Group
Confirmed cases of corruption*	Number	0	0	0	0	0	0
Total financial penalties of all kinds	Euro	0	0	0	0	0	0
Violations against product information and advertising standards	Number	0	0	0	0	0	0
Financial penalties following violations against product information and advertising standards	Euro	0	0	0	0	0	0

In 2019, there were no financial penalties that might trigger any reputational risk. Moreover, no violations against product information and advertising standards occurred.

In 2020, the aim of the measures taken to avoid corruption and bribery, such as intensive monitoring of the benefits and invitations granted, is for no violations to be committed at VOLKSBANK WIEN AG also in future.

### Lobbying

VOLKSBANK WIEN AG 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 VOLKSBANK WIEN AG for anti-competitive behaviour, cartel arrangements or monopolistic practices.

### Sponsorships

VOLKSBANK WIEN AG considers the support of cultural, social, charitable or sports events and/or organisations through sponsorships as a valuable contribution to society and community life in Austria. The values represented by the events, groups or organisations that we sponsor must not conflict with the values upheld by VOLKSBANK WIEN AG. Without a culture of sponsorship, any business strategy would be affected by reputational risk that might negatively impact on the company.

### Environment and safety

A responsible attitude towards nature and the environment are an integral part of the self-image of VOLKSBANK WIEN AG. VOLKSBANK WIEN AG strives to ensure a safe and healthy working environment for its employees. More detailed information about this is contained in the chapters Resources and Social matters.

### Information, communication and public relations

Through its reporting, VOLKSBANK WIEN AG provides for transparency vis-à-vis the market and the stakeholders, ensuring compliance with the Data Protection Act and other pertinent statutory provisions.

VOLKSBANK WIEN AG sets great store by the accuracy and completeness of the information prepared and documented by it. All matters that VOLKSBANK WIEN AG gets to know about within the scope of its activity will be treated as confidential in accordance with statutory requirements.

#### **Awareness building**

Apart from established topics such as AML or capital market compliance, other compliance topics have increasingly emerged in Austria over the past years, for instance the systematic fight against business crime and other criminal acts that require the proper implementation of awareness building within the population and hence also among the employees.

The Compliance function has set itself the goal of creating that kind of awareness through training events on the one hand and by consistently incorporating the same in the written rules of the bank on the other hand, and of supporting it through a targeted control environment.

#### **Data protection**

In 2019, no justified complaints were raised by external parties or regulatory authorities in relation to the protection of customer data. VOLKSBANK WIEN AG received 42 data protection-related inquiries in 2019. All inquiries were processed by the data protection team in a timely manner. Inquiries break down as follows:

- 24 requests for access under Art 15 GDPR
- 8 requests for erasure under Art 17 GDPR
- 3 objections under Art 21 GDPR
- 6 reports to the Austrian Data Protection Agency regarding data protection violations under Art 33 GDPR
- one customer complaint with the Austrian Data Protection Agency

In 2019 for the first time, six data protection violations were reported to the Austrian Data Protection Agency. All proceedings were closed. None of the data protection violations were associated with any danger to the rights and freedoms of the data subjects.

One customer complaint to the Austrian Data Protection Agency has not yet been completed by the authority, which is not mentioned here, however, as VOLKSBANK WIEN AG does not recognise the content of the complaint to be justified. No proceedings were initiated by the Austrian Data Protection Agency vis-à-vis VOLKSBANK WIEN AG. During the period under review, no data leaks, theft or loss of customer data were found by the IT Security function.

# Corporate values

## MANAGEMENT OF COMPLAINTS

### Complaint management

At VOLKSBANK WIEN AG the complaint management process is set down in the Compliance Manual. Each complaint and all pertinent activities are documented using a software application, and observance of the deadlines is checked by a central unit within Compliance.

VOLKSBANK WIEN AG uses its best endeavours to provide its services in such a way that there should not be any reason for complaint. Nevertheless, the company is aware that

- even with optimally trained employees, who have received appropriate instructions, human error can never be totally excluded;
- although the technology required to provide the services is regularly tested and adjusted to the latest requirements, it can never be perfect and flawless, and
- regardless of the bank's permanent endeavours to improve and optimise the organisation of our bank, it may occasionally show some weaknesses.

Additionally, VOLKSBANK WIEN AG continuously evaluates the complaint management system that was set up a long time ago, for customers and other parties to be able at any time to quickly notify the bank of any shortcomings, and for the bank to get a chance to promptly remedy the same.

The measures of VOLKSBANK WIEN AG to ensure professional complaint management comprise:

- Each account manager must complete the e-learning seminar on complaint management and will receive regular training (at least every 2 years or in case of innovations) on complaint management.
- a separate complaint management policy for all employees
- a complaint management system for the collection and documentation of complaints
- a predefined escalation process with pre-set throughput times for the processing of complaints. Should any deadlines be exceeded, the next escalation level will be informed, up to the Managing Board.

VOLKSBANK WIEN AG is consistently striving to maintain and improve the quality of its services in this sphere as well. Hence, complaint management has been integral to quality assurance for many years, providing an opportunity to improve workflows, to learn from mistakes and to avoid repeating them.

At VOLKSBANK WIEN AG 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 most quickly and efficiently. If no solution is found on that level, or if the customer does not consider it constructive, it is also possible to get in touch with the ombudsperson's office, [ombudsstelle@volksbankwien.at](mailto:ombudsstelle@volksbankwien.at), of VOLKSBANK WIEN AG.

Professionally organised complaint management minimises the risk of negative effects on customer relationships and the reputational risk of the bank.

### Data security

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. Therefore, the topic of data security is regularly reported on and dealt with in Management Board meetings.

Aiming for a consistently standardised level of security is of utmost importance to VOLKSBANK WIEN AG. Relying on its security policy that corresponds to present-day threats, VOLKSBANK WIEN AG is fit for the future.

VOLKSBANK WIEN AG considers the following to be key aspects of data security and the fight against cyber-crime:

- a secure IT landscape
- comprehensive training of employees, and
- stringent contracts with business partners

### IT security

The governance of IT security is determined centrally by VOLKSBANK WIEN AG together with the other Volksbanks of the Association.

Binding requirements applicable to all employees of VOLKSBANK WIEN AG are described in policies the observance of which is regularly checked on 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 weaknesses 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.

# Corporate values

## DATA SECURITY MANAGEMENT



### Training of employees

Another important aspect is awareness raising among employees and customers of VOLKSBANK WIEN AG 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 of VOLKSBANK WIEN AG every year. All employees are aware of the confidentiality of customer data and have signed a non-disclosure agreement.

Training events on data protection/information security	Unit	2019 Separate	2019 Group	2018 Separate	2018 Group	2017 Separate	2017 Group
Employees who received information security or data protection training	%	92	91	96	94	94	92

These training measures lead to increased IT security skills among employees of VOLKSBANK WIEN AG, 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 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. Business partners and also employees of VOLKSBANK WIEN AG who need to inspect or have access to sensitive company data must submit to appropriate confidentiality obligations in other spheres as well.

Outsourcing agreements are reviewed, regularly monitored, controlled and checked annually in terms of their compliance with the law, in order to reduce the risk of non-performance, the bank's reputational risk, and to protect the personal rights of customers and employees.



*We are the trustworthy  
financial partner within the region.*

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**12.7\***

**BILLION EUROS  
ARE REPORTED  
BY VOLKSBANK WIEN AG AS TOTAL ASSETS.**



# Economy

## REGIONAL PRODUCTS



For over 150 years, the Volksbanks have been the local providers of financial services in the 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). VOLKSBANK WIEN AG has held on to this main focus until today, accommodating its traditional values of freedom, responsibility and self-reliance in its retail and SME business as well.

VOLKSBANK WIEN AG is making an essential contribution to creating value and prosperity in its regions, by fulfilling the following core functions for private households as well as small and medium-sized business enterprises in a very special way: Financing investments, ensuring payment transactions, and facilitating needs-based financial investments that offer a risk/return profile appropriate to the respective goal.

The following table shows a breakdown of the directly produced and distributed economic value of VOLKSBANK WIEN AG:

Directly produced and distributed economic value	Unit	2019 Separate*	2019 Group**	2018 Separate*	2018 Group**
<b>Directly produced economic value</b>	Euro thousand	<b>260,009</b>	<b>271,038</b>	268,496	279,706
Net interest income	Euro thousand	96,484	120,005	108,875	124,728
Net fee and commission income	Euro thousand	55,973	55,793	62,698	53,822
Result from financial transactions	Euro thousand	1,419	-	1,612	-
Net trading income	Euro thousand	-	-2,287	-	990
Other operating result	Euro thousand	106,133	97,527	95,311	100,166
<b>Distributed economic value</b>	Euro thousand	<b>-208,124</b>	<b>-209,066</b>	-230,794	-220,420
Operating expenses - administrative expenses	Euro thousand	-104,105	-86,037	-115,686	-99,759
Wages and salaries	Euro thousand	-77,351	-87,703	-79,016	-86,211
Payments to investors (dividends)	Euro thousand	0	0	-8,310	-8,310
Public sector	Euro thousand	-26,669	-35,327	-27,782	-26,140
Income taxes	Euro thousand	-4,799	-10,751	-5,236	-1,468
Bank levy	Euro thousand	-1,743	-1,743	-1,860	-1,860
Statutory social expenditure	Euro thousand	-20,127	-22,833	-20,686	-22,813
<b>Retained economic value</b>	Euro thousand	<b>51,885</b>	<b>61,972</b>	37,702	59,286

The products and services offered by VOLKSBANK WIEN AG are strictly based on the customers' needs. The individual person is at the centre of our endeavours. Another clear sign of customer orientation is the fact that customer satisfaction and the recommendation rate of Volksbank customers are important parameters of corporate success.

The (retail) branches of VOLKSBANK WIEN AG are directly visible sales and consultancy units for customers to actually experience the bank's service themselves, where customers can be provided with comprehensive bundles of know-how. Among others, this concerns personal pension schemes, the realisation of dream houses, or assistance with business issues. The consultancy services, the relationship between customers and their account managers is based on trust and professional competence.

### - Private Customers

VOLKSBANK WIEN AG is a competent investment, pension and housing bank for private customers. In the service business, the bank relies on strong co-operation 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. Hence, the need for housing loans remains high. 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, VOLKSBANK WIEN AG is working with the lifeblood of the economy in their 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, VOLKSBANK WIEN AG 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 of VOLKSBANK WIEN AG dispose of in-depth knowledge of regional customers and of prevailing local conditions, processing investment and capital loans swiftly in line with customers' needs.

– **Volksbank Entrepreneurs' Billion**

By means of the Entrepreneurs' Billion, Volksbank provides financing assistance to businesses. In 2019, the financing volume of more than one billion euros within the scope of the "Unternehmer-Milliarde" campaign was divided among 3,947 loans throughout Austria, 564 of which with VOLKSBANK WIEN AG. Already in previous years, the billion was exceeded, with the number of individual loans increasing since 2017, when the Entrepreneurs' Billion was launched for the first time.

It is precisely smaller companies that may profit from an upward economic trend. To do so, they need a financial partner who is on their side and knows their needs and concerns, providing advice at eye level. VOLKSBANK WIEN AG assumes just that function for an increasing number of domestic entrepreneurs in all sectors.

– **Volksbank Unternehmer-Studie**

For the second time in 2019, the "Volksbank Unternehmer-Studie" or survey of entrepreneurs illuminated the personal environment of self-employed persons in Austria. Together with the Austrian Gallup Institute, 1,000 self-employed persons throughout Austria were again interviewed for this statistically representative survey. The current edition focuses on female entrepreneurs. The survey of entrepreneurs aims to find out about the challenges faced by entrepreneurs, what motivates and inspires them. Volksbank considers it important to be close to the customer. [www.volksbank.at/unternehmerstudie](http://www.volksbank.at/unternehmerstudie)

### BEST PRACTICE

#### [Hairdresser's wagon in the municipality of Waldegg](#)

Sandra Weghofer runs the first self-sustaining house trailer converted into a hairdresser's shop by WW Wohnwagon GmbH. During the manufacture of the hairdresser's wagon, systematic sustainability was the point of reference right from the start: wood, sheep's wool, clay plaster, a pellet furnace and photovoltaic system for energy savings. Future plans include water treatment using UV filters and plants. A great amount of time was invested in the development and construction of the hairdresser's wagon. The "hairdressing dream on wheels" was realised with the support of the VOLKSBANK WIEN AG retail branch in Pernitz and the bank's own subsidy experts; now, it can be visited at its location in Waldegg. Obviously, organic products and colours that are kind to the skin are used in the hairdresser's wagon for the major part. The majority of the products is manufactured sustainably, for instance plant-based bottles and ingredients (coffee), some of them containing seeds. Accordingly, the empty bottle can be planted in the soil with a clear conscience; another piece of nature will grow from it (for instance an acacia tree).

#### ["Sustainable events" at the Volksbank retail branch in Baden](#)

In May 2019, on the occasion of the "Day of the Sun", the Volksbank retail branch in Baden, together with the municipality of Baden, invited entrepreneurs for a breakfast in the sun and a matutinal information event on the topic of photovoltaics. The main purpose was to provide an occasion for participating company owners and managing directors to get to know each other, and to present sustainable business ideas. For instance, five years ago, the "Dachgold/TausendundeinDach" (Gold on the Roof/Thousand and One Roofs) initiative set itself the goal of furnishing 1,000 roofs with photovoltaic systems. In the meantime, almost 600 projects have been implemented, so that the initial target of 1,000 would appear realistic. The representatives of the municipal administration presented specific subsidy settings and projects already implemented. The Lower Austrian Economic Chamber was also represented and talked about its own services in the sphere of environmental subsidies, business premises permits, energy efficiency, process improvements and consultancy support in relation to managerial topics. The bank presented the pros and cons of alternative financing options for photovoltaic systems, and the possibility of subsidy checks by the specialists of VOLKSBANK WIEN AG.

Under the motto "each fly is valuable – a case for insect-friendly roofs", a discussion was held about the value of insects and the importance of roof greening in urban settings in the conference room provided by Volksbank in Baden in November 2019. Interested participants from the region followed the invitation by the local health store and the energy office of the city.

#### – Subsidies

VOLKSBANK WIEN AG 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.

Subsidies and financing solutions for companies and private individuals contribute to the supported projects paying off, and hence also generating a sustainable benefit for people and the environment. In joint projects, VOLKSBANK WIEN AG wants to intensify sustainability in the core segment of small and medium-sized enterprises and to increase environmental investments.

Apart from personal advice on the spot at the Volksbank branch or directly at the customer's office, the subsidy-related services of VOLKSBANK WIEN AG and of the Association of Volksbanks comprise an online subsidy check providing an initial analysis of subsidy options available to customers, an online database with all information around the topic of subsidies, a newsletter on changes in the field of subsidies, as well as subsidy management from filing the application through to settlement.

#### – Municipalities

Local authorities within the catchment area are equally important as regional points of contact and business partners. Municipalities with all their downstream institutions and facilities constitute a group of target customers. Our activities in this field are also meant to emphasise our regional and local focus.

In the sphere of services for local authorities, VOLKSBANK WIEN AG offers swift, straightforward processing and flexible contract design, thus supporting municipalities and their enterprises in realising sustainable long-term projects for the benefit of the general public.

## BEST PRACTICE

### Market town of Bad Pirawarth

In the market town of Bad Pirawarth, the kindergarten operated by the Land of Lower Austria was stretched to its spatial limits. The solution was an annex that was made possible by a 100 % subsidy within the scope of the Austrian programme for the development of rural areas ("Programm für die Entwicklung des Ländlichen Raumes") of the Lower Austrian provincial government. VOLKSBANK WIEN AG is extremely pleased that it was able to support the project by prefinancing the subsidized funds, hence becoming part of this sustainable project. Now, the extended kindergarten has room for a fourth nursery class, and offers two group rooms for working with toddlers. The use of the assembly hall by various local associations outside opening hours will be possible in future, just as the supervision of the toddlers (under the age of 2.5 years) of the employees of the Pirawarth hospital. The opening of the day-care facility is planned for the autumn of 2020.

#### – Other brands of VOLKSBANK WIEN AG

Apart from the "Volksbank" brand, SPARDA-BANK, Gärtnerbank and LiveBANK 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. Subsequently, no further details will be provided on these brands.

### The SPARDA-BANK brand

SPARDA-BANK is a brand of VOLKSBANK WIEN AG for private customers throughout Austria. The clear focus is on servicing employees and retirees, as well as young persons, pupils, apprentices and students. SPARDA-BANK was founded as a co-operative society by railway workers for railway workers almost 80 years ago and is the only bank in Austria that concentrates on employees exclusively. For many years, there has been close co-operation with the transport and service workers union, vda. Having been a member of the Association of Volksbanks for many years, SPARDA-BANK was merged with VOLKSBANK WIEN AG in mid-2017 and, as an independent brand, has been part of the Austrian bank ever since.

### The Gärtnerbank brand

As a co-operative bank according to Schulze-Delitzsch, Gärtnerbank was founded as a special-purpose institution of Wiener Gartenbau (horticultural association of Vienna) by gardeners for gardeners in 1920 and dedicated itself to servicing the Wiener Gartenbau association. Ever since the merger of Gärtnerbank with VOLKSBANK WIEN AG in 2014, the work with the target groups of horticultural farms, market gardens, gardening centres and cemetery gardeners has been continued. Additionally, services and support are provided to all professional institutions, such as the chambers of agriculture of Vienna and Lower Austria, the federal association of commercial gardeners of Austria, Österreichische Blumenwerbung, the regional gardening associations, Wiener Bauernbund (Vienna farmers association), Junggärtnervereinigung (association of young horticulturists), as well as the various groups in Vienna's municipal districts. The focus is on financing: annual advance financing of seasonal cultivation costs, e.g. seedlings, energy and wages, on the one hand, and the financing of investments of all kinds, on the other hand. Owing to the close co-operation with the Vienna and Lower Austrian chambers of agriculture and the Federal Ministry of Sustainability and Tourism, Gärtnerbank has evolved into an expert for agricultural investment loans (AIK, Agrar-Investitions-Kredite).

### The LiveBANK brand

LiveBANK is a brand and a distribution channel of VOLKSBANK WIEN AG for the purpose of online distribution of straightforward banking products throughout Austria. The target group is online-oriented Austrians over the age of 18 who want to conclude their savings and/or instalment credit transactions online with an Austrian bank (deposit guarantee scheme). The focus here is mainly on urban areas. LiveBANK does not have any retail branches. All transactions are carried out online. The entire communication and interaction with the customer takes place electronically or within the scope of remote sales.

### Customer-oriented financial service provider in the region

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

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.

Business orientation is towards loans, deposits and payment transactions, other products or services are purchased from external providers. Consumer credits are offered in the form of the TeamBank credit, Union Investment is the partner of VOLKSBANK WIEN AG in fund business. More detailed information about this is contained in the chapter Product partners.

