

HYPO VORARLBERG BANK AG

MINDFUL

BUSINESS

SUSTAINABILITY REPORT 2022



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FOREWORD

Dear readers,

With 2022, once again a year ended in which extreme weather events made us very aware of climate change. We have also seen a marked increase in heavy rainfalls and heatwaves for quite some time. Events such as these have wide-ranging consequences for every dimension of sustainability. Furthermore, there is also a global energy crisis and double-digit inflation rates virtually throughout Europe, and at a social and political level there is the war in Ukraine.

In view of the multiple challenges confronting humanity, there is an even more urgent need for us to take a path towards a sustainable, climate-neutral economy. The political world has recognised that the market cannot regulate itself and the risk of greenwashing is too great, so over the last few years within the framework of the EU Action Plan a series of regulations have been issued which must be implemented successively.

Because of the high strategic relevance, at the beginning of the year Hypo Vorarlberg Bank AG (in short: Hypo Vorarlberg) decided that its sustainability team should report directly to the Managing Board. The aim of the project "Neuaufstellung der Nachhaltigkeit" ("Realignment of sustainability") is to integrate the relevant agendas into the bank organisation, actively benefit from opportunities through innovative product designs, and implement

the regulatory requirements. The survey of the current situation in the first project phase has already been completed in 2022, and in the second phase in 2023 the sustainability agendas will be incorporated into the existing governance structures.

Our sustainability efforts have progressed substantially in all areas of the company. Thus, for example, in risk control and asset management where the sustainability risks have been quantified for the first time and the product range has been expanded to include sustainable solutions, and in spring we issued our first Retail Green Bond, which was in great demand.

In 2022, we were the first financial institution in Vorarlberg to decide to join respACT – a leading company platform for Corporate Social Responsibility (CSR) and sustainable development in Austria – in order to push ahead with social innovation and sustainable development together with over 300 companies.

The necessary change, which we want to actively shape with our customers and business partners, can only succeed as a collective endeavour – in line with Hypo Vorarlberg's motto "Achieving great things together".

Bregenz, 30 March 2023

ABOUT THIS REPORT

SUSTAINABILITY REPORT OF HYPO VORARLBERG BANK AG 2022 (CORRESPONDING TO THE NON-FINANCIAL REPORT PURSUANT TO SECTION 243B AND SECTION 267A OF THE AUSTRIAN COMMERCIAL CODE (UGB))

Hypo Vorarlberg is an Austrian regional bank with its head quarter in Bregenz. The Hypo Vorarlberg Group also includes companies both in Austria and abroad which are authorised to conduct business by the responsible supervisory authorities in their respective country of registration. With this Sustainability Report, Hypo Vorarlberg is making use of the option of submitting a separate consolidated non-financial report, thus fulfilling its obligations pursuant to section 243b and section 267a UGB.

Hypo Vorarlberg has been reporting on its sustainability-related activities since 2011, and since 2016 in the form of an independent Sustainability Report. With this 2022 Report, the company offers a comprehensive overview of material sustainability topics and performance figures in the Group and in the bank (the parent company). This Report was prepared in accordance with the GRI Standards 2021¹.

Since the financial year 2017, the Austrian Sustainability and Diversity Improvement Act (NaDiVeG) – which transposes Directive 2014/95/EU into Austrian law – has obliged major enterprises of public interest to publish non-financial information relating to the environment, social and employee matters, respect for human rights and combating corruption and bribery. In so doing, they must also state the respective concepts and their results, the due diligence processes applied², the material risks and the key performance indicators. An overview of the fulfilment of the NaDiVeG requirements can be found in the Annex.

As well as the content, NaDiVeG also regulates the duties of the Managing Board and Supervisory Board in reporting on sustainability. The final auditing body is the Supervisory Board. Despite not being obliged to do so, Hypo Vorarlberg has had its report audited since 2018. The decision on which auditor to commission with this task is also incumbent upon the Supervisory Board. The corresponding audit certificate can be found in the Annex.

Hypo Vorarlberg launched an extensive sustainability process in 2016, and within the framework of this performed a second materiality analysis in 2020. The most important topics were identified on the basis of a survey of employees and external stakeholders. Since 2016, the sustainability process has been continuously developed, and a company-wide data collection process and subsequent analysis have taken place. To ensure a high-quality report, we ensure that the information and data are balanced, comparable, precise, up to date, clear and reliable.

The Sustainability Report essentially includes those companies which were fully consolidated in the consolidated financial statements. As well as the parent company, as at 31 December 2022 only the following fully consolidated subsidiaries represent a material bearing and influence on sustainability aspects and risks:

- Hypo Immobilien & Leasing GmbH
- Hypo Vorarlberg Leasing AG
- Hypo Vorarlberg Immo Italia GmbH

All the entities included in the consolidated financial statements are shown in Hypo Vorarlberg's Annual Report³.

The information provided in this Sustainability Report covers the financial year 2022 (1 January to 31 December). Unless indicated otherwise, the key figures presented comprise the years 2020 to 2022 (from 1 January to 31 December in each case). Where possible key figures are shown separately for the Group and the bank. The tables presented might contain rounding differences. The textual descriptions mostly refer to the bank, particularly as the parent company and the Group are largely congruent. This is reflected in both the key employee figures (as at the reference date 31 December 2022, 796 of the 896 employees in total worked at the bank) and the total assets: the bank's total assets in 2022 amounted to TEUR 15,110,975 (2021: TEUR 15,325,439), while the Group's total assets were TEUR 15,305,475 (2021: TEUR 15,626,113).

The Sustainability Report 2022 contains material restatements. During the course of a brand relaunch in 2021, the Klimaneutralitätsbündnis 2025 became the "turn to zero" initiative. The relaunch also resulted in an adjustment of the calculation method for the CO₂ footprint. The method was aligned with the GHGP (Greenhouse Gas Protocol), so the upstream and downstream emissions were also included in Scope 3. The new calculation method was applied for the first time in 2022. To ensure comparability, the 2021 and 2020 figures were recalculated. The consequence of this is that 2020 will be used as the base year in future.

Additionally in 2022, the office of the subsidiary Hypo Vorarlberg Leasing AG in Treviso was closed, but there were no compulsory redundancies as all the employees were taken on by the Bolzano site. Further changes came about with the expansion of the ethics and sustainability criteria in the proprietary investment and the investment business. Last but not least, this had a positive impact on the control of sustainability risks and adverse impacts. As a result of the further development of the reporting system, the reporting structure was adjusted and additional results and evaluations were included for greater transparency.

The Sustainability Report is published annually. The last report appeared in 2022 (for the reporting year 2021). For reasons of environmental protection, the Sustainability Report and the Annual Report will no longer be printed. Both of these documents are available for perusal online on the Hypo Vorarlberg website, where they can also be downloaded.

¹ <https://www.globalreporting.org/how-to-use-the-gri-standards/gri-standards-german-translations/> (accessed January 2023)

² The processes introduced by the management and governance bodies to identify, prevent and mitigate any negative impacts.

³ <https://www.hypovbg.at/investor-relations/jahresabschluss-geschaeftsberichte-finanzberichte-und-quartalsberichte> (accessed February 2023)

BUSINESS MODEL AND VALUES

Hypo Vorarlberg is an advisory bank with a down-to-earth business model. Since it was founded in 1897, it has been a reliable, constant and mindful partner for the regional economy and population. For decades, the three pillars of "corporate bank", "housing bank" and "investment bank" have formed the basis on which Hypo Vorarlberg operates sustainably and successfully. Whereas in its home market of Vorarlberg it acts as a universal bank, offering its customers the full range of products and services, in its other market areas outside Vorarlberg, Hypo Vorarlberg focuses on selected niches.

Its clear business goal is to remain the number 1 in its home market of Vorarlberg, and to achieve profitable growth in the market areas outside Vorarlberg. The Managing Board attaches great importance to a risk-conscious credit and business policy. Hypo Vorarlberg puts profitability and stability ahead of growth. The company takes care to ensure that value creation mostly remains in the regions in which it operates. Hypo Vorarlberg offers its employees secure jobs, thereby making an important contribution to the stability and performance of the economic system in its market areas. In addition, Hypo Vorarlberg takes on social responsibility things by supporting regional culture and sports with sponsorship and long-term partnerships. With the Hypo Vorarlberg charitable fund, the bank helps people who have been affected by personal misfortunes to escape the worst financial hardship and supports various social institutions and regional cultural projects.

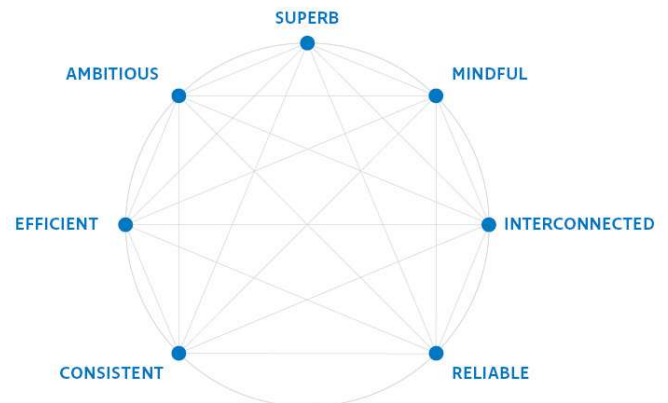
POSITIONING OF HYPO VORARLBERG

As the entrepreneurial bank from Vorarlberg, Hypo Vorarlberg offers corporate and private customers a forward-looking financial solution for those with purpose who are focused on achieving their objectives and aspirations through our proximity to people, our outstanding advice in a private setting and our excellent financial products,

VALUES

Hypo Vorarlberg's seven core brand values provide guidance for employees, managers and members of the Managing Board.

Hypo Vorarlberg's brand values ⁴



SUPERB

We offer excellent services every day and are delighted that they are recognised and recommended.