This business model minimises the risk of negative effects on human rights and the environment, as well as any associated reputational risk for the bank.

The following table shows the regional roots of VOLKSBANK WIEN AG. In general, lending business showed a slight increase in the reporting year; the share of regional financing transactions in all financing provided by VOLKSBANK WIEN AG has been constant at 98 % for years. As in the past few reporting years, the share of financing transactions in foreign countries (2 %) is way below the target from the risk strategy. These figures are perfectly in line with the motto "from the region to 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.

#### Regional investment and share of foreign financing transactions\*

Euro thousand	2019 Regional	2019 Foreign	2019 Total	2019 Share Regional	2019 Share Foreign
<b>Financing transactions of all customers</b>	<b>5,391,797</b>	<b>135,158</b>	<b>5,526,955</b>	<b>98 %</b>	<b>2 %</b>
of which Private Customers	2,385,601	29,829	2,415,430	99 %	
of which SMEs	2,484,517	29,116	2,513,633	99 %	
of which Corporate Customers	220,784	42,181	262,965	84 %	
of which others	300,896	34,032	334,928	90 %	
<b>Savings deposits and other deposits</b>			<b>6,438,600</b>		
Share of regional financing transactions in savings deposits and other deposits			84 %		

Euro thousand	2018 Regional	2018 Foreign	2018 Total	2018 Share Regional	2018 Share Foreign
<b>Financing transactions of all customers</b>	<b>5,275,352</b>	<b>140,806</b>	<b>5,416,158</b>	<b>97 %</b>	<b>3 %</b>
of which Private Customers	2,270,553	30,409	2,300,962	99 %	
of which SMEs	2,544,200	31,782	2,575,983	99 %	
of which Corporate Customers	218,209	38,243	256,452	85 %	
of which others	242,390	40,372	282,762	86 %	
<b>Savings deposits and other deposits</b>			<b>6,344,232</b>		
Share of regional financing transactions in savings deposits and other deposits			83 %		

Euro thousand	2017 Regional	2017 Foreign	2017 Total	2017 Share Regional	2017 Share Foreign
<b>Financing transactions of all customers</b>	<b>4,691,329</b>	<b>118,996</b>	<b>4,810,325</b>	<b>98 %</b>	<b>2 %</b>
of which Private Customers	1,899,007	27,122	1,926,128	99 %	
of which SMEs	2,443,484	34,941	2,478,425	99 %	
of which Corporate Customers	144,457	20,213	164,670	88 %	
of which others	204,382	36,719	241,102	85 %	
<b>Savings deposits and other deposits</b>			<b>5,791,374</b>		
Share of regional financing transactions in savings deposits and other deposits			81 %		

\*Due to the merger with the SPARDA brand, which operates throughout Austria, in mid-2017, the catchment area of VOLKSBANK WIEN AG was expanded to all of Austria in 2018. The entire volume of domestic financing for customers was defined as Regional. To ensure comparability, the 2017 figures were appropriately adjusted as well.

### Customer satisfaction and recommendation survey

In line with the special importance of the customer relationship, surveys of customer satisfaction and the rate of recommendation constitute important parameters of the business success of VOLKSBANK WIEN AG. This is why customer satisfaction in retail and corporate banking is assessed at regular intervals, with measures being derived for further improvement of customer service.



### FMVÖ-Recommender

The Finanz-Marketing Verband Österreich (Austrian financial marketing association) has been acting as a knowledge and information platform for persons in charge of marketing, communication and sales within the banking and insurance sector in Austria since 1990. Each year, the “FMVÖ-Recommender Award” serves to determine the satisfaction of customers of Austrian banks, insurance companies and building societies. For the 13th time already, the banks and insurance companies with the highest rate of recommenders among its customers were distinguished on the occasion of the FMVÖ-Recommender gala dinner 2019. In the “Regional Banks” category, VOLKSBANK WIEN AG was awarded the FMVÖ-Recommender quality label 2019 for “Very high customer orientation”.



### TÜV AUSTRIA

For the ninth time already, TÜV AUSTRIA awarded a distinction to “der faire Credit” for the quality of service and consultancy. The independent auditors confirmed a high degree of customer friendliness as well as an unbiased, transparent credit decision. As in previous years, the main focus was on the consultancy process, the qualification of employees, and customer satisfaction. Moreover, the friendliness, comprehensibility and transparency aspects within customer service were examined. This year, the auditors focused on optimising the financial reserve and on the extent to which bank employees have mentioned the advantages in person-to-person consultations.

### VOLKSBANK WIEN AG certified as “Leitbetrieb” (model business)



Within the scope of the entrepreneurs' dialogue of VOLKSBANK WIEN AG on 21 May 2019 at Kursalon Wien, Monica Rintersbacher, Managing Director of Leitbetriebe Austria, handed over the “Leitbetrieb Austria” certificate to Chairman of the Managing Board Gerald Fleischmann, in the presence of numerous corporate customers. After a comprehensive screening process, those companies are distinguished as “Leitbetriebe”, or model businesses, that are sustainably successful, drive innovation and commit to their social responsibility.

Volksbank puts a special focus on strengthening entrepreneurial initiatives in Austria. By way of the annual Entrepreneurs' Billion, VOLKSBANK WIEN AG contributes to maintaining the competitiveness of Austria as a place for business.

**Assuming and professionally managing the risks associated with the business activities is a core function of every bank. Detailed information on risk management is available in the Annual Report of VOLKSBANK WIEN AG. The following is an extract.**

In its capacity as central organisation (CO) of the association of credit institutions under section 30a Austrian Banking Act, consisting of VOLKSBANK WIEN AG and the affiliated banks of the Volksbank-Sector, VOLKSBANK WIEN AG performs this central task for the Association of Volksbanks, so that the latter has in place administrative, accounting and control mechanisms for the capture, assessment, management and monitoring of the risks arising from banking transactions and banking operations as well as of the remuneration strategy and practices (section 39 (2) Austrian Banking Act). The implementation of control within the Association of Volksbanks is effected through General, and, if necessary, Individual Instructions and corresponding working instructions in the affiliated banks.

The following risks are classified as material within the Association of Volksbanks in the course of the self assessment process:

- Credit risks
- Market risks
- Liquidity risks
- Operational risks
- Other risks (e.g. strategic risk, reputational risk, equity risk, as well as earnings risk)

### **Risk policy principles**

The risk policy principles of VOLKSBANK WIEN AG comprise the standards for the management of risks that are applicable within the Association of Volksbanks and are defined by the Managing Board together with the risk appetite. A common set of rules and understanding of risk management is the basis for developing risk awareness and a risk culture within the company. The Association of Volksbanks carries out its activities subject to the principle that risks will only be accepted to the extent it is required to achieve strategic goals. Applying the risk management principles, the associated risks are comprehensively managed by creating an appropriate organisational structure and corresponding business processes.

### **Organisation of risk management**

VOLKSBANK WIEN AG has taken all required organisational measures to meet the requirements of a modern risk management. There is a clear separation between front and back office. A central, independent risk control function has been established. At Managing Board level, the Chief Risk Officer (CRO) is the head of Risk Control. Within the Managing Board responsibilities of the CRO, there is a separation between risk control and operational credit risk management. Risk assessment, risk measurement and risk control are carried out according to the dual-control principle. For the purpose of avoiding conflicts of interest, these tasks are performed by different organisational units.

The business model requires risks to be identified, assessed, measured, aggregated and controlled 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. As a prerequisite and basis of solid risk management, the Risk Appetite Framework (RAF) for the

Association of Volksbanks is permanently enhanced in order to define the risk appetite and the level of risk tolerance that the Association of Volksbanks is prepared to accept to achieve its defined goals. The level of risk tolerance manifests itself in the definition and monitoring of appropriate limits and controls, in particular. The framework is verified and developed with respect to regulatory requirements, changes of the market environment or the business model on a current basis. The Association of Volksbanks aims to develop, by way of this framework, a disciplined and constructive control environment where all employees understand and live up to their role and responsibility.

Within the Association of Volksbanks, risks are controlled by three decision-making bodies in VOLKSBANK WIEN AG: (i) Risk Committee (RICO), (ii) Asset Liability Committee (ALCO), (iii) Credit Committee (CC). The responsibilities of these committees include both, topics of VOLKSBANK WIEN AG as a separate institution and matters concerning the entire Association of Volksbanks pursuant to section 30a Austrian Banking Act. Risk reporting in the affiliated banks takes place in the respective local bodies.

### **Regulatory requirements**

The regulations regarding capital requirements at VOLKSBANK WIEN AG are implemented as follows:

#### **Pillar 1: Minimum own funds requirements**

Within the scope of Pillar 1, the fulfilment of the minimum regulatory requirements is ensured. For credit risk, market risk and operational risk, the respective regulatory standard approaches for determining the minimum own funds requirements are applied.

#### **Pillar 2: Internal Capital & Liquidity Adequacy Assessment**

By way of the Internal Capital & Liquidity Adequacy Assessment Process, the Association of Volksbanks takes all necessary measures to ensure that all risks arising from any current and prospective business activities of the Association of Volksbanks are covered by adequate liquidity and capital resources at all times. In this context, the structure of the Internal Capital & Liquidity Adequacy Assessment Process takes into account the regulatory requirements and supervisory expectations of the ECB, as well as internal guidelines.

#### **Pillar 3: Disclosure**

The requirements of Pillar 3 are met by publishing the qualitative and quantitative disclosure pursuant to Regulation (EU) no. 575/2013 (CRR) and Directive 2013/36/EU (CRD IV) on the bank's own website at [www.volksbankwien.at/investoren/offenlegung](http://www.volksbankwien.at/investoren/offenlegung).

### **Risk management across the Association**

The risk control of VOLKSBANK WIEN AG as CO is responsible for risk governance, methods and models for strategic risk management issues across the Association, as well as for the regulations for steering at portfolio level. For the purpose of performing its steering function, the CO has issued General Instructions (GI) for the affiliated banks. The GI RAF (Risk Appetite Framework), GI ICAAP, GI ILAAP, GI Principles of Credit Risk Management (GI PCRM) and the downstream manuals of the Association and the associated working instructions govern the risk management in a binding and uniform manner. The risk strategy and the NPL strategy for the Association of Volksbanks are also issued in the form of a GI. The aim is to comprehensively and verifiably document and set down general conditions and principles, consistently throughout the Association, for the assessment and management of risks, and for the creation of processes

and organisational structures. Within the scope of their general duty of care, the members of the Managing Board and the managing directors of all affiliated banks must ensure, without exception and restriction, in the interest of the respective companies, that the General Instructions are put into effect formally and de facto. Any deviations and special regulations concerning the General Instructions shall only be permissible in exceptional cases and must be coordinated with VOLKSBANK WIEN AG as the central organisation and approved by the latter in advance.

Within the Association of Volksbanks, comprehensive communication about risks and a direct exchange of information is considered very important. In order to allow for professional exchange in a working context, an expert committee was set up for risk control. Each affiliated bank must dispose of its own Risk Control Function (RCF) that is responsible for independent monitoring and communication of risks within the respective affiliated bank.

Risk governance as well as the methods and models are regularly refined and adjusted to the current environment by the Risk Control Function of VOLKSBANK WIEN AG as CO. Apart from regular remodelling, recalibration and validation of the risk models, the methods in the ICAAP & ILAAP are being improved continuously, with new regulatory requirements being monitored and implemented in a timely fashion.

### **a) Internal Capital Adequacy Assessment Process**

To ensure a sustainable, risk-adequate capital base, VOLKSBANK WIEN AG, in its capacity as CO of the Association of Volksbanks, has set up an Internal Capital Adequacy Assessment Process (ICAAP) as a revolving control cycle, in line with international best practices. The ICAAP starts by identifying the material risks of the Association of Volksbanks, followed by the risk quantification and aggregation, determination of risk-bearing capacity, limitation, and concludes with ongoing risk monitoring and the measures derived therefrom. Explanations regarding the ILAAP are presented in item d) Liquidity risk.

The individual elements of the cycle are performed at varying intervals (e.g. daily for market risk/trading book risk measurement, quarterly for the risk-bearing capacity calculation, annually for risk inventory and determination of the risk strategy). All the process steps described within the cycle are reviewed for up-to-dateness and adequacy at least annually, and adjusted to the respective current environment if necessary; they are approved by the Managing Board. A comprehensive revision of the Internal Capital Adequacy Assessment Process took place in 2019, due to the ECB Guide published in November 2018 for the internal capital adequacy assessment process. In that respect, the risk-bearing capacity statement and the internal stress test were enhanced.

- Risk inventory
- Risk strategy
- Risk Appetite Statement (RAS) and limit system
- Risk-bearing capacity calculation
- Stress testing
- Risk reporting
- Recovery and resolution planning

## **b) Credit risk**

Credit risk refers to potential losses that occur because a contract partner fails to meet its payment obligations.

### Operational credit risk management

#### *Lending principles*

- Lending business is necessarily based on decisions involving borrower-specific limits. The determination and monitoring of certain limits is subject to uniform regulations at the level of the Association.
- The rating obligation applies to all borrowers with exposures above the defined minimum amount. The rating process is based on the dual-control principle and is applicable across the Association.
- In selecting collaterals, attention is paid to the cost-benefit ratio, and therefore recoverable collaterals that cause little administrative effort and are not very cost-intensive will preferably be resorted to, as well as actually realisable collaterals. For this reason, physical collaterals, such as real estate collaterals, and financial collaterals, such as cash collaterals or collaterals in the form of securities, are given priority. The recoverability and enforceability of collaterals must basically be assessed prior to any credit decision. Principles for the management of collaterals and uniform rules for the selection, provision, administration and valuation of collaterals apply at the level of the Association.
- Foreign currency and repayment vehicle loans are basically no longer offered or granted.
- The principal market for lending business is the Austrian market.
- Syndicated loans will basically be concluded together with the CO.

#### *Decision-making process*

In all units of VOLKSBANK WIEN AG that generate credit risk, there is a strict separation of sales and risk management units. All decisions for individual instances are taken strictly observing the dual-control principle; clear processes have been defined for this purpose. For transactions involving large volumes, processes have been set up that ensure the involvement of the operational credit risk management function and of the Managing Board in the risk analysis and/or loan decision. Limit systems play an important role in this context, as they provide a framework for the decision-making powers of the individual units.

#### *Monitoring of exposures and collaterals*

The processes for the review of exposures and collaterals are governed by uniform regulations across the Association and must be observed by all affiliated banks.

#### *Limits*

The monitoring, control and limitation of the risk of individual exposures and of risk clusters is conducted according to the differentiated limit categories.

Within the Association of Volksbanks, the group of connected clients (GcC) is used as the basis for limits in case of new lending and for current monitoring. As regards the limits, the requirements on the level of the Association of Volksbanks differ from those applicable to the individual banks. A review of the limits on individual transaction level takes place continuously within the credit risk management function of the affiliated bank and is monitored by the credit risk management of VOLKSBANK WIEN AG as CO, using centralised analyses.

In connection with portfolio limits, within the Association of Volksbanks, mainly limits for external financing transactions and materiality limits for regions and industry sectors are being defined at present. These limits are relevant for the lending process and are monitored at monthly intervals by Risk Control.

In order to achieve a sustainably healthy portfolio quality, requirements exist for transactions with new customers and increases of the exposure of existing customers; these depend on the customer's credit rating and are applicable across the Association.

### *Intensified credit risk management*

Within the Association of Volksbanks, intensified credit risk management means the special monitoring of customers with payment difficulties and/or customers likely to default. Among others, intensified credit risk management comprises processes relating to the early detection of customers likely to default, the dunning procedure, forbearance processes, as well as default identification.

### *Problem Loan Management*

Within the Problem Loan Management system (PLM) applicable throughout the Association, customers are classified on the basis of clearly defined indicators applied consistently across the Association. Subsequently, a distinction is made between customers

- under intensive supervision (negative change of risk assessment, but not defaulted yet)
- in the process of restructuring (imminent risk of default or defaulted already, but customer is eligible for restructuring), and
- subject to debt enforcement (defaulted customers not eligible for restructuring)

and appropriately differentiated processing routines have been put in place consistently throughout the Association of Volksbanks.

### *Quantitative credit risk management and credit risk control*

#### *Measurement and control of credit risk*

The development of sophisticated models as well as of systems and processes tailored to the bank-specific portfolio is required for the measurement and control of credit risk. In this way, the credit decision is meant to be structured and improved on the one hand, on the other hand, these instruments resp. their results also form the basis of portfolio management.

The results of credit risk measurement are reported to the Managing Board within the scope of the Risk Committee on a monthly basis. The most important objective of the use of the credit risk models and tools is to avoid losses through early identification of risks.

#### *Factors influencing the estimate of Expected Credit Losses (ECL) and for the purpose of determining impairments*

Various influencing factors, assumptions and methods are used to measure any significant increase of credit risk.

#### *Regulatory risk provision – NPL backstop*

The difference between economic risk provisions under IFRS 9 and regulatory risk provisions within the scope of the regulations must be recorded directly in equity. With respect to the anticipated effect on equity, processes were developed in the course of 2019 to further reduce the durations in the NPL status, as well as a backstop reporting process for existing NPEs.

### *Credit risk reporting*

Credit risk reporting takes place monthly with the aim to provide a detailed presentation of the credit risk for a certain reporting date and to report the same to the entire Managing Board. Relevant reports are prepared for the Association, for key units of the Association, and for the key areas of business. The information is also included in the credit risk section of the aggregate bank risk report.

The reports comprise a quantitative presentation of credit risk information relevant for risk control, which is supplemented by a brief assessment of the situation and additional qualitative information, if applicable. The following analyses are part of the monthly report:

- Portfolio distribution
- Development of new business
- Distribution of credit ratings
- Non-performing loans (NPL)
- Forbearance
- Credit risk concentrations
- Country group analysis
- Customer segments
- Distribution across industry sectors

### **c) Market risk**

Market risk is defined as the risk of any loss caused by unfavourable developments of market risk factors, e.g. interest rates, credit spreads, exchange rates, and volatilities. VOLKSBANK WIEN AG distinguishes the following types of market risk:

- Interest rate risk in the banking book
- Credit spread risk
- Market risk in the trading book
- Foreign exchange risk (open FX positions)
- Other valuation risks (IFRS fair value change)

### **d) Liquidity risk**

As the CO of the Association of Volksbanks, VOLKSBANK WIEN AG is responsible for liquidity management across the entire Association and acts as lender of last resort for the affiliated banks. The affiliated banks cover their refinancing requirements and invest their excess liquidity via VOLKSBANK WIEN AG.

The most important source of refinancing of the Association of Volksbanks consists of customer deposits, which have proven to be a stable source of funding in the past. Naturally, this creates the major part of the liquidity risk. The capital market offers additional opportunities for refinancing through securities issues, mainly covered bonds.

Both operational, short-term liquidity management and medium- to long-term liquidity management are performed in a centralised manner at VOLKSBANK WIEN AG for the Association, in the Treasury division, through the Liquidity Management department. The monitoring and limitation of liquidity risk across the Association, as well as the methodological requirements regarding risk measurement are performed or stipulated by the Market and Liquidity Risk Control department at VOLKSBANK WIEN AG.

The ALCO of the CO is responsible for controlling the liquidity position of VOLKSBANK WIEN AG within the scope of risk limits defined by Risk Control and approved by the Managing Board within ALCO. The ALCO of the CO is the central body for the management of liquidity risks. Liquidity risk reporting within ALCO is taken care of by the Market and Liquidity Risk Control department.

Within liquidity risk, VOLKSBANK WIEN AG distinguishes between illiquidity risk and funding risk. Illiquidity risk is the risk to be unable to fulfil payment obligations when they are due. For the Association, which consists of retail banks, illiquidity risk typically consists in the risk of a bank run. This occurs when, due to a loss of confidence, customers withdraw large deposit volumes and at the same time alternative funding sources are not accessible (any more).

Illiquidity risk is managed by holding a sufficient liquidity buffer. VOLKSBANK WIEN AG is responsible for the central management of the liquidity buffer for the entire Association. The liquidity buffer mainly consists of highly liquid bonds that are LCR-eligible for the major part, of deposits with the national bank, of ECB tender potential, and covered bond issue potential. The liquidity of the liquidity buffer is tested regularly. The Liquidity Management department within the Treasury division is responsible for the current management of the liquidity buffer within the Association.

At VOLKSBANK WIEN AG, funding risk is defined as a negative effect on the profit and loss account that occurs due to potential future increases of refinancing costs on the money and capital markets as well as in the retail area. This risk is taken into account in the risk-bearing capacity calculation within the scope of the ICAAP. Said risk is of minor importance at VOLKSBANK WIEN AG, as the company is hardly dependent on the capital market, and little price sensitivity is observed in the sphere of customer deposits.

The measurement and limitation of illiquidity risk is effected through the regulatory indicators LCR and NSFR, the survival period from internal liquidity stress testing, and through additional operational indicators.

The funding risk is measured by way of a scenario analysis that takes into account the effect on funding costs, considering general planning uncertainties and adverse idiosyncratic conditions. These calculations provide input to the ICAAP as well as stress testing activities across the Association.

### Operational liquidity management

The Liquidity Management department in the Treasury division is responsible for operational liquidity management. The department is the central unit at VOLKSBANK WIEN AG for matters regarding the pricing of liquidity (transfer pricing), the central management of collaterals across the Association, the determination of the funding structure, the disposition of available liquid funds, and compliance with the refinancing strategy. It takes care of the following essential duties:

- Cash management (settlement of all transactions of the Association as well as disposition of the banking connections maintained by VOLKSBANK WIEN AG)
- Collateral management: ECB-eligible collaterals of the Association (bonds and credit claims) and underlying stock management for covered bonds
- Planning of issuance activities
- Daily liquidity forecast for the following 31 days, and weekly for the following 12 months

- Monitoring of refinancing positions of the Association of Volksbanks, and the control system put into effect by VOLKSBANK WIEN AG as CO with the approval under section 30a Austrian Banking Act, for the affiliated banks – a.o. liquidity reports, refinancing management, utilisation of collaterals, early warning system
- Compliance with minimum reserve regulations for the Association of Volksbanks
- Reporting to the Managing Board and to the ALCO

#### e) Operational risk

VOLKSBANK WIEN AG defines operational risk as the risk of losses due to the inadequacy or failure of internal procedures (processes), people, systems or to external events, and the associated legal risks. The reputational, conduct, model, IT and security risks are closely associated with operational risk and are actively taken into account. The calculation of regulatory capital adequacy requirements is effected using the standard approach. An internal method based on loss data and scenarios is used for the economic perspective.

#### Methods for the management of operational risks

Within the scope of operational risk management, both quantitative and qualitative methods are applied. Quantitative elements comprise for example the execution of risk analyses, the performance of stress tests, the determination and monitoring of the risk appetite and of the risk indicators, as well as the preparation of the incident database. Qualitative control measures are reflected in the implementation of training events, awareness building measures, risk analyses, the preparation of the incident database incl. analysis of causes, the implementation of uniform ICS checks, as well as in risk reporting.

If the key indicators defined for operational risk are exceeded, the defined escalation process is applied. This process provides for a detailed analysis of causes and subsequently initiation of adequate measures.

The following principles, derived from the risk strategy, apply in OpRisk Management within the Association of Volksbanks:

- The primary aim of the entire OpRisk Management system is to optimise processes to decrease the likelihood of incidents occurring and/or the impact of operational losses.
- Incidents are documented fully and in a sufficiently transparent manner via an electronic platform to enable third-party experts to benefit from the documentation. Operational incidents are recorded in a uniform manner across the Association. The resulting transparency with respect to the occurrence of incidents allows for risk assessment to be derived from historical facts.
- The methods, systems and processes in OpRisk Management are defined by the CO and must be complied with by the respective banks.
- The appropriateness of the risk control and monitoring measures and other risk-minimising measures is assessed on an on-going basis, but at least once a year, and reported to the Managing Board. Measures for risk control comprise, for example, awareness building measures/training events, the monitoring of the OpRisk indicators, maintaining the confidentiality, availability and integrity of customer and corporate data, as well as business continuity planning, and in particular the adequate separation of responsibilities, as well as observance of the dual-control principle. Operational (residual) risks that cannot be avoided, reduced or transferred must be accepted formally and demonstrably by the management.
- The efficiency of OpRisk Management is confirmed through periodic and independent internal audits.

### Internal control system

Within VOLKSBANK WIEN AG, an internal control system (ICS) has been put in place according to the principles of the internationally recognised standards of the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Detailed descriptions of ICS processes and control measures are available. The responsibilities and roles relating to the ICS are clearly defined. Regular reporting takes place for the ICS. Control activities are documented and reviewed, ICS-relevant risks are regularly evaluated and adjusted. Accordingly, a continuous optimisation process is ensured. Internal Audit, in its capacity as independent supervisory body, audits the ICS. Both the effectiveness and adequacy of the ICS, as well as compliance with instructions are audited. The OpRisk and ICS framework describes the interrelated components implemented within the Association of Volksbanks with a view to identifying, measuring, monitoring and controlling operational risk. The close interlocking of OpRisk Management with the internal control system ensures appropriate consideration of operational risks within the Association of Volksbanks.

### f) Other risks

Other risks observed by VOLKSBANK WIEN AG are strategic risk, reputational risk, equity risk, direct real estate risk, model risk, and the earnings risk. Non-standard risks and/or non-financial risks (reputational risks, conduct risks, compliance risks, legal risks, model risks, as well as IT and system risks) are taken into account, among others, in the compliance framework and the framework for operational risks. Other risks are primarily managed via organisational and process-based measures.

### Management of climate risks at VOLKSBANK WIEN AG

VOLKSBANK WIEN AG takes account of climate risks in the course of its own investments, establishing an internal audit process for the continuous control of climate risks in the entire area of business of VOLKSBANK WIEN AG in 2019. Potential transitory and physical climate risks were integrated in typical risk categories in the course of this process, with an internal committee from the Retail, Corporate and Risk Management areas analysing the same. No acute physical or transitory risks were found in the course of this analysis that may negatively affect the business model of VOLKSBANK WIEN AG. In future, the ongoing verification of the risks analysed will ensure the continuous monitoring of climate risks.

In the sphere of own investments of VOLKSBANK WIEN AG, the bank's own portfolio was analysed using the Paris Agreement Capital Transition Assessments (PACTA). This method has already been used by more than 780 investors all over the world to analyse portfolios with a view to their alignment with the Paris climate targets (below 2°C of global warming). In that context, it turned out that VOLKSBANK WIEN AG did not invest in any high-emission branches of industry of relevance to the climate and that the portfolio of equities and corporate bonds is on the right track in terms of the Paris climate targets.



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**SUBSIDIZED PROJECTS  
WITH A VOLUME OF EURO 59.9 MILLION  
WERE FINANCED BY VOLKSBANK WIEN AG IN 2019.**

# Economy

## SUBSIDIZED FINANCING TRANSACTIONS



**For decades already, VOLKSBANK WIEN AG has been active in the sphere of builder-owner models, where due to the building measures to be implemented as well as due to statutory and fiscal requirements, state-subsidised housing financing has traditionally been and still is an integral component of the financing mix.**

On the one hand, this has permitted the preservation of old built volumes until today, the refurbishment of housing space in line with contemporary standards, and the creation of additional low-priced housing space without taking up more land by adding storeys and converting attics. Due to statutory requirements associated with subsidies, a positive side effect was the creation of low-cost housing space for tenants, meaning that the marked upsurge in prices has applied to these properties only to a very limited extent over the past years.

Since 2017, the financing of non-profit developer projects has come to the fore again, where increasing growth is aimed for and with subsidised housing financing being an essential component; these projects guarantee the creation of sustainably low-cost housing space in the catchment area of 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.

Ever since the late 1980ies, housing subsidies have been within the sphere of competence of the federal Länder. Subsidy legislation, which previously was uniform across the federal territory of Austria with Länder-specific implementing regulations, was transferred to the sphere of competence of the federal Länder, which has caused subsidy provisions to diverge considerably, so that competent financing advice and adequate financing know-how are required from the bank more than ever before.

The following instruments are available for subsidizing owner-occupied dwellings or the construction or modernisation of lettable housing space (both new buildings and initial purchases as well as refurbishments):

- government grants as non-repayable amounts
- loans (bank or direct loans) with favourable interest rates, by comparison with the capital market, or
- equity support in the form of asset guarantees (usually by the federal Land)

Politically, the following goals are pursued through housing subsidies:

- ecological orientation through improved heat insulation and other measures to reduce energy consumption
- the provision of certain population groups with sufficient living space by earmarking housing subsidies
- limitation of rent to economic rent to provide tenants from lower income tiers with living space through appropriation and price fixing when granting the respective subsidy

Due to the high degree of involvement of VOLKSBANK WIEN AG in the field of real estate financing, both traditionally and based on the relevant catchment area, the company has made an important contribution to achieving sustainable development in creating and improving living space and in making the same more ecological, by including subsidised financing and by being highly active in the sphere of builder-owner financing transactions. This contribution is meant to be further increased through the Real Estate Financing division

that was newly created in the front office area early in 2017, allowing for further specialisation and a clearer focus on the creation of housing space; the resulting sustainability issues are meant to be increasingly taken into account.

Another increase of the financing volume compared to the exceptional year 2018, where the real estate segment registered a growth rate several times above the long-term average, was not attainable in 2019. The noticeable decline against the previous year is mainly due to the regulatory provisions for real estate financing newly adopted towards the end of 2018, on the one hand, and to the limitation of new real estate business on account of the clearly above-average expansion of business in 2018, on the other hand.

## BEST PRACTICE

### [Project Goldschlagstrasse – 34. Wiener Stadterneuerungspreis \(34th Vienna Urban Renewal Award\)](#)

In 2019, within the scope of the 34th Vienna Urban Renewal Award, the Goldschlagstrasse project already presented in the 2018 Sustainability Report was awarded the first prize by the regional professional association (Landesinnung) "Bau Wien".

The project "Goldschlagstrasse 2-4", financed via the model financing department of VOLKSBANK WIEN AG, is a block redevelopment project involving the gutting of courtyards and partial agglomeration. The entire block consists of nine Gründerzeit buildings. Due to the location, the special challenge was to achieve consistently high residential quality by taking the right steps. The project was subsidized within the scope of refurbishing the building's base, making the building stock earthquake-proof. Now, the large courtyard captivates visitors due to its green spaces and an underground car park. New buildings, a circumferential strip of two additional storeys, and recessed balconies in the courtyard were added to the existing structures, enhancing the same.

Overall, 142 flats, three shops and one office with a rentable useful floor area of 10,027.74 m<sup>2</sup> in total were created. The social aspect is of particular importance here, since rent has remained affordable and former tenants were able to stay. Moreover, the entire block is now accessible for people with disabilities.

### [Project Mizzi-Günther-Weg – new building with an ecological perspective](#)

VOLKSBANK WIEN AG has financed a subsidized low-energy consumption housing estate, with 80 rented flats, of which 27 SMART flats, one small shop, room for 22 youth centre residents, as well as terraced houses. The project of the Familienwohnbau (family housing) co-operative forms part (construction site M) of the large-scale urban development area of Neu-Leopoldau.

Overall, apart from the building project of VOLKSBANK WIEN AG, some 1,400 flats including local amenities and social infrastructure, 70,000 m<sup>2</sup> of commercial premises, and a great amount of free space will be created on the plot some 13.5 hectares in size. Some 1,000 residential units will be subsidized by the City of Vienna within the "Junges Wohnen" (housing for the young) programme. Moreover, in several of the 17 existing buildings listed for monument protection, there will be studios/workshops for small crafts and creative work. In 2016, a developers' competition was carried out in co-operation with Wohnfonds Wien. About one third of the approx. 1,000 subsidized flats will be particularly inexpensive SMART flats. And there is also going to be a kindergarten with 7 groups. Apart from the flats, eight flat shares and

# Economy

## **SUBSIDIZED FINANCING TRANSACTIONS**

four units for children and youths, apprentices and students will be integrated into the residential projects. Since the autumn of 2017, construction work has been going on at the first construction sites, the first hand-overs were planned for 2019. There will be traffic-calming measures in the entire area, garages will be provided for the cars of residents on the outskirts. Connections to public transport will be optimized.

Both parts of the complex dispose of a two-storey common area adjacent to the central staircase, thus illuminating the same due to the transparent design. The top floor is accessible to all residents of both buildings, offering a chill-out area, vegetable patches and herbal beds, as well as seating and places to eat.

The buildings are constructed as reinforced concrete structures. In order to achieve the Class A low-energy consumption standard, wood-aluminium windows with 3-pane insulating glazing and an aluminium portal will be installed. Moreover, exterior heat insulation of the facades with a thickness of 20 cm is planned. Heating energy is supplied by Fernwärme Wien, the district heating company of Vienna.

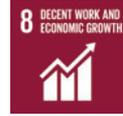
*Through strong partnerships,  
the needs of our customers  
can be met comprehensively,  
and we can make a positive  
contribution to their future.*

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3

**STRONG PARTNERS ASSIST  
THE ACCOUNT MANAGERS OF VOLKSBANK WIEN AG IN PROVIDING  
OPTIMAL SERVICES TO THEIR CUSTOMERS.**





## CO-OPERATING WITH PRODUCT PARTNERS

VOLKSBANK WIEN AG has decided to increase its strategic co-operation with Genossenschaftliche Finanz-Gruppe Volksbanken Raiffeisenbanken (Geno FinanzGruppe) in Germany. At product level, TeamBank has been co-operating with Geno FinanzGruppe successfully in the consumer financing sphere for several years already; in 2015, the co-operation was further reinforced through the sale of Volksbank Invest KAG to Union Investment Service Bank AG.

The co-operation with the product partners was highly successful in 2019 as well; with TeamBank and Union Investment, in particular, VOLKSBANK WIEN AG achieved record results once again. In the sphere of investment funds, the fourth year of co-operation with Union Investment was very encouraging again. Due to favourable developments at the stock exchanges, the demand for excellent products of the German investment company has increased considerably. In particular, we have recorded a constantly high demand for mutual fund savings plans.

ERGO Versicherung AG, once again distinguished as Service Champion, has been the insurance partner of VOLKSBANK WIEN AG since 1985. The focus is on insurance solutions for private customers who are offered high-quality products – from comprehensive life insurance policies by Volksbank employees, up to special property and accident insurance contracts by ERGO employees at the individual Volksbank retail branches. The customer can make use of comprehensive advice on all insurance solutions.

These successful co-operations with long-term product partners have enabled VOLKSBANK WIEN AG to achieve yet another milestone towards becoming a strong and efficient regional bank.

*Our economic activity is based on values, and we contribute to achieving sustainable development.*

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**DISTINCTIONS FOR  
THE QUALITY OF SERVICE AND CONSULTANCY  
OF "DER FAIRE CREDIT" AWARDED BY TÜV AUSTRIA.**



## TEAMBANK AG

**TeamBank AG has been a close and reliable partner of VOLKSBANK WIEN AG ever since the year 2008. With the retail credit “der faire Credit”, it offers secure financing with clearly arranged contract terms.**

VOLKSBANK WIEN AG sets great store by making it completely transparent to customers what they have to expect when taking up a retail credit. The risk of debt overload is a serious issue, as the parties concerned are not only affected by the debt itself, but also by a loss of quality of life and often considerable psychological stress. Therefore, the account managers of VOLKSBANK WIEN AG provide unbiased, responsible advice on financial leeway, optimal credit instalments and the maximum credit limit. This is supported by an objective scoring procedure based on the long-term experience of TeamBank AG. Additional flexibility is created through variable adjustment of instalments, the option to suspend the payment of instalments or to extend the term of the loan.

Moreover, it is possible to take precautions against unforeseeable events by contracting credit insurance to protect against overindebtedness. This is an important element of security for borrowers and their families in case of financial bottlenecks due to unfitness for work, unemployment, reduced hours, divorce or death.

In the 2019 reporting year, more than 15,000 customers of VOLKSBANK WIEN AG concluded a “fair credit” with TeamBank. On average, credits in the amount of euro 10,000 were granted.

TeamBank AG	Unit	2019 Separate	2019 Group	2018 Separate	2018 Group	2017 Separate	2017 Group
Volume of “der faire Credit” with VOLKSBANK WIEN AG	Euro thousand	206,585	206,585	187,408	187,408	157,584	157,584
Joint customers with VOLKSBANK WIEN AG	Number	15,394	15,394	14,708	14,708	13,511	13,511

### Sustainability as a matter of principle

Fairness is an attitude that defines the way that TeamBank acts: in business relationships with customers and partners.

As a member of the “Genossenschaftliche FinanzGruppe Volksbanken Raiffeisenbanken” in Germany, and due to the associated special value orientation, TeamBank sets extraordinary store by social commitment.

### The United Nations Global Compact

TeamBank has signed the UN Global Compact, undertaking to support and advance its ten principles. TeamBank has committed to sustainable and responsible Corporate Governance. This includes observing values and principles as well as ensuring legal compliance. For the company, sustainable management must be based on a value creation process with a responsible long-term perspective, combined with a concept of forward-looking Corporate Governance, voluntary ecological commitment, and social responsibility.