MINDFUL

We are attentive, have a genuine interest and ensure a stable environment thanks to our forward-looking approach. We only do business that we can justify to the outside world.

INTERCONNECTED

We are a key part of the region and make a significant contribution to the well-being of the people and companies in our markets. Internally, we are interconnected and operate as one bank.

RELIABLE

We have been a trustworthy partner for our customers, our employees and the state for over 125 years.

CONSISTENT

From the beginning we have remained true to ourselves, focused on our core business and pursued continuous, sustainable growth.

EFFICIENT

We seek intelligent solutions to enable us to achieve the best possible results as efficiently as possible.

AMBITIOUS

We are continuously developing further while pursuing demanding goals and striving for top performance.

⁴ <https://www.hypovbg.at/hypo-vorarlberg> (accessed January 2023)

BUSINESS AREAS

Corporate Customers

One focus of Hypo Vorarlberg's business activities is corporate customer business. Vorarlberg and the surrounding regions are characterised by a strong mid-market economic structure with a high export ratio. Hypo Vorarlberg supports these companies with all the financial issues that are relevant to them. The bank has particular expertise in the areas of investment and project financing, subsidies, foreign services, working capital financing, and as a provider of alternative forms of financing and in investment.

Private Customers

In the Private Customers area, Hypo Vorarlberg offers extensive services with a focus on residential construction financing, pension advice and investment advice. Customers benefit from individual, flexible solutions and fair and transparent conditions. Regular customer recommendations motivate the bank to continue the path it has taken in the future, too.

Private Banking

Private Banking supports wealthy individuals, their families and selected institutional customers. The varied product range is oriented towards customers' needs in all areas and offers contemporary solutions through the use of flexible optimisation concepts that are adapted to the market situation in asset management, the use of viable alternatives to the money market in the investment business; and, not least, through customized financing.

Treasury/Financial Markets

The Financial Markets segment is responsible for asset/liability management, refinancing of Hypo Vorarlberg and various services for customers and other groups within the bank. These include money, foreign exchange and interest rate derivatives, as well as securities trading. Hypo Vorarlberg does not engage in any significant proprietary trading that is not connected with customer business.

Corporate Center

The Corporate Center mainly groups together the subsidiaries and holdings that expand the bank's service range with banking-related products. These particularly include the real estate and leasing subsidiaries in Austria and Italy, comit Versicherungsmakler GmbH and Masterinvest Kapitalanlage GmbH.

MARKET AREAS

Apart from Austria, Hypo Vorarlberg is active in four countries: Switzerland (German-speaking Switzerland), Germany (Bavaria, Baden-Württemberg) and Italy (selected regions of Northern Italy). In total the company maintains 23 locations: 20 account for the bank (15 in Vorarlberg and one branch each in Vienna, Graz, Wels, Salzburg and St. Gallen), one location attributes to the subsidiary Hypo Immobilien & Leasing GmbH (Dornbirn), and two further locations belong to the subsidiary Hypo Vorarlberg Leasing AG (Bolzano, Como). The market in Southern Germany is managed by the Austrian branches.

Outside the home market in Vorarlberg, the bank focuses on niches in the corporate customer business, real estate financing and investment advice. Hypo Immobilien & Leasing GmbH and Hypo Vorarlberg Leasing AG additionally offer bank-related products and services in the real estate and leasing area.

HYPO VORARLBERG LOCATIONS



OWNERS

Hypo Vorarlberg is structured as a stock company. The majority shareholder is Vorarlberger Landesbank-Holding, which is a special fund of the State of Vorarlberg. A further owner is a German bank consortium (Austria Beteiligungsgesellschaft mbH) consisting of Landesbank Baden-Württemberg (LBBW) and Landeskreditbank

Baden-Württemberg Förderbank (L-Bank). Hypo Vorarlberg's subscribed capital consists of share capital in the amount of TEUR 162,152 (as at 31 December 2022). Further details can be found in the Annual Report. As at the accounting reference date, the percentage distribution of Hypo Vorarlberg's share capital was as follows:

Owners Shareholders	Total shares
Vorarlberger Landesbank-Holding	76.8732%
Austria Beteiligungsgesellschaft mbH	23.1268%
- Landesbank Baden-Württemberg	15.4179%
- Landeskreditbank Baden-Württemberg Förderbank	7.7089%
Share capital	100.0000%

ORGANISATIONAL STRUCTURE

A detailed organisational chart of Hypo Vorarlberg and information about its management structure, including the committees of the highest governance body which are responsible for decision-making and for monitoring the management of the organisation's impacts on the economy, the environment and the people, can be found in the Annual Report and on the website.