## Financial education

As an honest merchant, 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 excessive indebtedness. For this purpose, TeamBank founded a nonprofit foundation in 2007, which has been active in the prevention of excessive indebtedness in Germany and Austria for more than ten years. The promotion of financial education among young people is at the core of their work. With the teaching unit “Konsum geplant – Budget im Griff” (Plan your purchases, get a grip on your budget), it has already reached more than 80,000 pupils, thus increasing the young people’s awareness for dealing with money responsibly. Beyond that, the foundation offers special teaching modules for teenage refugees.

For more information, please go to [www.finanzielle-bildung-foerdern.at](http://www.finanzielle-bildung-foerdern.at)

## BEST PRACTICE

### Quality of service and consultancy of “der faire Credit” confirmed again by TÜV AUSTRIA



With “der faire Credit”, TeamBank AG is Austria’s expert for modern liquidity management and as such has successfully obtained recertification by TÜV AUSTRIA in the “Service and consultancy quality” category again in 2019. Partner banks in Austria and the branch establishment of TeamBank AG in Vienna were audited in the course of comprehensive audits. For the ninth time already, TÜV AUSTRIA awarded a distinction to “der faire Credit” for the quality of service and consultancy. This certification confirms a high degree of customer friendliness as well as an unbiased, transparent credit decision.

**Upgrade for your wallet: the financial reserve provides liquidity in no time**

Since mid-2019, the joint customers of VOLKSBANK WIEN AG and TeamBank benefit from SEPA real-time transfers in order to retrieve the financial reserve in no time, by telephone, on the customer portal, using the app, and obviously also in person with the local account manager. Thanks to Instant Payments, the extra financial buffer can be used immediately, also for impulse purchases. With this new feature, TeamBank is updating the success story of the financial reserve together with VOLKSBANK WIEN AG.

*Our self-image  
based on co-operative ideas  
includes a clear commitment  
to acting sustainably.*

---

**53.1\***

**BILLION EUROS ARE MANAGED BY UNION INVESTMENT  
IN SUSTAINABLY MANAGED FUNDS AND MANDATES.**



## UNION INVESTMENT

Since 2016, Union Investment has been a reliable product partner of VOLKSBANK WIEN AG. 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.

In line with the legal setting, customers have always expected utmost transparency and stability in the field of financial investments from VOLKSBANK WIEN AG – and they have never been disappointed. The focus of VOLKSBANK WIEN AG is on the customers, and therefore it is extremely important to find the ideal investment solution for our customers. It is important to VOLKSBANK WIEN AG to offer the highest degree of stability in asset structuring, in combination with future-proof earnings opportunities adjusted to personal risk appetite and individual needs.

The increase in regulatory requirements with a view to investor protection is accounted for: The product standards for securities were accurately defined, as were the customers that a certain investment product is meant for. 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 VOLKSBANK WIEN AG 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 maintain the best possible price are components of another, even more essential pillar of statutory regulatory requirements that was implemented at VOLKSBANK WIEN AG, namely to increase the safety, transparency and efficiency of European financial markets.

Since 1 August 2017, VOLKSBANK WIEN AG has been carrying the "UniRak Nachhaltig Konservativ" fund, and since Q3 2018 the "UniNachhaltig Aktien Global" fund in the list of recommendations for funds sold in Austria. VOLKSBANK WIEN AG is striving to increase the sale of sustainable funds in the years to come.

		2019	2019	2018	2018	2017	2017
Union Investment	Unit	Separate	Group	Separate	Group	Separate	Group
VBW volume in							
Union Investment funds	EUR	1,138,276,622	1,138,276,622	1,008,049,317	1,008,049,317	988,311,162	988,311,162
Share of sustainable funds in							
the Union Investment volume	%	5.8	5.8	3.7	3.7	0.6	0.6
Securities accounts with fund							
units of Union Investment	Number	20,582	20,582	19,398	19,398	17,456	17,456
Securities accounts with							
shares in sustainable funds							
of Union Investment	Number	3,596	3,596	2,254	2,254	207	207

### **Leading German asset manager in the field of sustainable investment**

As award-winning and leading German asset manager for sustainable investment, Union Investment takes a clear stance: Considering sustainability criteria within the scope of the investment process reduces risks and creates added value beyond the mere return of the investment in the long run. As at the end of December 2019, Union Investment manages more than euro 53 billion in sustainable funds and mandates. Hence, the volume of sustainable investments at Union Investment compared to the relevant period of the previous year has increased by 28 %.

### **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:

- Union Investment checks if businesses or even states violate against any relevant sustainability factors. The relevant factors include, among others: Energy supply, compliance with labour standards, waiver of child labour or animal experiments. Investment opportunities that violate against the standards are excluded from the investment universe by the portfolio management.
- The portfolio management will submit eligible companies and countries to an ESG analysis (Environmental Social Governance analysis = environment, social topics and corporate governance). The result is expressed in the so-called ESG score. In other words, the ESG score evaluates the extent to which any company or state acts sustainably with a view to the environment, social factors and corporate governance. In case of companies, the business model is analysed as well.
- In the last step, portfolio managers will check if the investment not only meets sustainability criteria, but also economic requirements and whether a positive effect is to be expected for the fund. Only if all valuations are positive, the investment will be carried out.

## **BEST PRACTICE**

### **Commitment in the investors' interest**

#### *Being an active shareholder*

Union Investment is an active investor. This means that, in contrast to funds of other providers that are managed by machines (so-called ETFs), the fund's portfolio managers will specifically get in touch and exchange information with businesses and states that they invest in. Part of this so-called stakeholder engagement approach are more than 4,000 investor talks and the participation in votes at more than 2,000 general meetings in 28 countries in the year 2019 alone. The aim of this endeavour is to actively influence companies, in the interests of investors, to make themselves fit for the future in economic terms by acting sustainably.

#### *Sustainability by tradition*

Due to its co-operative self-image, Union Investment has always considered sustainability to be highly important. This is expressed, among others, in the declared values of the company: A spirit of co-operation and

respect in dealing with each other, as well as solidity and a professional attitude make sure that the employees of Union Investment take clear-sighted decisions in the interests of their customers. More than 20 years ago already, Union Investment launched the first fund taking sustainability factors into account. The company has developed this know-how consistently over the past years. Today, it can rely on a sustainable investment process and on the experience of numerous employees in the sphere of sustainability and related topics.

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.

*In a constantly changing world, we have always been and will always be a reliable partner.*

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**31,871\***

**JOINT CUSTOMERS  
ARE SERVED BY VOLKSBANK WIEN AG  
TOGETHER WITH ITS PARTNER ERGO.**



## ERGO VERSICHERUNG AG

ERGO Versicherung AG has been a successful product partner of the Volksbanks since 1985. The focus is on insurance solutions for private customers who are offered high-quality products ranging from comprehensive life and accident insurance contracts up to property insurance such as automobile liability and household insurance. Beyond that, ERGO also provides commercial and industrial insurance solutions to corporate customers in Austria.

Through its pronounced commitment to sustainability, ERGO Versicherung AG fits in very well with the supply chain of VOLKSBANK WIEN AG.

ERGO Versicherung AG	Unit	2019 Separate	2019 Group	2018 Separate	2018 Group	2017 Separate	2017 Group
Number of ERGO insurance contracts of VOLKSBANK WIEN AG customers							
WOLKSBANK WIEN AG and ERGO customers	Number	48,233	48,233	51,906	51,906	57,588	57,588
New insurance contracts of customers of VOLKSBANK WIEN AG							
WOLKSBANK WIEN AG	Number	4,209	4,209	4,762	4,762	6,013	6,013
Volume of new business in ERGO insurance contracts from customers of VOLKSBANK WIEN AG							
WOLKSBANK WIEN AG	Euro	8,831,703	8,831,703	6,374,039	6,374,039	6,915,290	6,915,290

### Projects

Numerous projects, such as a canopied bike park, closed loop recycling management for office supplies, printer output optimisation, installation of a video conference system to cut down on business trips, and events to raise the employees' awareness like "ERGO Umwelttage" (environmental days) that are held regularly, focusing on a reduction of plastic materials in the ERGO Center in 2019, as well as participation in campaigns like "Österreich radelt" (Austria cycles) and "Österreich radelt zur Arbeit" (Austria cycles to work), demonstrate the commitment of ERGO Versicherung AG in the sphere of sustainability.

### Insurance group with a sustainable attitude

ERGO Versicherung AG is part of the ERGO Group based in Düsseldorf, Germany. The Corporate Responsibility policy of the entire ERGO Group is aligned with the so-called shared value approach. Within the scope of its business activity, ERGO wants to combine economic success with social progress, thus facing essential global challenges that can only be solved jointly with others. In this endeavour, the company lets itself be guided by the Sustainable Development Goals of the United Nations.

The insurance group has identified three challenges that are of special importance to the company, its customers and society:

1. mitigating the consequences of climate change,
2. improving access to healthcare services, and
3. enhancing risk awareness.

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

Social responsibility is assumed in four spheres of activity:

- Sustainable business management: taking into account environmental, social as well as governance aspects in insurance business as well as in investment management
- Environment: development of an environmental management system that is applied across the group, CO<sub>2</sub> neutral since 2015
- Commitment: Through its social commitment, ERGO is living up to its responsibility as a business enterprise, and in doing so also relies on projects bearing a close relation to its core business.
- Reporting: Regular reports on activities and consultation with stakeholders to understand their needs even better

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.

Sustainability in connection with investments is another concern of ERGO. ERGO Versicherung AG – as part of the Munich Re Group – uses the Principles for Responsible Investment (PRI) as a framework for sustainable investment. The Responsible Investment Guideline (RIG) that is applicable across the Group was internally established as an obligatory framework for pursuing a sustainable investment approach. It contains all PRI- and ESG-related guidelines and requirements that concern the Asset Management of Munich Re (Group), especially also exclusion criteria for investments. Moreover, in quarterly intervals, existing investments are subjected to a sustainability analysis and checked for ESG score, eco-label coverage and compliance with minimum standards, and analysed by comparison with market indices.

## **BEST PRACTICE\***

### **ERGO environmental policy 2020**

Additionally, in 2016 for the first time, ERGO Versicherung AG established its own environmental policy based on existing joint policies of ERGO Group AG. By 2020, ERGO Versicherung AG intends to further improve the following four areas:

- Energy & efficiency
- Transport & CO<sub>2</sub>
- Waste & resources
- Communication & monitoring

Apart from employees, buildings & equipment, the corresponding targets and measures are going to concern products and customers as well.

In 2019, the focus was on measures in the field of buildings & equipment and on raising employees' awareness of the topic, but also on evaluating the options in the sphere of products & customers. For this purpose, apart from products such as the solar power system insurance and bicycle insurance, which can be contracted online, also financial investments are subjected to a sustainability analysis in quarterly intervals.

#### Environmentally compatible office building

ERGO Versicherung AG is aware of its responsibility for the environment and advocates carbon neutrality. 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 in a work context. Measures to optimise the reduction of CO<sub>2</sub> emissions of the company are continuously developed by the environmental management team and evaluated in the course of an energy audit.

#### Distinctions

##### *Service Champion in the sphere of customer service experience five times in a row*

In 2019, ERGO Austria was distinguished as Service Champion in the insurance industry for the fifth time in a row. One particularly encouraging aspect was the fact that the result was again improved compared to the previous year.

Once a year, ServiceValue GmbH and Goethe University Frankfurt jointly prepare Austria's most comprehensive service ranking, a broadly based survey on customer service experience based on customer reviews. In 2019, some 108,000 Austrian customers were asked about their service satisfaction in relation to 401 companies from 43 branches of industry.

With a service experience score of 75.5 %, ERGO Versicherung AG clearly exceeds the industry average of 68 % and ranks first within the industry. This result is a clear improvement compared to the value of 2018 (75.3 %). Moreover, in the overall ranking, ERGO is among the Top 100 companies, accordingly winning a "bronze medal". Overall, customer reviews on 24 Austrian insurance companies were analysed.



*Strong use of  
Volksbank apps and extension  
of digital products & services.*

---

**94%\***

**USE OF ID APP (2-FACTOR AUTHENTICATION)  
AFTER IMPLEMENTATION OF THE PSD2/RTS DIRECTIVE.**

\*Data as of the reporting date 4 November 2019 based on active users  
of VOLKSBANK WIEN AG (Source: ARZ master list)



**At VOLKSBANK WIEN AG a digital agenda was worked out in 2019 that serves as a “signpost” for further developments of digital products and services, defining “guidelines” for the expansion of digital business models with a clear opti-channel approach. In line with the position as fast follower, co-operations with fintechs and startups were agreed. The digital transformation measures address all spheres within VOLKSBANK WIEN AG and ensure a continuous increase of digital maturity within the entire company.**

### **Strong customer authentication under PSD2**

#### High conversion rate and cost savings

The EU Payment Services Directive PSD2 has been in force since 14 September 2019 and ever since that date 2-factor authentication has been mandatory for the Digital Banking login. In order to meet the defined safety standards for strong customer authentication, VOLKSBANK WIEN AG is going to secure the login with a one-time access code that is transmitted in encoded form via a separate app. The “ID App” will also be used for the approval of transactions, such as signing remittances, and can be downloaded free of charge from the current app stores (Apple, Google Play, Windows). Customers who do not have a smartphone will be provided with alternative procedures (e.g. loginTAN or cardTAN).

The conversion process was completed in November 2019. Some 94 % of all active users (login within the last 30 days) are using the ID App as approval process for login or for transactions in Digital Banking. In this way, the (SMS-based) mobileTAN procedure – that was mainly used so far – was reduced to some 77 %\* in 2019.

#### Login conversion and customer self-service in Digital Banking

The introduction of the ID App has also facilitated the Digital Banking login. Instead of the three identification features (user name, user number and PIN) that were still commonly used at the beginning of 2019, VOLKSBANK WIEN AG has switched 96 %\*\* of customers to the two login features (user name and password) by the end of the year. This conversion was carried out by way of an exclusively digital process directly in Volksbank Digital Banking.

In the course of the conversion, optimisations and extensions were carried out for customer self-services. For instance, customers can use the “Forgot user name” and “Forgot password” processes directly on the login page and thus restore their login data regardless of bank opening hours or service hours of support teams. One security question, defined by the customers themselves, provides additional security during those processes. The login block – after repeated entry of false login data – was also improved from the customer’s point of view.

#### Reducing the consumption of paper through electronic service of documents

A special focus was put on extending electronic services. In the course of login conversion, already 43 % of all customers of VOLKSBANK WIEN AG have consented to being served documents electronically. In this way, deeds, important documents, but also contracts and account statements are made available directly in the safe deposit box of the Digital Banking platform and need no longer be served by post.

\*Source: ARZ costs for SMS dispatch January - December 2019

\*\*Source: ARZ master list

### **Expansion of product and service orders in Digital Banking for more comfort and high savings of customer time**

By introducing the “trolley” in Digital Banking in 2019, we have made sure that important service orders and useful functions are available to customers 24/7, and that the strain on the backoffice units of VOLKSBANK WIEN AG is reduced as well. In the course of 2019, the Digital Banking functions were continuously extended and expanded, so that since the end of 2019 25 digital processes have been available in Banking that can be implemented quickly, easily and in a straightforward manner. Additionally, care is being taken to constantly improve the customer’s experience in these procedures. The aim is to make as little demands as possible on the time of VOLKSBANK WIEN AG customers, keeping the customers’ input to a minimum, with processing by the bank taking place as quickly as possible.

### **Sustainable renewal**

This innovative customer service combines temporal flexibility with sustainability. For all orders can be initiated online and handled conclusively online in Digital Banking. For instance, there is no need for customers to physically visit the retail branch, to fill in any forms and for the bank to scan any documents when opening an online savings or current account. Within a few minutes, the account (including all checks) will be opened online and can subsequently be viewed and/or processed directly in Digital Banking.

Agreements regarding the service of documents for accounts and securities accounts, as well as telephone agreements are also accelerated and made easier: they need no longer be signed in person at the retail branch. Changes of address and the immediate blocking of debit cards can be effected online as well. In this way, valuable time (more than 213 days of travel time\*), paper and means of transport are saved. VOLKSBANK WIEN AG sets an important example for the responsible use of resources.

### **Robotix – an innovative approach**

This function will be supplemented by the use of Robotix – a form of robot-based process automation – thus increasing processing speed, creating a 24/7 experience for customers in many transactions, without depending on expensive software development procedures.

For processes where customers prefer face-to-face consultancy or that still require a visit at the retail branch in technical or legal terms, there is an option to initiate orders online and complete them at the retail branch.

### **Web-Analytics, BI software and Voice-of-Customer solution**

In 2019, the Web-Analytics software Piwik Pro (in addition to tracking on the websites) was used as on-premise service in the data centre in the secured Digital Banking platform as well. This enables usage analysis (in accordance with data protection legislation) of the application with the aim to optimise content pages and processes on the basis of key indicators (e.g. unique visits, dwell time, bounce rates, leads) and develop them with a focus on customers.

In the course of the login conversion project (PSD2), the “Tableau” business intelligence software was introduced as end-to-end analytics platform at VOLKSBANK WIEN AG in 2019. Important functions such as visual data analyses, self-service analytics, interactive dashboards and automated reporting options were implemented in successive steps in order to take well-founded decisions regarding product use and product launch and optimised processes. The aim was to be able to integrate products and processes smoothly and to

carry out analyses across platforms at any time. The previously isolated use of individual data sources is meant to be avoided and/or gradually phased out.

### Voice-of-Customer

Customer survey pilots regarding the use or further development of digital products were performed in 2019, within the scope of the partial introduction of digital housing financing with the Customer Effort Score (CES). The Customer Effort Score serves to measure customer satisfaction with a single question. The idea behind this is that organisations will succeed in winning loyal customers by reducing their effort (customer effort index).

Directly asking customers about their experiences in Digital Banking currently still takes place by way of valuations and comments on FAQs on the Service/Help pages or directly via the app stores. In future, VOLKSBANK WIEN AG will enable its customers to provide feedback in real time and regarding a great variety of topics ranging from user interfaces to mobile in-app feedback.

### Outlook 2020

Customer interactions on mobile devices have continued to increase in 2019; therefore, investments will be increased in 2020 to improve user experience and performance. The most important use cases will be designed "mobile first" in future and implemented on a future-proof platform in terms of technology.

With digital housing financing, VOLKSBANK WIEN AG is also going to provide one of the most important consulting processes in a digital form. This process will allow customers and account managers to jointly organise future living space in the course of a transparent process based on partnership. Special attention will be paid in this project to convenience and full transparency of process and product. The first stage of the overall process of digital housing financing has already been implemented. The "playground" allows a non-binding initial calculation of affordable instalments. Term and fixed interest rates can be adjusted easily and flexibly using the slider. The effect on the instalment (taking account of a variable and a fixed interest rate) is calculated immediately.

At the end of the process, the relevant credit terms may be saved or printed, and the customer may arrange for an appointment at any retail branch.

In another stage of expansion, the digital financing centre will be activated with property and customer data and a financing plan. In a few comprehensible steps, an overall picture is worked out that illustrates the affordability and the financing scheme of the owner-occupied dwelling project for the customers. The interrelations and the overall picture are transparently and conveniently presented in graphic charts.

And whenever it makes sense for the customers of VOLKSBANK WIEN AG, they can switch between developing the relevant concept from their homes or together with their account managers at VOLKSBANK WIEN AG. In this way, the financing plan is created in accordance with the requirements of the customer in terms of flexibility, regardless of the location, with trustworthy advice and in the setting that appears reasonable at the relevant time.

By increasingly involving customers in the organisation of customer processes and by continuously measuring and eliminating any process issues, VOLKSBANK WIEN AG is going to improve this, as well as all other customer processes consistently throughout the entire Association of Volksbanks.

## BEST PRACTICE



### Digital Executives and Ambassadors of Innovation

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In 2019, VOLKSBANK WIEN AG, in co-operation with the Bearingpoint consultancy firm, has carried out a survey regarding digital maturity. For that purpose, employees from all divisions were nominated for the role as “Digital Executive”. The aim of this community is to deal with the digital change within the bank on an ongoing basis, to implement any initiatives derived therefrom internally, and to network with other “fields of knowledge”. Digital Executives take account of technological trends on the market, identifying the required skills and implementing specific measures. In doing so, they equally achieve valuable quick wins.

A collaboration software applied throughout the company and across companies ensures that the same level of knowledge is available for all employees at the same time and that both successes and insights obtained can be shared easily and quickly. In this way, questions about process workflows and/or regarding tips & tricks within the daily working environment can be asked and answered visibly for all at any time. This know-how transfer supports the measures aiming at the continuous development and extension of digital skills at VOLKSBANK WIEN AG. In order to present new “digital tools” and to intensify their daily use, e-learning modules are offered on the “moodle” learning platform. “How to” videos intensify the transfer of knowledge and create a transparent knowledge pool for all employees within the company and the Association of Volksbanks.

Kick-off events on interesting trends such as block chain or Robotix are organised, and members of all existing communities within VOLKSBANK WIEN AG, such as the female high potentials network, the innovation ambassadors or digital ambassadors of each retail branch, will be invited to join in the know-how development and exchange of knowledge. Apart from the professional input for each participant, this also results in networking across topics within the organisation, resulting in synergies and value added.

### Apple Pay and mobile payment for Volksbank customers



Since December 2019, customers of Volksbank can make contact-free payments comfortably and safely using their Apple devices\* and their Volksbank debit cards. The service extends the digital offer of Volksbank aiming to meet customers' daily cash needs as easily as possible and to make everyday life easier also in digital terms.

Once set up in the Volksbank Pay App, payments can be made directly from the wallet, without any app, by holding the iPhone or Apple Watch close to the card reader in the shop and authorising the payment using Face ID or Touch ID. Customers can use Apply Pay to pay in shops, restaurants, taxis, vending machines and many other places. When shopping in apps or on the web in Safari with Apple Pay, there is no need for manually completing comprehensive account forms or entering dispatch and invoice details repeatedly. Equally, the contact-free withdrawal of money is possible at NFC enabled ATMs.

The safety of sensitive customer data is a top priority. Whether iPhone, iPad, Mac or Apple Watch, the card data is only saved locally at the user's terminal and not handed over to the retailer. Apple Pay uses a device-specific number, together with a unique transaction code, for the payment process. Apple Pay will not save any transaction data that might be traced back to its users. In this way, the confidentiality of all purchases is ensured.

The mobile payment service has also be offered to customers with Android smartphones since the autumn of 2019. For this purpose, the Volksbank debit card is activated with a few clicks in the Volksbank Pay App and can be used for payments or money withdrawals with the smartphone all over the world.



*A careful, responsible attitude  
towards nature  
and the environment.*

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# 19,751

**KWH OF ELECTRICITY WERE GENERATED  
IN OUR OWN PHOTOVOLTAIC POWER PLANT  
IN 2019.**



Basically, the banking business itself causes much less environmental stress than, for instance, production plants. All the same, VOLKSBANK WIEN AG makes a contribution to climate and environmental protection in terms of energy, heat and power consumption as well as waste-paper and other waste.

The environmental risks arising from the activity of VOLKSBANK WIEN AG were primarily found in the sphere of reputational risk due to improper handling of resources and waste. This risk is classified as irrelevant and hence negligible.

The figures indicated in the area of resources refer to the locations Kolingasse 14-16 as well as Peregringasse 4, both in 1090 Vienna, and the retail branches of VOLKSBANK WIEN AG. With effect from 2020, VOLKSBANK WIEN AG has moved to a new location in Dietrichgasse 25 in the 3rd municipal district of Vienna. The 2019 report still refers to the former location. VB Services für Banken Ges.m.b.H., now VB Infrastruktur und Immobilien GmbH, is in charge of facility management and, being a consolidated subsidiary of VOLKSBANK WIEN AG, captures all figures from the report that relate to resources.

The retail branches are operated by the separate company exclusively, therefore the figures of the Group correspond to those of the separate company. As described in the chapter "About the report", an allocation key of 76.9 % is used for calculating the indicators for the parent company (Separate), on the basis of the employees of the parent company and of the Group, as no clear breakdown is possible on the basis of actual values.

### Corporate Carbon Footprint (CCF)

In the 2019 reporting year, the CO<sub>2</sub> footprint of VOLKSBANK WIEN AG was calculated for the first time. The reporting scope includes all retail branches and the locations of the headquarters of VOLKSBANK WIEN AG, and their direct (Scope 1) and indirect (Scope 2) greenhouse gas emissions. The emissions of the retail branches were determined based on the energy consumption of reference retail branches of VOLKSBANK WIEN AG. The direct emissions include heating and greenhouse gas emissions caused by pool cars exclusively used for business. The indirect emissions (Scope 2) have resulted from the purchase of energy in the form of electricity and district heating for the retail branches. The emissions caused by electricity consumption were calculated on the basis of the average electricity mix for Austria (location-based). In future, VOLKSBANK WIEN AG intends to calculate the emissions caused by electricity purchases on the basis of the electricity actually procured for the retail branches as well (market-based). No (market-based) emissions are caused by purchasing electricity for the locations of the headquarters, as 100 % of the latter originate from renewable sources.

Corporate Carbon Footprint	Unit	2019 Separate	2019 Group	2018 Separate	2018 Group	2017 Separate	2017 Group
<b>Head- quarters</b>							
	<b>Direct emissions (Scope 1)</b>						
	Company cars	kg CO <sub>2</sub> equivalent emissions	10,012	13,019	*	*	*
	<b>Indirect emissions (Scope 2) – market-based</b>						
	Electricity	kg CO <sub>2</sub> equivalent emissions	0	0	*	*	*
	District heating	kg CO <sub>2</sub> equivalent emissions	263,596	342,778	*	*	*
	<b>Indirect emissions (Scope 2) – location-based</b>						
	Electricity	kg CO <sub>2</sub> equivalent emissions	420,024	546,195	*	*	*
	District heating	kg CO <sub>2</sub> equivalent emissions	263,596	342,778	*	*	*

Corporate Carbon Footprint	Unit	2019 Separate	2019 Group	2018 Separate	2018 Group	2017 Separate	2017 Group
<b>Retail branches</b>	<b>Direct emissions (Scope 1)</b>						
	Heating	kg CO <sub>2</sub> equivalent emissions	492,344	640,239	*	*	*
	<b>Indirect emissions (Scope 2) – location-based</b>						
	Electricity	kg CO <sub>2</sub> equivalent emissions	789,755	1,026,990	*	*	*
	District heating	kg CO <sub>2</sub> equivalent emissions	139,630	181,574	*	*	*
	<b>Total emissions Scope 1 + 2 (location-based)</b>						
		kg CO <sub>2</sub> equivalent emissions	2,115,361	2,750,795	*	*	*

## Energy

When purchasing energy for the headquarters, care is taken that no CO<sub>2</sub> emissions are caused through power generation. An energy audit was carried out at the headquarters in 2015, pursuant to the Austrian Energy Efficiency Act (Energieeffizienzgesetz). On the basis of this audit, a brief training session on energy efficiency was organised for employees at the headquarters, which was implemented on the Intranet under the motto "Zusammen ENERGIE SPAREN" (saving energy together). In 2019, an energy audit was carried out again, the results of which will be announced in 2020.

## Heat

The share of office premises heated by means of district heating was increased and completed at all locations where the technical prerequisites for a changeover were available. Hence, 100 % of office premises at the headquarters are heated through district heating. The difference in heat consumption compared to the previous year is due to the mild winter that caused heating requirements to be below average. Heat consumption in the retail branches is only indicated for the parent company, since the former are allocated to VOLKSBANK WIEN AG as separate institution.

Heating	Unit	2019 Separate	2019 Group	2018 Separate	2018 Group	2017 Separate	2017 Group
District heat consumption headquarters**	kWh	1,298,503	1,688,560	1,383,905	1,599,890	1,411,170	1,631,410
District heat consumption retail branches	kWh	894,452	-	*	-	*	-
Natural gas consumption retail branches	kWh	3,201,197	-	*	-	*	-
Specific district heat consumption headquarters**	kWh per m <sup>2</sup>	85.0	85.0	80.9	80.9	82.4	82.4
Specific heat consumption retail branches	kWh per m <sup>2</sup>	123	-	*	-	*	-
Specific heat consumption total	kWh per m <sup>2</sup>	109	-	*	-	*	-

## Electricity

VOLKSBANK WIEN AG has obtained a hydropower certificate from its electricity supplier for its headquarters, guaranteeing that no CO<sub>2</sub> emissions are caused during the generation of electricity for VOLKSBANK WIEN AG. 100 % of the required electricity of the headquarters are sourced from hydropower plants and the photovoltaic power plant, and accordingly from renewable energy sources. The lower consumption of electricity is due to servers at Peregringasse being outsourced to the computing centre of VOLKSBANK WIEN AG.

\*not collected in the reporting year  
 \*\*Billing cycle: 1 September to 31 August; hence annual consumption data are based on calculations. The calculation of the consumption data per m<sup>2</sup> is based on the total floor space of the Group of 19,788 m<sup>2</sup> and a pro rata floor space of 15,217 m<sup>2</sup> for VBW Separate.

Electricity	Unit	2019 Separate	2019 Group	2018 Separate	2018 Group	2017 Separate	2017 Group
Power generation from our own photovoltaic power plant	kWh	15,189	19,751	19,378	22,402	20,619	23,837
Electricity consumption headquarters**	kWh	1,705,334	2,217,600	2,289,345	2,646,642	2,491,771	2,880,660
Electricity consumption retail branches	kWh	4,169,672	-	*	-	*	-
Specific electricity consumption headquarters**	kWh per m <sup>2</sup>	112	112	134	134	145.6	145.6
Specific electricity consumption retail branches	kWh per m <sup>2</sup>	125	-	*	-	*	-
Specific electricity consumption total	kWh per m <sup>2</sup>	120	120	*	*	*	*

## Pool cars

Five pool cars are available to employees at the headquarters for on-duty travel. All cars are diesel-powered vehicles.

Pool cars	Unit	2019 Separate	2019 Group	2018 Separate	2018 Group	2017 Separate	2017 Group
Diesel consumption	l	5,338	-	*	-	*	-

## Paper

The consumption of print-out and reprographic paper amounts to 50,519 kg in the current reporting year and has decreased by 22 % compared to the previous year. Moving into the new location also means that the intensive use of paper is going to be reduced, with great importance being attached to a “paperless” office.

The standard setting of all printers available in the pools at HQ is two-sided print. This is meant to further reduce paper consumption in the future. Generally, environmentally compatible paper with EU eco label is used, 13 % of total consumption is woodfree and elementary chlorine-free paper.

Consumption of print-out and reprographic paper	Unit	2019 Separate	2019 Group	2018 Separate	2018 Group	2017 Separate	2017 Group
Print-out and reprographic paper	kg	38,849	50,519	56,342	65,135	45,764	52,906
Print-out and reprographic paper	kg per FTE	39.8	39.8	50.1	50.1	39.7	39.7

## Waste

At the central location and in the building at Peregringasse 4, a standardised separation system exists for general waste, glass, plastics and metal. Each workstation is equipped with a labelled container for waster paper/“Special paper waste – confidential documents” and an inset for residual waste. Corresponding information is provided in the tea kitchens (what should be put into which container, plus contact details for help).

\*not collected in the reporting year

\*\*Billing cycle: 1 December to 30 November, including electricity from company-owned PV system

The increase in waste paper and waste from cardboard packages is due to a “decluttering campaign” at the end of 2019. With a view to moving into the headquarters VB-Forum, which is going to be a paperless office, old documents have been archived and destroyed.

Waste	Unit	2019 Separate	2019 Group	2018 Separate	2018 Group	2017 Separate	2017 Group
Residual waste	kg	43,564	56,650	52,333	60,500	52,047	60,170
Waste paper and cardboard packages	kg	52,457	68,215	42,591	49,238	36,832	42,580
Other secondary materials without waste paper/ cardboard packages	kg	7,956	10,346	9,590	11,087	9,456	10,932
Hazardous waste or special waste	kg	168	219	394	456	366	423
Total waste	kg	104,146	135,430	104,908	121,281	98,701	114,105
Total specific waste	kg per FTE	106.7	106.6	93.2	93.2	85.5	85.5

## BEST PRACTICE

### VB-Forum – the new headquarters of VOLKSBANK WIEN AG

One of the key measures to achieve climate protection is to reduce the consumption of energy. The consumption of heat in the office buildings of VOLKSBANK WIEN AG is one of the central causes of direct environmental effects. Therefore, great emphasis was put on the environmentally friendly use of energy in selecting the new headquarters.

The entire premises are equipped with energy-saving LED lighting. Utmost importance was attached to energy efficiency by using modern control technologies in the spheres of heating and air-conditioning as well.

Criteria decisive for the selection of the new location:

- merging the locations\* in one head office (company headquarters) (> short distances)
- excellent public transport connections (> reduction of individual motor car traffic)
- accessibility of the building
- excellent existing infrastructure in the vicinity and/or within the building
- a spirit of optimism by enabling future-oriented work approaches and company processes
- demonstrating energy and cost awareness with a new location policy

In December 2019, the relocation of almost 900 employees to the new main building of VOLKSBANK WIEN AG in Dietrichgasse 25, 1030 Vienna, was completed successfully. Already during the relevant preparations, great importance was attached to reducing paper quantities, in order to create a basis for a working environment with less paper on the one hand and to reduce truck loads to be carried by the forwarding company to a minimum on the other hand.

The move is also the beginning of the establishment of a new corporate culture through realisation of a new office concept and collaborative approach. Flexible room layout and modular office landscapes with different working environments will encourage employees of all divisions and departments to collaborate and to communicate openly. Freely accessible communication zones on all floors serve as meeting and starting points for this new mode of collaboration, which is going to be more open and more process-based.

However, "Working 2.0" will not only take place in the actual office, but will become increasingly more mobile. Offering the possibility of remote working provides employees with a new flexibility in choosing their place of work. This will reduce times of travel and accident hazards, improving the work-life balance overall and making an essential contribution to relieving the burden on the environment by avoiding on-duty travel.

To make this possible, all employees were equipped with mobile and energy efficient IT components, thus creating the required infrastructure for flexible and mobile work. The legal framework for this is provided by an employer/works council agreement and the "principles for collaboration".

A new, functional working environment, modern technologies and the offer of greater flexibility and mobility within the working process will require and encourage new approaches to work, enhancing the attractiveness of VOLKSBANK WIEN AG as employer in the process.



*Our employees are  
our most important capital.*

**1,489\***

**EMPLOYEES  
WORK FOR VOLKSBANK WIEN AG.**



The abbreviations used in the following table  
, F and M, mean female and male, respectively.  
\*Headcount as at 31 December 2019

# Social matters

## EMPLOYEES



At present, VOLKSBANK WIEN AG employs 1,489 employees; they constitute the most important asset with a view to the successful development of the company. VOLKSBANK WIEN AG is striving to be an attractive employer. Therefore, VOLKSBANK WIEN AG sets great store by equal opportunities and diversity, an encouraging working environment and the consistent integration of employees through good internal communication. Additionally, VOLKSBANK WIEN AG offers attractive training and development options.

The figures indicated in the employee area refer to those employees that were employed by the company (VOLKSBANK WIEN AG, VB Services, VB Infrastruktur und Immobilienmanagement) on 31 December of the reporting year. The figures indicated are exclusive of the three Managing Board members of VOLKSBANK WIEN AG, but including apprentices. Full-time equivalents are rounded in line with mathematical rules.

### Employment development

In 2019, a great focus was put on the topic of employer branding. Already in the autumn of 2018, the “Employer Branding – HR Communication” project was initiated at VOLKSBANK WIEN AG. It is essential to present the clear positioning of VOLKSBANK WIEN AG, in a joint effort by the Sales Management, Communication, Marketing functions and an external consultant, as an attractive, strong and authentic employer brand both internally and externally in future. This positioning constitutes the basis of stringent target group-specific HR communication that allows for suitable candidates to be addressed along the candidate journey\*\* at relevant touch points. Beyond that, “brand ambassadors” were defined at VOLKSBANK WIEN AG, who propagate the project, the values defined and the “FIT FOR THE FUTURE” slogan internally and externally.

The redimensioning measures of the Association of Volksbanks were continued in 2019, which is why headcount figures are slightly decreasing. Great emphasis was also put on internal mobility (internal job market). The restructuring process was carried out with a high sense of responsibility. Obviously, the works council was involved at all times. In cases of particular hardship, additional support measures, such as the option of a labour foundation, were offered.

Employees	Gender	Unit	2019	2019	2018	2018	2017	2017
			Separate	Group	Separate	Group	Separate	Group
Headcount		Number	1,138	1,489	1,346	1,546	1,375	1,580
Employees by full-time equivalents		FTE	976	1,270	1,125	1,301	1,154	1,334
White-collar	F	FTE	463	644	564	654	575	661
	M	FTE	513	620	560	640	577	665
Blue-collar	F	FTE	0	0	2	2	2	2
	M	FTE	0	6	0	6	0	6
Total employees	F	FTE	463	644	565	655	577	663
	M	FTE	513	626	560	646	577	671
Employees with a permanent employment contract		Number	1,135	1,484	*	*	*	*
	F	Number	607	841	*	*	*	*
Employees with a fixed-term employment contract		Number	528	643	*	*	*	*
	F	Number	3	5	*	*	*	*
	F	Number	2	4	*	*	*	*
	M	Number	1	1	*	*	*	*

\*not collected in the reporting year

\*\*The recruiting process consists of various points of contact between the job seeker and the company. The entirety of these points of contact and the individual experiences that candidates are gaining from this are referred to as the candidate journey.