Organisational chart (as at 1.1.2023)		
Chairman of the Managing Board Mag. Michel Haller	Member of the Managing Board Dr. Wilfried Amann	Member of the Managing Board DI (FH) Philipp Hämmerle, MSc
Credit Management – Corporate and Private Customers	Corporate and Private Customer Sales	Finance
Group Risk Controlling	Sales Vienna	Controlling
Law	Sales Support	Sustainability
Human Resources	Treasury	Asset Management
Communication and Marketing	Participation Administration	Mid- and Back Office Funds, Securities and Derivatives
Compliance and Outsourcing	St. Gallen Branch Office (Sales)	IT (IT Core Banking, IT Digital Banking, IT Operations)
Strategic Bank Management	Hypo Vorarlberg Leasing, Italy (Sales)	Data Protection
Corporate and Internal Audit	Hypo Immobilien & Leasing	Logistics (Operations Technology, Materials Administration)
St. Gallen Branch Office (Risk Management)		
Hypo Vorarlberg Leasing, Italy (Back Office/Risk Management)		
Immo Italia, Italy		

RATINGS

Since May 2018, the rating agency Standard & Poor's (S&P) has assessed Hypo Vorarlberg's creditworthiness for long-term liabilities as "A+", and since October 2017 as "A-1" for short-term liabilities⁵. The rating agency rated the solid business in the core region, the good insurance situation, the strong capitalisation, the stable ownership structure and the majority shareholder's clear commitment to the bank as positive. Hypo Vorarlberg is classified as a quasi-governmental entity, thus the very good credit rating of the State of Vorarlberg, rated AA+ by S&P, also has a positive effect. The "negative" outlook for the State of Vorarlberg as at 19 March 2021 which was due to the slowed economic growth (COVID-19 pandemic) was raised again to "stable" on 16 September 2022. This was due to the "excellent" liquidity situation and the low debt level of the State of Vorarlberg. The strong budgetary discipline and the expense management were also highlighted.

On 29 April 2020 S&P gave not only Hypo Vorarlberg, but also a number of other Austrian banks, a negative outlook. The reason for this rating was the increased risks and anticipated negative consequences in connection with COVID-19. However, the rating report of 24 February 2022 emphasises that the institution had coped well with the COVID-19 pandemic due to its circumspect risk management approach. A corresponding improvement in the outlook (stable) took place on 24 February 2023, not least due to the stable industry risk.

On 15 July 2022 the rating agency Moody's confirmed its "A3" rating (outlook: stable) for the bank. The satisfactory quality of the assets, the solid capital ratios, which are underpinned by the very strong leverage figures, and the above-average profitability in comparison to domestic bank competitors were all emphasised positively.

With both ratings, Hypo Vorarlberg is among the best-rated financial institutions in Austria.

Bank ratings

Rating	Standard & Poor's	Moody's
Long-Term Bank Deposits/ Long-Term Senior Debt	A+	A3
Short-Term	A-1	P-2
Outlook	Stable	Stable

AWARDS

Best Asset Manager 2022

Within the framework of the "Best Asset Manager 2022" rankings, the analysis company MMD examined a total of 1,332 asset management funds from around 400 providers on behalf of WirtschaftsWoche. The fund "Hypo Vorarlberg Ausgewogen Global T" from Masterinvest Kapitalanlage GmbH, for which Hypo Vorarlberg provides the fund advisory, received an award in the asset category "Balanced" (3rd place). A risk/return comparison over three years is not just a matter of the greatest increase in value, but also about limiting losses and fluctuations.

ELITE REPORT

A number of independent audit bodies also regard Hypo Vorarlberg as one of the leading asset managers in 2022. In November 2022 the Elite Report (Munich) awarded the bank the highest score "summa cum laude" for the twelfth time in succession.

Österreichischer Dachfonds Award

In 2022, the Österreichischer Dachfonds Award from GELD magazine awarded the best Austrian umbrella fund managers for the 22nd time. In the category "Mixed umbrella funds balanced" the "Hypo Vorarlberg Multi Asset Global" won over the judges with the best three-year performance. The "Hypo Vorarlberg Dynamik Wertsicherung" achieved a particularly high performance with the best one-year, three-year and five-year performance in the category "Mixed umbrella funds conservative". For both funds, Hypo Vorarlberg acts as fund advisor and Masterinvest KAG as fund manager.

Excellent Apprenticeship Company

Since 2009, Hypo Vorarlberg has held the title "Excellent Apprenticeship Company", which is awarded by the Federal State of Vorarlberg, the Chamber of Trade and Industry and the Vorarlberg Chamber of Labour. This award not only recognises a successful apprentice training programme, but also confirms Hypo Vorarlberg's high quality and engagement in the training of young employees. In 2021, Hypo Vorarlberg was awarded the title "Excellent Apprenticeship Company" for the fifth time, which applies until 2024.

Family-Friendly Business

For many employees, the ability to reconcile work and family is a major element in both their quality of work and quality of life. In return, Hypo Vorarlberg also benefits from a family-conscious corporate culture. Current family-friendly measures include working from home, job-sharing models, flexitime, the equality of all employees in terms of training and development measures, and extensive support when starting parental leave and returning to work again. The fact that this matters greatly to the bank is confirmed by the "Family-Friendly Business 2022–2023" award from the State of Vorarlberg, which the bank has added to its awards from previous years.

⁵ Status (S&P, Moody's): January 2023



SUSTAINABILITY AT HYPO VORARLBERG



UNDERSTANDING OF SUSTAINABILITY

The corporate motto "Achieving great things together" not only unites all the Group's key brand values, but also symbolises Hypo Vorarlberg's sustainability strategy, which is centred around the compatibility of economic success, social aspects and ecological compatibility. Hypo Vorarlberg creates the best possible balance between these three dimensions of sustainability.

There are complex interactions between the economy, society and the environment. Companies influence their environment through the manner in which they do business. On the other hand, social and ecological changes have repercussions on companies and assets. The graphic below clarifies the relationship between the so-called sustainability concerns on the one side – the environment, social and employee matters, respect for human rights, and combating corruption and bribery – and the economy on the other side. Hypo Vorarlberg is endeavouring to present a report for the aforementioned non-financial information to the same respective extent in accordance with the NaDiVeG requirements.

The aim of Hypo Vorarlberg's sustainability strategy is to effectively control the risks arising for the company from the sustainability concerns and reduce the negative impacts on the company. The individual elements of Hypo Vorarlberg's sustainability strategy are explained briefly below.

In 2022, Hypo Vorarlberg commenced the revision of its sustainability strategy with the assistance of an external consultancy company. During the project "Neuaufstellung der Nachhaltigkeit" ("Realignment of sustainability") the strategy will be updated, measurable Key Performance Indicators (KPI) identified, and sustainability will be incorporated into existing governance structures including the documentation. The correct implementation of the regulatory requirements also forms part of the project, which will be continued in 2023.

SUSTAINABILITY FACTORS AND THEIR INTERRELATIONSHIP WITH THE ECONOMY



KEY AREAS

Hypo Vorarlberg regards climate change as one of the greatest challenges of our time, so as a company we are committed to the goals of the Paris Agreement of 2015⁶, the Kyoto Protocol of 1997⁷ and the Rio Declaration on Environment and Development of 1992⁸ and are conscious of our role in achieving these goals. To ensure that future generations have an environment worth living in, it is absolutely essential to limit the rise in global temperatures to well below 2 degrees Celsius – ideally to 1.5 degrees Celsius – in comparison to the pre-industrial level.

Hypo Vorarlberg's sustainability strategy is based on a comprehensive understanding of sustainability comprising the economic, social and environmental dimensions. These three areas carry equal weight, and we seek to achieve the optimum balance between them in our daily activities.

ECONOMY

First of all, sustainability means economic sustainability: Hypo Vorarlberg pays particular attention to the security and preservation of the value of customer funds – instead of speculation and maximising profits. Hypo Vorarlberg is a strong and reliable partner for the society and economy in its market areas. Negative effects on the climate and society need to be reduced, so in its lending business the company is increasingly committed to sustainable investment solutions and measures. Our aim is to continuously expand our range of sustainable products and services.

SOCIETY

As a major employer in the region, Hypo Vorarlberg promotes an open, respectful way of dealing with one another, and provides positive framework conditions with gender equality in terms of employment and salary, flexible working time models and workplace health promotion. In the interests of sustainable staff development, it sets great store by ongoing training and development and trains its own junior staff. Hypo Vorarlberg shares its economic success with its surrounding area by maintaining long-term partnerships and sponsorship schemes in culture and sports, and supporting individuals and non-profit projects with its own charitable fund.

ENVIRONMENT

Hypo Vorarlberg continuously raises awareness among its employees concerning resource consumption, waste separation and conscious mobility. As a founding member of the "Klimaneutralitätsbündnis 2025" (since 2021: "turn to zero")⁹ one of the company's goals is to voluntarily reduce its CO₂ emissions year on year. Hypo Vorarlberg also concentrates on keeping the value creation chain in the region. Together with service providers, suppliers and partners, the intention is to increase the environmental sustainability.

Further information on the various dimensions of sustainability can be found during the course of this report.

SUSTAINABILITY INITIATIVES

Hypo Vorarlberg welcomes initiatives aimed at reducing CO₂ emissions or cooperation arrangements for the promotion of sustainability, including the National Energy and Climate Plan¹⁰.

"turn to zero"/"Klimaneutralitätsbündnis 2025"

In 2021, the "Klimaneutralitätsbündnis 2025" became the initiative "turn to zero". During the brand relaunch, the range of services was expanded and more extensive solutions in terms of climate protection were offered for the participating companies. At the same time the initiative increased its focus on reducing CO₂ emissions. The goal, which is also reflected in the brand name, is to achieve net zero – in other words, to reduce all the net greenhouse gas emissions produced to zero.

Hypo Vorarlberg is one of ten founding members of the "Klimaneutralitätsbündnis 2025", and since the brand relaunch it has been part of the "turn to zero" community. During 2022 the company achieved further milestones from the brand relaunch, so among other things a sales office was opened in Vienna and a cooperation arrangement with the Joanneum Research was established.