100 % of white-collar employees are included in a collective bargaining agreement. Only the six blue-collar employees are not subject to any collective bargaining agreement. As at 31 December 2019, two persons were deployed at VOLKSBANK WIEN AG by an external temporary employment agency within the scope of personnel leasing in the sphere of organisation and IT as project collaborators. No substantial staff fluctuations occurred in the reporting year.

## Health and safety

### Health

It is of great concern to VOLKSBANK WIEN AG to maintain a successful work-life balance in the long run. This is especially important in economically difficult periods. To further increase people's awareness of the topic, a co-operation was initiated with the Hilfswerk charity to support the company's employees. Without any restrictions, each employee may turn to a Hilfswerk aide in all confidence and on short notice. Moreover, employees of VOLKSBANK WIEN AG will find many offers for support on the Intranet in the form of information packages on the topic of family and nursing for employees with childcare or nursing duties. Details are set out under "Best Practice". Also, a company physician and a company psychologist are available in case of personal stress.

Average sick leaves at VOLKSBANK WIEN AG are slightly decreasing, amounting to 10.04 days per employee in the reporting period (2018: 10.25 days, 2017: 11.8 days). As stress constitutes an essential health risk, clearly visible measures are taken in the sphere of work-life balance.

Diverse offers and preventive measures are available to help employees to stay healthy; these measures are organised by the HR department, the works council and the company physician. For instance, a gratuitous health check is performed every two years, most recently in the first quarter of 2019. During working hours, other healthcare offers may be used as well, throughout the year, such as immunisation campaigns against TBE or influenza.

Regular inspections of workstations including ergonomic advice, up to individual workstation layout, are encouraged by both HR and the works council. After bank robberies at retail branches, in case of stress or burnout, employees can turn to a company psychologist. Additionally, the Pilates and yoga classes of the "Volksbank Aktiv" programme are available for employees to benefit from. Employees of VOLKSBANK WIEN AG are also entitled to get reduced rates within the scope of group health insurance schemes.

In the company's own sports groups, employees of VOLKSBANK WIEN AG can keep themselves fit with running, cycling, football, badminton, squash, skiing, and cross-country skiing. Spaces for parking bicycles, including showers and lockers, further encourage employees to go to work by bicycle, thus promoting a healthy lifestyle. The canteen located in the headquarters provides employees with healthy, energising set meals that are prepared in environmentally compatible ways based on a sustainable purchasing policy.

Employees are also assisted by a disabled persons representative.

### Safety

In spite of comprehensive safety measures, the risk of robberies cannot be excluded completely in the banking sector. No robbery occurred in the retail branches in 2019. Psychological emergency care is available if required. The personal risk is further minimised through security training events for employees at retail

# Social matters

## EMPLOYEES

branches. The number of trained employees in the retail branches corresponds to that within the Group as a whole, as no training takes place in subsidiaries.

The number of trained employees was relatively high in 2017, as after completion of the numerous mergers the employees of the banks involved in the mergers were also offered this training option. One training event was held each in 2018 and 2019.

		2019	2019	2018	2018	2017	2017
Security training events	Unit	Separate	Group	Separate	Group	Separate	Group
Trained employees	Number	22	22	25	25	158	158

### Leave not taken and overtime

In 2017, a new company deal entered into force that governs working hours. This allows employees to benefit from modern flextime regulations – moreover, all staff members can make use of flextime days (compensatory time off) for additional recreational value.

Reducing any remaining vacation entitlement (by taking days off) contributes to a reasonable work-life balance and also provides savings potentials. The aim is to maintain the average days of accrued leave at under 10 days. A monthly progress report is submitted to the Managing Board and to the division managers.

### Part-time employment

The balancing of private life, family and career is getting increasingly important; in the long run, it is an important health factor. Flexible working time models and, since 2019, also the option of a flexible workplace, as well as the positive attitude towards part-time employment within the organisation demonstrate active discussions and progress on this topic. More details on the relevant initiatives are set out under “Best Practice”.

			2019	2019	2018	2018	2017	2017
Part-time employment	Gender	Unit	Separate	Group	Separate	Group	Separate	Group
Share of part-time employees among all employees		%	28.1	29.6	31.4	30.6	29.5	28.8
Number of full-time employees		Number	818	1,048	923	1,073	969	1,125
	F	Number	333	454	*	*	*	*
	M	Number	485	594	*	*	*	*
Number of part-time employees		Number	320	441	423	473	406	455
	F	Number	276	391	*	*	*	*
	M	Number	44	50	*	*	*	*

### Maternity leave and “Papamonat”

In 2019, the entitlement to one month of paternity leave (“Papamonat”), as stipulated in the collective bargaining agreement section 2g, was exercised by 8 male employees (2018: 6 men, 2017: 3 men) of VBW Separate.

			2019	2019	2018	2018	2017	2017
Employees returning from parental leave	Gender	Unit	Separate	Group	Separate	Group	Separate	Group
Employees	F	Number	27	29	19	25	23	26
	M	Number	3	3	1	1	10	10

### Further education and training

For VOLKSBANKG WIEN AG, further training is an essential component of HR development in order to ensure and develop the knowledge and skills of the employees required to implement the “Hausbank der Zukunft” (the relationship bank of the future) strategy throughout the Association. All training formats of Volksbank Akademie take account of the long-term strategic orientation of the Association of Volksbanks and are based on blended learning\* as well as e-learning scenarios in accordance with the most recent approaches to didactic methodology.

In close co-operation with all banking experts of the Association of Volksbanks, e.g. in the areas of Sales, Human Resources through to digitalisation, Volksbank Akademie centrally prepares the contents of the annual training offer, aligning the training courses offered with actual needs. Observance of current regulatory requirements within the learning modules is taken care of by compliance experts of the central organisation of VOLKSBANK WIEN AG.

Throughout Austria, Volksbank Akademie serves all Volksbanks including their employees, managing board and supervisory board members. That means 44,684 bookings for training events in 2019 (2018: 26,901), of which 14,594 (2018: 8,184) from the VOLKSBANK WIEN Group.\*\* In relation to the VOLKSBANK WIEN Group, 38,715 hours of training were provided through online and classroom training events (2018: 36,220). Considering that one hour of training has 60 minutes and one training day counts 8 hours, that amounts to an average of 26 (2018: 23.4) hours of training per employee (headcount) of the VOLKSBANK WIEN Group per year.

At present, Volksbank Akademie offers the following 10 training courses:

1. Accounting clerk
2. Account manager
3. Account manager Corporates
4. Investment adviser\*\*\*
5. Branch manager
6. Mentor
7. Trainer
8. Executives Professional/Senior
9. Compliance
10. Fit & Proper for key personnel, supervisory board and managing board members

Throughout Austria, 89 (2018: 95) persons have successfully completed the sector-certified Account Manager, Account Manager Corporates and Train the Trainer courses, 22 (2018: 26) of which in Vienna. Volksbank-specific learning material is developed and made available around the clock in a script library on the “moodle” learning platform. The system of exams is based on academic standards.

The training courses offered by Volksbank Akademie follow the 70:20:10 learning model by Morgan McCall et al. This model explains 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 (informal learning), and not in a classroom. This is why, apart from the proven central pool of trainers

\*Learning model where computer-aided learning and traditional teaching methods are combined.

\*\*The total number of entries in 2019 includes: 1,778 entries by VB Services employees. VB Services employees were also included in the calculation for 2018.

\*\*\*No financial adviser training course was held by the Academy in 2019. As an alternative, the Akademie recommended the external EIP and EFA training courses in 2019; one EIP training course was established in SAP across the Association. For 2020, a new Akademie training course is included in the educational programme.

# Social matters

## EMPLOYEES

of the Association with internal and external experts, Volksbank Akademie additionally works with regional coaches/mentors who accompany the participants on a professional and personal level during their training. Hence, employees receive regional, innovative training that is of practical relevance to their functions.

The training modules offered support a good work-life balance of the employees of VOLKSBANK WIEN AG, enabling them to organise their digital learning modules themselves. This increases the attractiveness of Volksbank as an employer, also reducing environmental impact due to a reduced amount of travelling on the part of the employees. It is also a contribution to modern, more efficient time management.

In German-speaking countries, Volksbank Akademie has positioned itself as a first mover in Sales with Virtual Reality coaching. Within the scope of the account manager training course, prospective account managers can simulate and practice realistic consultancy settings using a VR headset. Trained VR coaches will see them through the experience. Participants in the VR coaching sessions of 2019 evaluated them very positively, mentioning, in particular, the extremely realistic impression and the personal exchange with a dedicated VR coach. This combined use of guided coaching within a setting of 360-degree real-image videos and dramaturgic learning paths is novel in the e-learning sector. The interactive staging of the scenes increases the level of immersion.

Together with Create 21, Volksbank Akademie was distinguished with the e-Learning Award for this Virtual Reality coaching project on 22 February 2019. The Austrian daily Kurier reported about the successful VR training of Volksbank Akademie within the scope of a 3-page cover story in the "Job Business" supplement on 12 January 2019.

### Number of VR coaches and coaching units:

62 VR coaching units in 2019, 17 trained VR coaches

More than 432 training events are state-of-the-art; hence the academy is making an active contribution to the digital transformation of the Association of Volksbanks, and accordingly also at VOLKSBANK WIEN AG, with 34 in-house trainers and examiners.

For the purpose of deepening professional know-how and soft skills, a digital library with 900 books and 30 audio books is available for download throughout Austria on the "moodle" training platform, with topics ranging from IT via HR development through to self-management.

Further education	Unit	2019 Separate	2019 Group	2018 Separate	2018 Group	2017 Separate	2017 Group
Completion of certified training courses	Number	22	22	26	26	*	*
Completion of account manager training course with 8 modules	Number	16	16	9	9	*	*
Persons completing the internal Train the Trainer course	Number	5	5	2	2	*	*
Completion of financial adviser training course	Number	**	**	10	10	*	*

\*not collected in the reporting year

\*\*No financial adviser training course was held by the Academy in 2019. As an alternative, the Akademie recommended the external EIP and EFA training courses in 2019. For 2020, a new training course is being planned by the Akademie.

In 2019 again, the comprehensive high-quality educational programme offered by Volksbank Akademie has provided excellently qualified internal sales experts and professionals. This was also demonstrated by the regional Volksbanks receiving the FMVÖ-Recommend Award for very high customer orientation.

The training modules offered include the key milestones for achieving the goal of developing the digital skills within the Association of Volksbanks and accordingly also at VOLKSBANK WIEN AG. The "Office 365 Collaboration Tools" project was stopped in 2019, therefore it was not possible to pursue the target defined in 2018 any further.

For 2020, Volksbank Akademie has set itself the following goals:

1. Further reduction of paper print-outs based on seminar participants being increasingly equipped with digital tools (e.g. laptops or tablets provided by the Volksbanks)
2. Changeover to environmentally friendly paper and writing materials,
3. Application of collaborative tools in the modern working world with a view to collaboration across the Association (e.g. Confluence, Cisco Jabber).

### Appraisal interview

The appraisal interview is an essential leadership tool to develop a communication and leadership culture. In 2018, a new digital appraisal interview was introduced.

Based on this technological support of the former appraisal interview, VOLKSBANK WIEN AG provides employees and executives with a simple, standardised questionnaire, regardless of the location. This also ensures integration of the different corporate cultures in respect of target agreement and feedback processes, as well as quality assurance with respect to HR development measures.

The appraisal interview was rolled out to all employees of VOLKSBANK WIEN AG.

Employees regularly receiving an appraisal of their performance and of their professional development

	Gender	Unit	2019	2019	2018	2018	2017	2017
			Separate	Group	Separate	Group	Separate	Group
Employees		Number	1,138	1,489	*	*	*	*
	F	Number	609	845	*	*	*	*
	M	Number	529	644	*	*	*	*
Employees		%	100	100	*	*	*	*
	F	%	100	100	*	*	*	*
	M	%	100	100	*	*	*	*

### Diversity

It is of essential importance to VOLKSBANK WIEN AG that no person is discriminated against for any reason (sex, ethnicity, religion/weltanschauung, age, sexual orientation, disability) and treated any worse than other persons. The individual is always the focus of all considerations, for mutual respect is one of the co-operative values.

# Social matters

## EMPLOYEES

Employees with managerial responsibility*	Gender	Unit	2019 Separate	2019 Group	2018 Separate	2018 Group	2017 Separate	2017 Group
Employees with managerial responsibility		Number	<b>156</b>	<b>194</b>	162	186	164	189
	F	Number	<b>37</b>	<b>50</b>	39	43	40	44
	M	Number	<b>119</b>	<b>144</b>	123	143	124	145

### Share of women

The share of women at VOLKSBANK WIEN AG is 53.51 %, within the Group 56.75 %, that of women in positions with managerial responsibility is 23.72 %, within the Group 25.77 %.

Share men/women	Gender	Unit	2019 Separate	2019 Group	2018 Separate	2018 Group	2017 Separate	2017 Group
Share of all employees	F	%	<b>53.5</b>	<b>56.8</b>	57.0	56.9	56.9	56.5
	M	%	<b>46.5</b>	<b>43.2</b>	43.0	43.1	43.1	43.5
Employees	F	Number	<b>609</b>	<b>845</b>	767	879	782	892
	M	Number	<b>529</b>	<b>644</b>	579	667	593	688
In positions with managerial responsibility*	F	%	<b>23.7</b>	<b>25.8</b>	24.1	23.1	24.4	23.3
	M	%	<b>76.3</b>	<b>74.2</b>	75.9	76.9	75.6	76.7
Share of part-time employees among all employees	F	%	<b>24.3</b>	<b>26.3</b>	27.1	26.6	26.3	25.8
	M	%	<b>3.9</b>	<b>3.4</b>	4.3	4.0	3.3	3.0

### Female high potentials

In 2018, VOLKSBANK WIEN AG initiated a new programme for the advancement of female high potentials, continuing the same successfully in 2019. One central objective of this programme is to increase the share of female executives in the years to come.

Female employees that demonstrate above-average commitment, a constant striving for further education/training, and who are willing to get involved in projects within their own division or across divisions are eligible members of this target group. Additionally VOLKSBANK WIEN AG offers an internal mentoring programme that enables female participants to think outside the familiar box even within the company. More details regarding this programme are set out under "Best Practice".

### Diversity management

VOLKSBANK WIEN AG considers diversity as an advantage. This is why, in 2019, VOLKSBANK WIEN AG supported its employees with some initiatives set out under "Best Practice".

### Age

Due to the long-standing company affiliation of employees of VOLKSBANK WIEN AG, the share of Group employees over the age of 50 is around 28 %.

Age structure	Unit	2019 Separate	2019 Group	2018 Separate	2018 Group	2017 Separate	2017 Group
Employees < 30 years	%	<b>11.4</b>	<b>12.4</b>	14.3	13.7	15.0	14.8
Employees 30-50 years	%	<b>60.1</b>	<b>59.3</b>	60.0	59.6	63.4	62.6
Employees > 50 years	%	<b>28.5</b>	<b>28.3</b>	25.7	26.8	21.7	22.7

\*from group manager, branch manager, department manager, division manager onwards (group manager only upwards of three persons); share of all employees with managerial responsibility

Company affiliation	Unit	2019 Separate	2019 Group	2018 Separate	2018 Group	2017 Separate	2017 Group
Employees < 5 years	%	29.0	28.5	26.9	25.7	25.8	24.7
Employees 5-25 years	%	52.6	52.2	54.6	55.1	57.1	57.5
Employees > 25 years	%	18.4	19.3	18.5	19.2	17.1	17.9

Persons with disabilities	Unit	2019 Separate	2019 Group	2018 Separate	2018 Group	2017 Separate	2017 Group
Number of employees	Number	*	29	*	34	*	36.0
Share of employees with disabilities in all employees	%	*	2.0	*	2.2	*	2.3

### Company pension plan

A pension fund exists with BONUS Vorsorgekasse AG to provide for the employees of VOLKSBANK WIEN AG. All employees with a least five years of service in the company are entitled to benefits from this fund. The employer contributes at least 2.0 % (in accordance with the collective bargaining agreement and/or the relevant company deals) of the pension assessment basis per employee and year to the pension fund.

Persons participating in the company pension scheme	Unit	2019 Separate	2019 Group	2018 Separate	2018 Group	2017 Separate	2017 Group
Share of employees (white-collar)	%	*	78.2	*	78.7	*	79.2

### Internal communication

VOLKSBANK WIEN AG is striving to provide its employees with transparent communication in a timely manner. This is why, apart from the Intranet where all relevant information is collected and published, an e-mail ticker has been set up to provide employees with the latest news on current events. Moreover, an internal magazine – “Vorstandsinformation” (information by the Managing Board) – is published in regular intervals. In this magazine, each Managing Board member reports about any news from his/her preserve; divisions are presented and current events reported on.

The Managing Board members also take the time to report on current topics in the bank in small groups, and will answer any questions. The formats “Frühstück mit dem Generaldirektor” (breakfast with the CEO), the “Finanzdialog” (financial dialogue) or “Good Morning Talk” are extremely popular.

The aim of the “VB Inside” employee magazine, published throughout the Association, is to further consolidate communication and identification within the Association of Volksbanks across regional borders.

Any major technological or organisational changes affecting the company’s employees are supported by active change management, in order to get all employees involved in the process and to smoothly manage the change.

### BEST PRACTICE

Equal chances and the balancing of career and family are considered important topics by VOLKSBANK WIEN AG. This is why, apart from family-friendly policies, it relies on a promotional programme supporting female high potentials at all levels and opening doors for their professional future and development.

#### High Potentials

The network of high potentials consists of female employees of VOLKSBANK WIEN AG that want to develop themselves, think outside the box and try something new. The aim is to strengthen the professional competences of female high potentials. Therefore, supporting measures, such as talks by female experts, a talent training course and the so-called WoMentoring programme were initiated.

#### Further education and training – new ideas

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In the course of special events and series of lectures held by renowned speakers, the female participants of the network learn how to be even more successful, for instance through personality training, both in a professional and private context. Moreover, executives and high potentials are offered a great number of training events on the topics of diversity, respect, equal treatment, and the compatibility of family and career.



#### Mentoring programme

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Mentoring has become one of the most effective instruments of HR development, in order to advance young executives and support them in their development. VOLKSBANK WIEN AG has set itself the goal to support women within the company, in particular, and to qualify them for executive functions. All division managers and Managing Board members of the bank are available to serve as mentors.

#### Talent training course

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Together with Volksbank Akademie, a talent training course was designed that aims to offer its participants a profound education to strengthen their skills and personality. Decision-making and responsibility are reinforced and professionally trained. Ideal prerequisites are created to assume subsequent managerial functions, professional activities or comprehensive project tasks. Within the scope of the High Potential programme for women at VOLKSBANK WIEN AG, there have been two rounds already in this respect; subsequently, the training course will be offered to all employees. The training course increases the visibility of talent within the company, offering networking opportunities within Volksbank.