As part of the "turn to zero" community

- the participants aim to achieve climate neutrality by 2040,
- its topmost priority is the greatest possible reduction in greenhouse gas emissions within the company,
- emissions will be offset against climate protection projects from the "turn to zero" project portfolio, and
- the data required for calculating the greenhouse gas balance will be provided on time.

A further focus is on preparing a new calculation of the corporate carbon footprint (CCF) to take account of the ever-greater requirements. The greenhouse gas balance is aligned with the corporate standard of the Greenhouse Gas Protocol (GHGP)¹¹. Thus, in contrast with the previous calculation, the upstream and downstream emissions in Scope 3 will be shown separately, and therefore transparently.

Hypo Vorarlberg used this change as the occasion to audit further areas of its operational business for their materiality in terms of the climate and environment. So, services from external cleaners will be recorded in future. On the other hand, areas such as courier services and transport are less material (less than 1% of total emissions) and will not be included in the corporate carbon footprint.

The following areas are shown in Hypo Vorarlberg's CO₂ footprint:

Buildings and energy

- Heat and cold (fuels used, heat purchased – district heating)
- Electricity (electricity purchased – direct and indirect, self-generated electricity)
- Water
- Waste (residual waste, recycling materials, electronic scrap)

⁶ <https://unfccc.int/ndc-information/the-paris-agreement> (accessed February 2023)

⁷ https://unfccc.int/kyoto_protocol (accessed February 2023)

⁸ https://www.un.org/depts/german/conf/agenda21/agenda_21.pdf (accessed February 2023)

⁹ <https://www.klimaneutralitaetsbuenndnis2025.com>, <https://www.turntozero.com> (accessed January 2023)

¹⁰ https://www.bmk.gv.at/themen/klima_umwelt/klimaschutz/nat_klimapolitik/energie_klimaplan.html (accessed February 2023)

¹¹ <https://ghgprotocol.org/corporate-standard> (accessed February 2023)

Mobility

- Own vehicle fleet (fuels used, production-related emissions)
- Business travel (flights, rail and bus journeys, taxi/car journeys, hotel accommodation)
- Commuting (distance to the company, means of transport)
- Other external service providers: cleaning personnel (travel to and from the company according to the commuting evaluation)

Materials purchased

- Paper and printing (paper consumption, external forms, toner)
- Workplace equipment (office equipment)
- Miscellaneous (coffee consumption)

Based on these data and calculations, a comprehensive report will be prepared by “turn to zero” and possible reduction measures compiled.

The calculated CO₂ emissions from Hypo Vorarlberg are fully compensated by the “turn to zero” project portfolio. Further information on the projects supported in this way can be found on the “turn to zero” website¹² and in the chapter “Environment, energy and climate protection”.

ENERGIEAUTONOMIE+

In spring 2021, the parties in the Vorarlberg Landtag signed off the strategy “Energieautonomie+”¹³. The State of Vorarlberg has set itself the following specific interim goals by 2030:

- 100% of electricity consumption from domestic renewable energy sources
- 50% reduction in greenhouse gas emissions compared to the 2005 level
- Proportion of renewable energies to be expanded to at least 50%

For Hypo Vorarlberg it matters greatly to support the State of Vorarlberg with this ambitious project. The company is contributing by continuously measuring and reducing its operational CO₂ emissions. Furthermore, when developing products, the bank is also pursuing the goal of keeping the company's detrimental effects on the environment and climate as low as possible, or even avoiding them. This is happening in the financing and investment business by the use of exclusion or selection criteria for economic activities which are especially damaging to the environment and climate.

MISSIONZEROV+

Based on the stipulations of the State of Vorarlberg and the “MissionZeroV+” approved by the Landtag, companies that are more than 50%-owned by the State are required to make their contribution to energy efficiency and obtaining energy from renewable sources. Via Vorarlberger Landesbank-Holding, the State of Vorarlberg owns 76.87% of Hypo Vorarlberg, which means that, among other things, Hypo Vorarlberg must also take account of the following points stated in the decision:

- Replacement of oil-fired boilers by renewable energy sources
- Implementation of energy-efficiency upgrades by 2030
- New buildings to be designed as nearly zero-energy buildings
- Roof areas to be used for PV installations
- Energy consumption 100% from renewable sources
- 90% of energy consumption from renewable sources by 2030
- Vehicle fleet focussed on electric vehicles

The full decision can be read on the website of Energieautonomie Vorarlberg¹⁴.

RESPACT

In 2022, Hypo Vorarlberg was the first financial institution in Vorarlberg to become a member of respACT – austrian business council for sustainable development. This is Austria's leading company platform for Corporate Social Responsibility (CSR) and sustainable development. For over 20 years the association and its predecessor organisations have brought together companies interested in sustainability-related topics, and offered expert knowledge as well as a place for exchanging experiences. This has enabled Hypo Vorarlberg to forge ahead with social innovation and sustainable development with now more than 300 Austrian companies.

respACT also spreads the Sustainable Development Goals (SDGs) in Austria and supports companies in implementing them; the entrepreneurial activities are centred around solving ecological, social and economic challenges.

Further information can be found on the website of this initiative¹⁵.

¹² <https://www.turntozero.com/projects.htm> (accessed February 2023)

¹³ <https://www.energieautonomie-vorarlberg.at> (accessed January 2023)

¹⁴ <https://www.energieautonomie-vorarlberg.at/de/missionzerov-klimaneutralitaet-fuer-landeseigene-unternehmen> (accessed February 2023)

¹⁵ <https://www.respact.at/> (accessed February 2023)

SUSTAINABLE DEVELOPMENT GOALS (SDG)

Hypo Vorarlberg supports and is guided by the United Nations Sustainable Development Goals (SDGs) introduced in January 2016¹⁶. These form a framework for actively facing the greatest global challenges, and are not only relevant for states and regions: these guidelines are also intended to provide support and guidance for companies.

Hypo Vorarlberg is using the sustainability goals to identify the major topics and their impacts for its business activity. The following sustainability goals are particularly relevant for the company's business activity:



SDG 1: No poverty

Hypo Vorarlberg is addressing the goal of eradicating poverty primarily at regional level. The "basic account" guarantees access to fundamental bank services for everyone who is legally resident in an EU country, while the "young account" is intended to take emphasize on young people in particular by offering more favourable terms.

Among its other activities, the bank's own charitable fund also helps people who have suffered personal blows of fate to escape from the most severe financial need.



SDG 4: Quality education

The charitable fund also supports projects which aim to support high-quality education. Children and young people are encouraged to handle money properly from an early age, which is supported by the initiative of a "financial driving licence".

Internally, continuous training and development programmes ensure that employees are highly qualified.



SDG 5: Gender equality

Hypo Vorarlberg has set itself the goal of setting gender-specific target quotas for the bank's most senior governance bodies. A ban on discrimination at Hypo Vorarlberg forms the sound basis for smooth-running working relationships.



SDG 7: Affordable and clean energy

With its exclusion and selection criteria, Hypo Vorarlberg excludes certain fossil fuels or materials-handling technologies, some of them up to a particular turnover threshold.

The company has also been addressing this aspect in concrete terms since 2022 with the Hypo-Klima-(Schnell-)Kredit.

The Green Bond Framework pertains mainly to energy-efficient buildings, with the choice of the energy source playing a decisive role.

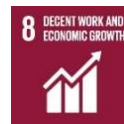


SDG 8: Decent work and economic growth

For Hypo Vorarlberg, growth in the region or in its market areas is a particular focus. To achieve this goal, innovative products are designed to be sustainable, such as climate credits or green bonds.

Decent work can only be guaranteed in an industry which is, among other things, active in the worldwide capital market by having clear guiding principles. However, the ethics and sustainability criteria not only apply to investment transactions and in proprietary investment, but also – and increasingly at regional level – to financing.

Hypo Vorarlberg regards its employees as the most important resource. As a secure employer, Hypo Vorarlberg pays attention to diversity and equal opportunity, the health of its employees, and training and development options which open up future opportunities.



SDG 9: Industry, innovation and infrastructure

In SDG 8 mention has already been made of regional growth and the ethics and sustainability criteria which comprise not only exclusion or selection criteria, but also positive criteria.

In its core markets the company strives to provide the best possible wide-ranging support for innovations and innovative enterprises, and constantly endeavours to enable ambitious and feasible projects to come to fruition.



¹⁶ <https://sdgs.un.org/goals> (accessed February 2023)

SDG 11: Sustainable cities and communities



Among other things, the positive criteria also offer cities and communities the best possible basis for a successful business relationship. The bank is committed to being a partner for cities and communities for particularly worthwhile projects, such as expanding the infrastructure or constructing nearly zero-energy buildings. The company promotes the use of public transport by its employees in the form of a travel cost subsidies which cover the cost of a bus and rail ticket valid throughout the state. The high use of sustainable means of transport was shown in 2022 when the employee survey was again carried out.

SDG 12: Responsible consumption and production



Hypo Vorarlberg is convinced that it also make a useful contribution to achieving this development goal. This starts with small actions such as providing vouchers for activities on World Savings Day rather than gifts from low-wage countries. It also includes operational environmental management in the company, as well as the value creation chain, where key components need to be aligned with the criteria of the action plan for sustainable procurement. In the core business, this SDG is found in the ethics and sustainability criteria.

SDG 13: Climate action



Implementing climate protection measures successfully and effectively first requires an analysis of the risks resulting due to climate change. The approach is described in detail in the chapter "Dealing with opportunities and risks due to climate change". Climate protection measures are put in place in the core business by exclusions or setting turnover thresholds in the ethics and sustainability criteria. Sustainable bonds such as Green Bonds offer both the issuers and the investors the possibility of counteracting climate change and promoting climate protection. The key figures that are relevant due to the EU Taxonomy, e.g. the Green Asset Ratio, are also intended to support climate protection. Internally, climate protection measures are implemented through operational environmental management, and verified by means of an energy audit.