### **Diversity management workshops**

The aim of diversity management is to create an organisational culture where everyone is able to develop and unfold their potentials. This will increase the performance, motivation and social skills of the employees, ultimately making the company more successful. In 2019, VOLKSBANK WIEN AG organised workshops on this topic for all executives, entitled “Diversity as an Asset – Working Together – Respecting Each Other”.

### **Balancing career and family**

The network of female high potentials has driven forth some encouraging initiatives that were implemented in collaboration with the HR department. Apart from the mentoring programme, a special focus was put on the balancing of career and family.



### **“Keep Balance” co-operation with Hilfswerk Österreich**

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With effect from August 2019, the employees of VOLKSBANK WIEN AG have been able to make use of the comprehensive consultancy offered by Hilfswerk Österreich. Within the scope of the KEEP BALANCE initiative, Hilfswerk experts lend their support to people faced with specific challenges and questions arising in different situations in life. Hilfswerk advisers are subject to utmost professional secrecy. Not all problems can be solved alone, nor do they have to be solved alone. Volksbank as Austria’s “Hausbank” foregrounds the needs of its employees in the same way as those of its customers.

### **Information packages on the topic of family and nursing for employees with care responsibilities**

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Austria offers a wide range of services for families and in the social sphere, as well as support measures. It is precisely in highly service-oriented sectors like banking that the balancing of career and family constitutes a great challenge. The manifold benefits in the sphere of childcare or the nursing of (elderly) persons in need of care differ greatly among most Austrian federal provinces. Looking for and identifying the right benefits in each case – which are often needed on very short notice – is frequently associated with laborious research and requires sound, professional advice and assistance with a view to finding the services and benefits optimal in each case. With the two information packages, VOLKSBANK WIEN AG intends to assist its employees in finding their way through the labyrinth of available benefits.

### **Meetings, conferences after 5 p.m.**

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In line with the “Balancing Career and Family” initiative, employees of VOLKSBANK WIEN AG may also refuse to participate in meetings and conferences after 5 p.m. The Managing Board supports this initiative.

# Social matters

## EMPLOYEES

### Family and career audit



Each year, the national seals of quality “berufundfamilie” and “hochschuleundfamilie” are awarded to companies and institutions that have successfully participated in the audit, and created need-based general conditions for a more family-friendly world of work and studies. The aim is to provide employees with the largest possible amount of flexibility. The spectrum of individual measures is wide, ranging from flexible working hours models via child care allowances through to teleworking options in certain instances. Even in the sphere of part-time models after expiry of the statutory entitlement to parental part-time work, VOLKSBANK WIEN AG is striving to accommodate the needs of employees with children to the greatest possible extent. In 2016, VOLKSBANK WIEN AG obtained the basic audit certificate “berufundfamilie” for the first time, and was recertified in 2019, after the implementation of numerous measures and the setting of new targets.



### New working environments at the new headquarters

Upon moving into the new building in Dietrichgasse, the old office structure was entirely left behind in Kolingasse, for the new office layout creates room for improved communication and collaboration. The basis of this concept are an open design of the premises, flexible workstations (desk sharing), and remote work based on trust. This increase in flexibility means that a substantial amount of time can be saved on the way to and from work, hence an increase in spare time, but also an increase in productivity. And it is also about trust, because VOLKSBANK WIEN AG is convinced that all employees will use this freedom very responsibly.

### VOLKSBANK WIEN AG distinguished as top apprenticeship training provider



Already in July 2019, two apprentices complete their training with VOLKSBANK WIEN AG successfully. In this context, the Austrian “Hausbank” was awarded the quality label of the Austrian Economic Chambers (WKO). This distinction shows prospective apprentices that the company disposes of solid training experience of many years and is thoroughly committed to training apprentices. In order to ensure that new employees are integrated in the best possible way, apprentices are involved in customer service right from the start. Each newcomer is teamed up with a so-called “training mentor” as contact person, who will be at the apprentice’s side from the start until the end of their apprenticeship. Since August 2019, VOLKSBANK WIEN AG has extended its team with four new apprentices in the first year of apprenticeship, thus assuming a significant share of educational and socio-political responsibility.



*We are the representatives  
of employee interests.*

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14

**ELECTED WORKS COUNCIL MEMBERS REPRESENT THE  
INTERESTS OF THE EMPLOYEES OF VOLKSBANK WIEN AG.**



# Social matters

## EMPLOYEE REPRESENTATION



Sustainability is an essential factor of success for any competitive business and especially an important instrument to strengthen the confidence of employees in their own company. The works council members of VOLKSBANK WIEN AG are committed to sustainable principles:

### Sustainability principles of the works council

The members of the works council of VOLKSBANK WIEN AG

- 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 equal treatment,
- act as partners for the sustainable development of the corporate culture,
- are committed to representing the interests of all employees,
- attend to conflicts with a view to a reconciliation of interests, and
- are committed to employee representation through elected works councils throughout the Group.

14 elected works council members (5 of them women) represent the interests of all employees of VOLKSBANK WIEN AG. The works council has delegated 5 of its members to the Supervisory Board of VOLKSBANK WIEN AG and to various supervisory board committees (3 men, 2 women).

Works council members, healthcare	Unit	2019 Separate	2019 Group	2018 Separate	2018 Group	2017 Separate	2017 Group
Works council members	Number	14	14	14	14	14	14
Works council members on the Supervisory Board and in various committees	Number	5	5	5	5	5	5
Sports sections	Number	9	9	8	8	9	9
Training courses “Aktiv” programme	Number	3	3	4	4	4	4
Participants “Aktiv” programme	Number	78	78	80	80	80	80

To protect employees’ interests, company deals 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 (e.g. health check, influenza and TBE immunisation etc.) Once a week a company physician is present to be consulted by employees.

The works council includes the position of women’s affairs officer/conflict manager. In case of need, employees may contact this person in all confidence. An employer/works council agreement “on the prevention and reduction of workplace bullying, sexual harassment, discrimination, and the promotion of amicable conflict resolution practices” was negotiated successfully.

Employees dispose of a great variety of services at favourable terms (e.g. dressmaker’s shop, cleaning shop, pharmacy orders). New offers for employees in the spheres of culture, sports & leisure, living and many others are regularly made available on the “CorpLife-Mitarbeiterwelt” platform.

The sports sections and the VB-Aktiv yoga and Pilates courses round off the range of available services.

The relocation to a new main building, VB-Forum, in 1030 Vienna was completed in 2019. The works council was involved in the “VB-Forum” working group, representing the requests, suggestions and rights of the employees.



*We are running for all those  
who cannot run themselves!*

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**225**

**VOLKSBANK PARTICIPANTS AT THE  
WINGS FOR LIFE WORLD RUN ON 5 MAY 2019**

# Social matters

## SPONSORSHIPS

**Assuming responsibility and making a contribution to common welfare is an integral part of the vision of VOLKSBANK WIEN AG. The company considers it as part of 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 any co-operation to be consistent and relevant for Volksbank are defined precisely. What is especially important here is for the sponsored sport, event or athlete to have a positive image and to stand for values that are clearly compatible with those of Volksbank, thus potentially contributing to the accomplishment of the company's declared communication and business goals.

One essential aspect of the sustainability policy of Volksbank 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. Volksbank 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.

The following sponsorships are taken as examples for the commitment of VOLKSBANK WIEN AG:

### Sponsorship examples



### Wings for Life World Run

Under the motto "We are running for all those who cannot run themselves!", thousands of people have been running countless kilometres in their running shoes, in favour of spinal cord research, at more than 100 different event locations each year ever since 2014. What's special about this: instead of running a predefined distance, participants run against the so-called Catcher Car that starts 30 minutes after the runners, pursuing them at increasing speed. Anyone who is overtaken by the car will drop out of the race. And the best thing about it: by participating, all runners make an important contribution to funding the research of curative therapies for spinal cord injuries. For 100 % of all entry fees and donations go to scientific research projects via the Wings for Life foundation.

In 2019 – as in preceding years – Volksbank was the first and only bank to sponsor the Wings for Life World Run in Austria. For ten thousand participants, the starter's gun was fired on 5 May 2019 at 1:00 p.m. 225 participants started the race for the all-Austrian Volksbank Team, running 3,213 km in total. Among the total

of 94 teams, they sensationally came in 10th. For each kilometre covered by the team, Volksbank made a donation of euro 1 to the state-approved charitable foundation for spinal cord research "Wings for Life". The common goal: to find a cure for paraplegia. The donations are used by the foundation to sponsor promising research projects and clinical trials to cure spinal cord injuries all over the world. In 2020, Volksbank will be ready again to run for a good cause on 3 May. The ambitious goal is to win over 300 enthusiastic runners for the Volksbank team, increasing the amount of donations even further.



#### Goldi Talente Cup

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Andreas Goldberger, one of the most successful ski jumpers of our times, has made it his mission to look for ski jumping talents throughout the country; in 2019 for the 12th time already. This successful talent scouting campaign will also take place in 2020. In a total of five competitions, girls and boys aged between six and ten years are getting a chance to take off from a ski jump for the first time and to find out if they like it. At the end, the best young would-be ski jumpers from all over Austria will compete against each other in the final competition. It is a great concern of Volksbank, as a long-standing partner of the ÖSV ski jumping stars, to sponsor the Goldi Talente Cup and the Goldi Camps for young talents, thus contributing to the encouragement and support of children and adolescents who are enthusiastic about the sport.



#### VOLKSBANK Galaxy Judo Tigers

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The VOLKSBANK Galaxy Judo Tigers were founded in 2011 and are considered to be the best judo club in Austria. A distinguishing feature of the club is its very strong young talent, some of them quite successful even internationally. In 2019, the club was even more successful than in the – already very successful – previous years. The young talents of the Judo Tigers, in particular, have made themselves a name across regional borders. Events and successes are summarised in a detailed annual report. VOLKSBANK WIEN AG supports the club through sponsorship in order to advance and encourage young talent and integration in this sport.

# Social matters

## SPONSORSHIPS



### Basketball-Talentewettbewerb Vienna D.C. Timberwolves

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The D.C. Timberwolves association organises the “Basketball-Talentewettbewerb”, or basketball talent challenge, where the registered school or classes are offered a PE lesson in work stations mode. The Wolves have been co-operating with VOLKSBANK WIEN AG for six years, and with great success. In the past school year, more than 3,000 pupils were addressed; the 150 best of them finally met in the WOLVES DOME in Donaustadt (Vienna) on the occasion of the FINAL DAY. Here again, VOLKSBANK WIEN AG sponsors the club in order to support and encourage young talent and integration in this sport.



### Beach Volleyball Major

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Following the great success at the World Cup in the summer of 2017, Vienna was chosen to organise the World Series for the years 2018 to 2020 as well. For more than 20 years, Volksbank has been accompanying event organiser Hannes Jagerhofer during his career. Many years ago, when the successful entrepreneur and Volksbank customer started his beach volleyball events in Carinthia, Volksbank realised the potential of beach volleyball in Austria and trusted him to do the right thing. Through this sponsorship, Volksbank intends to get as many fans as possible enthusiastic about this sport, motivating them to get moving.



### Sporthilfe Charity-Xmas-Bowling

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Österreichische Sporthilfe is an independent charitable organisation. Through the financial and moral support it provides, it makes an important contribution to the social security of top athletes. The non-profit association pursues its mission without any state subsidies. Funding is provided exclusively on the basis of sustainable partnerships with business enterprises, charity events and fund-raising activities. One of these events is the Sporthilfe Charity-Xmas-Bowling, where funds are raised to support Austrian athletes. VOLKSBANK WIEN AG supported this event as a partner again in 2019.



*Sustainable advertising material  
made in Austria.*

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# 2012

**WAS THE YEAR THAT THE RE-USABLE  
PROMOTION MATERIAL WAS PROCURED.**

# Social matters

## MARKETING

### Sustainable and regional procurement in marketing

Most suppliers of advertising material of VOLKSBANK WIEN AG are Austrian businesses, many of them in the proximity of Vienna. Generally it may be said that transport routes are kept short, as most articles are purchased within Austria, and only partially in Germany. As the central organisation of the Association of Volksbanks, VOLKSBANK WIEN AG, more specifically, since November 2019, the newly established 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.

### Suppliers

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 include other sustainable products in the range as well.

In selecting the printing shops, VOLKSBANK WIEN AG pays attention to their environmental certifications.

### Promotion material

The flying banners of Volksbank are equally used in an environmentally compatible manner: once produced, they are subsequently presented during events time and again, and combined with high-quality inflatable promotion desks, tables and chairs, which have been in use since 2012.

### 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. This reorganisation was performed due to environmental considerations. In the target group of young people, we rely on vouchers and online processing. On International Savings Day, no gifts are given away, except for a small sustainable gift for children.

*We act sustainably and  
assume responsibility.  
For society, the environment  
and the economy.*

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**2018**

**WAS THE YEAR VOLKSBANK WIEN AG  
JOINED THE UNITED NATIONS GLOBAL COMPACT.**



# Memberships

**SUSTAINABILITY ALSO MEANS TO JOINTLY SET PRIORITIES BOTH INTERNALLY AND EXTERNALLY. BY CONSCIOUSLY SELECTING ITS MEMBERSHIPS, VOLKSBANK WIEN AG IS DEMONSTRATING ITS DEDICATION AND COMMITMENT.**

## UNGC

[United Nations Global Compact](#)



The UN Global Compact is the world's largest initiative in the sphere of CSR and sustainable development. The 10 universal principles and the support of the 17 SDGs of the UN are considered as key elements of the UN Global Compact.

## respACT

[austrian business council for sustainable development](#)



VOLKSBANK WIEN AG stands for acting on the basis of social responsibility within its immediate environment. respACT is a valuable partner to realise ecological and social objectives. respACT supports its member organisations in achieving ecological and social objectives economically and self-reliantly.

## Charta der Vielfalt

[For diversity in the world of work](#)



By signing this "charter of diversity", Volksbank sets a clear signal for actual diversity and respect within the company and commits to actively appreciating all those individuals that Volksbank is in contact with – with positive effects on society and the economy in Austria. Volksbank (VOLKSBANK WIEN AG as successor institution) has been a signatory of the Charta der Vielfalt since 2010.

**IV**  
Industriellenvereinigung



The Industriellenvereinigung is a voluntary and independent interest group of Austrian industrial enterprises and the associated sectors. As an accredited partner of policymakers, it strives to contribute to Austria's positive development. The IV represents the interests of its currently more than 4,500 members from the manufacturing, lending business, infrastructure and industry-oriented services sectors in the federal provinces, at federal level and in Europe.

**WKO**  
Wirtschaftskammer Österreich



The Austrian Economic Chambers (WKO) represent more than 517,000 member businesses, and work for future-oriented, pro-business political decisions. With its educational institutions – WIFI, universities of applied sciences – the WKO contribute to strengthening the competitiveness of the Austrian economy.

**PRVA**  
Public Relations Verband Austria



The Public Relations Verband Austria (PRVA) is an independent, voluntary association of communication experts in companies, agencies and organisations. As driving force of this branch of industry, the PRVA declares high ethical standards, it nurtures international relations and promotes networking, and the exchange of information and opinions among colleagues. VOLKSBANK WIEN AG has a supporting function in the scientific senate of the PRVA.

**Internationale Volksbanken-Vereinigung**  
Confédération Internationale des Banques Populaires (CIBP)



Confédération Internationale des Banques Populaires (CIBP), the international confederation of co-operative banks, is a special interest group consisting of banks, financial institutions and banking associations whose business model is based on co-operative principles and values. The primary goal of CIBP members is to advance the development of its customers – for the major part small and medium-sized enterprises.

# Memberships

## **Oikocredit Austria**

OIKOCREDIT in Menschen investieren **(investing in people)**

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Oikocredit is an international co-operative society that refinances microfinance institutions, co-operatives, as well as SMEs in so-called developing countries. The capital required for the granting of credits in Africa, Latin America and Asia is currently provided by some 56,000 private individuals and organisations. Oikocredit will grant loans irrespective of religion, culture, age or sex.

## **Van Swieten Club**

Association of Friends of the Austrian National Library

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With its annual contributions and donations, the network of bibliophilic and art-interested patrons supports the cultural treasure trove of Austria and one of the world's most important libraries. The association enables the purchase and restoration of objects, supports preservation campaigns and provides funds for a contemporary presentation to the public.

## **1894er Club**

Network within the worlds of business and sports

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Volksbank is a member of the 1894er Club of the First Vienna FC 1894, Austria's oldest football club.

*Presentation of risks  
from the activity of VOLKSBANK  
WIEN AG pursuant to the  
Nachhaltigkeits-und Diversitäts-  
verbesserungsgesetz (NaDiVeG)*

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# Annex

## RISKS ACCORDING TO NADIVEG

### Environmental matters

Sustainability topic	Risks for the business activity	Risks for sustainability matters	Current approach
Energy efficiency and reduction of emissions	<ul style="list-style-type: none"> <li>• Reputational risk</li> </ul>	<ul style="list-style-type: none"> <li>• Negative effects on the environment</li> </ul>	<ul style="list-style-type: none"> <li>• Use of alternative ways of power generation</li> <li>• Training events for employees</li> <li>• Energy-friendly financing</li> </ul>
Sustainable procurement and waste management	<ul style="list-style-type: none"> <li>• Reputational risk</li> </ul>	<ul style="list-style-type: none"> <li>• Negative effects on the environment</li> </ul>	<ul style="list-style-type: none"> <li>• Regional procurement</li> <li>• Training events for employees</li> </ul>

### Employee and social matters

Sustainability topic	Risks for the business activity	Risks for sustainability matters	Current approach
Health and safety of the employees: new legal provisions, times of absence	<ul style="list-style-type: none"> <li>• Sick leaves</li> <li>• Robberies</li> </ul>	<ul style="list-style-type: none"> <li>• Negative effects on human rights and on the health of employees</li> </ul>	<ul style="list-style-type: none"> <li>• Sick leaves: measures to promote the health of employees</li> <li>• Robbery: training events, defined follow-up process</li> </ul>
Diversity management and equal opportunities	<ul style="list-style-type: none"> <li>• Reputational risk</li> </ul>	<ul style="list-style-type: none"> <li>• Discrimination risk</li> </ul>	<ul style="list-style-type: none"> <li>• Increasing the awareness of executives</li> <li>• Workshops on the topic</li> </ul>
Education and on-the-job training	<ul style="list-style-type: none"> <li>• Skills shortage</li> <li>• Loss of knowledge</li> <li>• Lack of innovation and optimisation</li> </ul>	<ul style="list-style-type: none"> <li>• Risk of traffic accidents for employees</li> <li>• Stress due to frequent business trips</li> <li>• Insufficient personal development</li> </ul>	<ul style="list-style-type: none"> <li>• Travel risk: online training events, rules for using public transport, on-duty travel with the car are the exception</li> <li>• Insufficient personal development: regulatory training events, professional training as well as personality development formats</li> </ul>
Work-life balance	<ul style="list-style-type: none"> <li>• Risk of absenteeism</li> <li>• Disadvantages when recruiting highly qualified staff</li> </ul>	<ul style="list-style-type: none"> <li>• Negative effects on human rights and the health of the employees</li> </ul>	<ul style="list-style-type: none"> <li>• Minimising the risk of absenteeism: options of flexitime, reference to consumption of leave days</li> <li>• Recruiting risk: current employer branding project</li> </ul>
Employee mobility	<ul style="list-style-type: none"> <li>• Risk of traffic accidents and hence risk of absenteeism</li> </ul>	<ul style="list-style-type: none"> <li>• Stress through long distances</li> <li>• Risk of traffic accidents for employees</li> </ul>	<ul style="list-style-type: none"> <li>• Location of headquarters is perfectly connected to public transport</li> <li>• Employer/works council agreement on increased teleworking</li> </ul>
Sponsorships	<ul style="list-style-type: none"> <li>• Reputational risk</li> </ul>	–	<ul style="list-style-type: none"> <li>• Rules for sponsorships</li> </ul>
Social commitment	<ul style="list-style-type: none"> <li>• Reputational risk</li> </ul>	–	<ul style="list-style-type: none"> <li>• Rules for social commitment (CoC)</li> </ul>
Sustainable procurement	<ul style="list-style-type: none"> <li>• Suppliers not compliant</li> </ul>	<ul style="list-style-type: none"> <li>• Negative effects on human rights</li> <li>• Negative environmental effects</li> </ul>	<ul style="list-style-type: none"> <li>• Regional suppliers</li> </ul>
Handling of data and new technologies	<ul style="list-style-type: none"> <li>• Reputational risk</li> <li>• Data security</li> </ul>	<ul style="list-style-type: none"> <li>• Violation of personal rights</li> </ul>	<ul style="list-style-type: none"> <li>• Comprehensive training events (data, protection, data security)</li> <li>• Appointment of a Data Protection Officer</li> </ul>
Innovation/digitalisation	<ul style="list-style-type: none"> <li>• Missing any trends on the market</li> <li>• Loss of customers</li> <li>• Lack of innovation and optimisation</li> </ul>	–	<ul style="list-style-type: none"> <li>• Digital agenda worked out</li> <li>• Digital Executives and digital ambassadors</li> </ul>

### Anti-corruption and bribery

Sustainability topic	Risks for the business activity	Risks for sustainability matters	Current approach
Cases of corruption (whistle-blowing)	<ul style="list-style-type: none"> <li>• Criminal consequences</li> <li>• Reputational risk</li> </ul>	–	<ul style="list-style-type: none"> <li>• Comprehensive training and controls</li> </ul>
Fines	<ul style="list-style-type: none"> <li>• Reputational risk</li> </ul>	–	<ul style="list-style-type: none"> <li>• Comprehensive training and controls</li> </ul>
Avoidance of critical investments/financing of critical investments	<ul style="list-style-type: none"> <li>• Reputational risk</li> <li>• Financial risk – lending</li> </ul>	<ul style="list-style-type: none"> <li>• Negative effects on human rights</li> <li>• Negative environmental effects</li> </ul>	<ul style="list-style-type: none"> <li>• Comprehensive regulations regarding the attitude towards undesirable sectors and areas of business</li> </ul>

### Specific business model: products and services

Sustainability topic	Risks for the business activity	Risks for sustainability matters	Current approach
Credit risk	<ul style="list-style-type: none"> <li>• Default risk customers</li> </ul>	<ul style="list-style-type: none"> <li>• Overindebtedness</li> </ul>	<ul style="list-style-type: none"> <li>• Separation of Sales/risk units</li> <li>• Dual-control principle</li> <li>• Limit systems</li> <li>• Ongoing analyses/reports</li> <li>• Powers to act</li> </ul>
Market risk	<ul style="list-style-type: none"> <li>• Losses for the bank</li> </ul>	<ul style="list-style-type: none"> <li>• Capital loss for customers</li> </ul>	<ul style="list-style-type: none"> <li>• Rules</li> <li>• Powers to act</li> <li>• Controls</li> <li>• Limits</li> </ul>
Operational risk	<ul style="list-style-type: none"> <li>• Losses for the bank</li> </ul>	<ul style="list-style-type: none"> <li>• Capital loss for customers</li> </ul>	<ul style="list-style-type: none"> <li>• Analysis</li> <li>• Training events</li> <li>• Escalation procedure</li> </ul>
Liquidity risk	<ul style="list-style-type: none"> <li>• Withdrawal of customer deposits</li> </ul>	<ul style="list-style-type: none"> <li>• Capital loss for customers</li> </ul>	<ul style="list-style-type: none"> <li>• Limits</li> <li>• Controls</li> <li>• Liquidity buffer</li> <li>• Powers to act</li> </ul>

# Annex

## FULLY CONSOLIDATED COMPANIES OF VOLKSBANK WIEN AG

fully consolidated entities	employees FTE	capital share
VB Services für Banken Ges.m.b.H.	232.05	98.89
VB Infrastruktur und Immobilien GmbH	62.14	100.00
3V-Immobilien Errichtungs-GmbH	none	100.00
Gärtnerbank Immobilien GmbH	none	100.00
GB IMMOBILIEN Verwaltungs- und Verwertungs-GmbH	none	100.00
VB Rückzahlungsgesellschaft mbH	none	100.00
VB Verbund-Beteiligung Region Wien eG	none	90.54
VOBA Vermietungs- und Verpachtungsges.m.b.H.	none	99.00
WG Vermietung von Wirtschaftsgütern Gesellschaft m.b.H.	none	100.00

## *GRI Content Index*

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# Annex

## GRI CONTENT INDEX

### GENERAL DISCLOSURES

#### GRI 102: General Disclosures 2016

##### Organizational profile

GRI-Standard	GRI-Disclosure	Page	Notes and omission
GRI 102: General Disclosures 2016	102-1: Name of the organization	114	
	102-2: Activities, brands, products, and services	7, 31-32	
	102-3: Location of headquarters	114	
	102-4: Location of operations	8, 10	
	102-5: Ownership and legal form	11, 114	
	102-6: Markets served	10, 12, 32	
	102-7: Scale of the organization	8, 9, 30-31, 36, 48	www.volksbankwien.at/gb_2019
	102-8: Information on employees and other workers	9, 79, 81	GRI 102-8 b) is not applicable to VOLKSBANK WIEN AG.
	102-9: Supply chain	13	
	102-10: Significant changes to the organization and its supply chain	9, 73, 76	
	102-11: Precautionary Principle or approach	46-47	
	102-12: External initiatives	16-18, 98-99	
	102-13: Membership of associations	99-101	

##### Strategy

GRI-Standard	GRI-Disclosure	Page	Notes and omission
GRI 102: General Disclosures 2016	102-14: Statement from senior decision-maker	6-7	
	102-15: Key impacts, risks, and opportunities	47, 103-104	

##### Ethics and integrity

GRI-Standard	GRI-Disclosure	Page	Notes and omission
GRI 102: General Disclosures 2016	102-16: Values, principles, standards, and norms of behavior	12-13	

##### Governance

GRI-Standard	GRI-Disclosure	Page	Notes and omission
GRI 102: General Disclosures 2016	102-18: Governance structure	21	www.volksbankwien.at/gb_2019

##### Stakeholder engagement

GRI-Standard	GRI-Disclosure	Page	Notes and omission
GRI 102: General Disclosures 2016	102-40: List of stakeholder groups	13, 19	
	102-41: Collective bargaining agreements	80	
	102-42: Identifying and selecting stakeholders	13	
	102-43: Approach to stakeholder engagement	13, 19, 26	
	102-44: Key topics and concerns raised	12-14	

##### Reporting practice

GRI-Standard	GRI-Disclosure	Page	Notes and omission
GRI 102: General Disclosures 2016	102-45: Entities included in the consolidated financial statements	105	
	102-46: Defining report content and topic Boundaries	13-14	
	102-47: List of material topics	14	
	102-48: Restatements of information	9	
	102-49: Changes in reporting	9	
	102-50: Reporting period	9	
	102-51: Date of most recent report	9	
	102-52: Reporting cycle	9	
	102-53: Contact point for questions regarding the report	9	
	102-54: Claim of reporting in accordance with the GRI Standards	9	
	102-55: GRI Content Index	107-110	
102-56: External assurance	112-113		

## MATERIAL TOPICS

### GRI 200: Economic Topics

#### Sustainability of the business model

GRI-Standard	GRI-Disclosure	Page	Notes and omission
GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its boundary	6-7	
	103-2: The management approach and its components	35-38	
	103-3: Evaluation of the management approach	31	
GRI 201: Economic Performance 2016	201-1: Direct economic value generated and distributed	31	Investments at municipal level cannot be disclosed for reasons of confidentiality. The income statement for the year under review can be found in the 2019 Financial Report.

#### Ethics & compliance

GRI-Standard	GRI-Disclosure	Page	Notes and omission
GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its boundary	23-24	
	103-2: The management approach and its components	23-26	
	103-3: Evaluation of the management approach	25	
GRI 205: Anti-corruption 2016	205-3: Confirmed incidents of corruption and actions taken	3, 24-25	
GRI 206: Anti-competitive Behaviour 2016	206-1: Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	25	
GRI 419: Socioeconomic Compliance 2016	419-1: Non-compliance with laws and regulations in the social and economic area	3, 25	

### GRI 300: Environmental Topics

#### Resources/energy

GRI-Standard	GRI-Disclosure	Page	Notes and omission
GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its boundary	73	
	103-2: The management approach and its components	73-77	
	103-3: Evaluation of the management approach	8, 73-76	
GRI 302: Energy 2016	302-3: Energy intensity	3, 74-75	All energy consumed is only used within VOLKSBANK WIEN AG.
GRI 305: Emissions 2016	305-1: Direct (Scope 1) GHG emissions	73-74	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 <sub>2</sub> emissions. The emission factors used are from Ecoinvent, the Federal Environment Agency (UBA) and the International Energy Agency (IEA).
	305-2: Energy indirect (Scope 2) GHG emissions	73-74	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 <sub>2</sub> emissions. The emission factors used are from Ecoinvent, the Federal Environment Agency (UBA) and the International Energy Agency (IEA).

# Annex

## GRI CONTENT INDEX

### GRI 400: Social Topics

#### Training, education and internal communication

GRI-Standard	GRI-Disclosure	Page	Notes and omission
GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its boundary	79, 82	
	103-2: The management approach and its components	82-84, 87	
	103-3: Evaluation of the management approach	83	
GRI 404: Training and Education 2016	404-3: Percentage of employees receiving regular performance and career development reviews	84	

#### Human rights

GRI-Standard	GRI-Disclosure	Page	Notes and omission
GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its boundary	23	
	103-2: The management approach and its components	16, 23, 97	
	103-3: Evaluation of the management approach	22-23	
GRI 412: Human Rights Assessment 2016	412-2: Employee training on human rights policies or procedures	8, 22-23	A total of 2 hours were spent on human rights policy training in 2019.

#### Customer service and customer relationship

GRI-Standard	GRI-Disclosure	Page	Notes and omission
GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its boundary	10, 27	
	103-2: The management approach and its components	19, 27	
	103-3: Evaluation of the management approach	27, 37	
GRI 417: Marketing and Labeling 2016	417-3: Incidents of non-compliance concerning marketing communications	25	

#### Data security

GRI-Standard	GRI-Disclosure	Page	Notes and omission
GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its boundary	26, 28	
	103-2: The management approach and its components	26, 28	
	103-3: Evaluation of the management approach	3, 26, 28	
GRI 418: Customer Privacy 2016	418-1: Substantiated complaints concerning breaches of customer privacy and losses of customer data	26, 28	

## ADDITIONAL TOPICS

#### Regionality

GRI-Standard	GRI-Disclosure	Page	Notes and omission
GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its boundary	13, 31	
	103-2: The management approach and its components	31-38	
	103-3: Evaluation of the management approach	35-36	

#### Quality

GRI-Standard	GRI-Disclosure	Page	Notes and omission
GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its boundary	27	
	103-2: The management approach and its components	27, 37	
	103-3: Evaluation of the management approach	54, 56	

## Regional products

GRI-Standard	GRI-Disclosure	Page	Notes and omission
GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its boundary	13	
	103-2: The management approach and its components	31-38	
	103-3: Evaluation of the management approach	3, 36	

## Subsidized financing transactions

GRI-Standard	GRI-Disclosure	Page	Notes and omission
GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its boundary	49	
	103-2: The management approach and its components	48-51	
	103-3: Evaluation of the management approach	3, 48, 50-51	

## Sustainable products & services

GRI-Standard	GRI-Disclosure	Page	Notes and omission
GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its boundary	31-38, 49-51	
	103-2: The management approach and its components	8, 31-38, 49-51, 59-61	
	103-3: Evaluation of the management approach	59-60	

## Digitalisation/innovation

GRI-Standard	GRI-Disclosure	Page	Notes and omission
GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its boundary	67	
	103-2: The management approach and its components	67-71	
	103-3: Evaluation of the management approach	67-69	





This report is a translation of the original report in German, which is solely valid.

To the Managing Board of Volksbank Wien AG

## Independent Assurance Report on the Non Financial Reporting

We have performed an independent audit to obtain limited assurance regarding the information and key figures of sustainability performance for the 2019 business year as contained in the Sustainability Report 2019 (hereinafter “NFI-report”) of

**Volksbank Wien AG**  
Vienna

(hereinafter also briefly referred to as the “Company”).

### Responsibility of the legal representatives

The legal representatives of the Company are responsible for the proper preparation of the NFI-report in accordance with the reporting criteria. The Company applies the legal provisions of the Austrian Sustainability and Diversity Improvement Act (Nachhaltigkeits- und Diversitätsverbesserungsgesetz; §§ 243b and 267a Austrian Business Code (UGB)), as well as the guidelines on sustainability reporting of the Global Reporting Initiative (GRI Standards, Option “Core”) reporting criteria, publishing the NFI-report as “Sustainability Report 2019”.

The responsibility of the legal representatives of the Company comprises the selection and application of reasonable methods of sustainability reporting on the one hand (especially the selection of material topics) as well as the use of assumptions and estimates regarding individual items of sustainability information that are reasonable under the circumstances. Furthermore, this responsibility includes design, implementing and maintaining systems, processes and internal controls to enable the preparation of sustainability reports that are free from any material misrepresentations, intended or accidental.

### Responsibility of the auditor and object of the assignment

Our responsibility is to state whether, based on our procedures performed, anything has come to our attention that causes us to believe that the NFI-report of the Company is not in accordance with the legal requirements of the Austrian Sustainability and Diversity Improvement Act (§§ 243b and 267a UGB) and the sustainability reporting guidelines of the Global Reporting Initiative (GRI Standards, Option “Core”) in all material respects.

We have carried out our audit observing the International Standard on Assurance Engagements (ISAE 3000 Revised) applicable to such assignments. Under that standard, we have to adhere to our professional duties, including the requirements of independence, and to plan and perform the assignment, taking the materiality principle into account to enable us to express a conclusion with limited assurance, taking into account materiality.

For an audit to obtain limited assurance, the audit procedures performed are less comprehensive than for an audit to obtain reasonable assurance; thus providing reduced assurance. In spite of careful planning and execution of the assignment, it cannot be excluded that any material mistakes, illegal acts or irregularities in non-financial reporting may not be detected.

The choice of auditing procedures is incumbent upon the dutiful discretion of the auditor and included the following activities in particular:

- Inquiries of personnel on corporate level for the materiality analysis at group level, in order to understand the procedure for identifying key sustainability topics and the relevant reporting limits of the Company;
- Conduct a media analysis on relevant information about the Company’s sustainability performance during the reporting period;

- Assessment of the design and implementation of systems and processes for determining, processing and monitoring any information on environmental, social and employee matters, the respect of human rights, and the Anti-corruption and bribery, including data consolidation;
- Questioning of employees responsible for identifying and consolidating, as well as implementing, Internal Control measures regarding information on concepts, risks, due diligence processes, results and performance indicators, at group level;
- Inspection of internal documents to find out if qualitative and quantitative information is based on reasonable evidence, and whether it is accurate and unbiased;
- Assessment of the local data collection and reporting processes as well as the reliability of the data reported by taking random samples at the Vienna location (1090 Vienna, Kolingasse).
- Analytical assessment of the data and trends of the quantitative information reported by all locations for consolidation at group level;
- Evaluation of the consistency of the for the Company applicable requirements of the Austrian Sustainability and Diversity Improvement Act (§§ 243b and 267a UGB) and the GRI Standards (Option "Core") with disclosures and indicators in the report;
- Assessment of the overall presentation of the information by reading the Sustainability Report with a critical attitude.

The object of our assignment is neither a year-end audit nor a review of financial statements in accordance with the Austrian professional principles or with the International Standards on Auditing (ISA) or the International Standards on Review Engagements (ISRE). Equally, the object of our assignment is neither the detection and clarification of criminal facts, such as fraud or other breaches of trust and regulatory offences, nor the assessment of the effectiveness and economic efficiency of the management. Moreover, the auditing of future-related information, previous years' figures, as well as statements contained in external sources of documentation and expert opinions are not part of our mandate. References to other reporting formats of the Company that are included in the GRI Index were not audited. The chapter "DIGRESSION" was not part of our mandate either. The information audited within the scope of the year-end audit was only checked for accurate adoption (no audit in terms of content).

This assurance report is issued based on the assurance agreement concluded with the Company. As regards our responsibility and liability towards the Company and vis-à-vis third parties, item 7 of the General Terms and Conditions of Business Trustees shall apply. The respective most recent version of the GTC-BT is available on <http://www.kpmg.at/aab>.

### Conclusion

Nothing has come to our attention that causes us to believe that the NFI-report of the Company is not in accordance with the legal requirements of the Austrian Sustainability and Diversity Improvement Act (§§ 243b and 267a UGB) and the sustainability reporting guidelines of the Global Reporting Initiative (GRI Standards, Option "Core") in all material respects.

Vienna, 11 March 2020

KPMG Alpen-Treuhand GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft [certified public accountants and tax consultants]

Peter Ertl  
Austrian Chartered Accountant

## The Managing Board

Vienna, 11 March 2020



Gerald Fleischmann  
Chairman of the Managing Board



Rainer Borns  
Member of the Managing Board



Thomas Uher  
Member of the Management Board

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### 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).

### Translation:

All Languages Alice Rabl GmbH

This report is available in English and German language, whereas the German version is the original one.

In spite of careful research and data collection, no liability can be accepted for the accuracy and completeness of the information and data provided.