The corresponding allocation to the SDGs can be found in the footers of the respective pages.

SUSTAINABILITY MANAGEMENT

Hypo Vorarlberg devoted itself to the topic of sustainability early on. Since the financial year 2016, the company has been collecting and evaluating the most important indicators, and publishing these in a separate sustainability report. A major prerequisite for the credibility of the bank's sustainability endeavours is an effective sustainability management system with clear responsibilities, goals and evaluation processes.

To fulfil these tasks, at the start of its sustainability efforts the company created a dedicated unit which is responsible for coordinating all the topics connected with sustainability and Corporate Social Responsibility (CSR). Since 2021, the Group has been successively expanded in order to take account of the regulatory requirements arising from the EU Action Plan "Financing sustainable growth". Group Sustainability works on the basis of Hypo Vorarlberg's sustainability strategy and the annual sustainability programme, which can be found in the Annex to this Report.

RISKS AND IMPACTS

In accordance with the Sustainable Finance Disclosure Regulation, sustainability risks are events or conditions in the areas of the environment, social matters or corporate governance whose occurrence might have actual or potentially major negative impacts on the value of investments. Consequently, there is a material risk of inadequately tackling the risks and impacts of sustainability. In the medium to long term, negative impacts on the environment and society are foreseeable, which might, for example, give rise to a reputational risk for the Group. In certain areas of the core business there is also a legal risk (e.g. inadequate implementation of regulatory requirements). One possibility for minimising the risk of adverse impacts on the environment and society and repercussions on the company is defining clear responsibilities.

CONTROL OF RISKS AND IMPACTS

Through the NaDiVeG, the Managing Board and Supervisory Board have clear tasks with regard to reporting on sustainability. The Managing Board approves the non-financial statement and the sustainability report and presents them to the Supervisory Board for verification. To create greater transparency, and despite the absence of any statutory duty, the Supervisory Board has already commissioned the annual external audit of the sustainability report in 2018 (audit with limited assurance). The Supervisory Board selects the auditor after obtaining several quotes.

Due to the importance of the topic, Group Sustainability functions as a staff unit reporting directly to the Managing Board, which is being informed about current topics at regular meetings and via reports and in turn reports to the Supervisory Board on material topics and progress in this area.

The materiality of the identification and effective control of sustainability risks has already been established and is one of the most important sustainability management tasks. For this reason, the responsibility lies with the entire Managing Board, Group Risk Controlling and the respective specialist departments. Group Sustainability provides advice and support. The table on the following page sets the sustainability risks and impacts in the context of the 14 major topics, and specifies the respective responsibilities. Further details can be found in the respective subsections.

In 2022, a major project was launched in cooperation with an external partner, in which the individual subaspects of the topic of sustainability in the company were analysed and the current status was compared with the target status. The gaps identified turned out to be limited and could be dealt with immediately. This evaluation serves as the basis for the further development of the governance structure and sustainability strategy, and the further implementation of the ESG topics at Hypo Vorarlberg. The project is currently in its second phase and should be completed during 2023.

SUSTAINABILITY TEAM

The topic of sustainability is an interdisciplinary matter. While the company-wide coordination and responsibility lies with Group Sustainability, it is the individual specialist departments which implement the agreed goals during their day-to-day business. For this purpose, every specialist department concerned has appointed an officer responsible for sustainability. These officers form the Hypo Vorarlberg sustainability team together with the Managing Board and Group Sustainability. The team meets regularly, reports on developments and progress, and works out the specific goals and requirements for this topic. All the significant decisions are taken by the Managing Board.

The sustainability team's tasks include monitoring current trends and developments in the area of sustainability, reviewing procedures and processes in the company with regard to sustainability aspects, and implementing sustainability measures in all areas of the company. The sustainability team also has the task of heightening the employees' awareness on sustainability topics – for instance by organising presentations or campaigns and training.

SUSTAINABILITY PROGRAMME

Group Sustainability defines specific goals to be achieved every year and agrees upon them with the members of the sustainability team. The specific parameters – including the responsibilities, the goals of the measures, the implementation periods and the respective progress – are recorded in the Hypo Vorarlberg sustainability programme (see Annex). Part of the due diligence process entails checking whether the goals set in the sustainability programme are achieved. Group Sustainability regularly reports progress to the Managing Board.

SUSTAINABILITY RATINGS

ISS ESG

Hypo Vorarlberg was the first bank in Vorarlberg to receive a very good sustainability rating. In summer 2016, ISS ESG, one of the leading rating agencies in the sustainable investment segment, awarded the company the rating "C-". In May 2017, Hypo Vorarlberg improved, and achieved the rating "C", with ISS ESG finding no contentious issues in any relevant business activity. Since then, the underlying score has continuously improved, so that Hypo Vorarlberg is now in the Prime range and is one of the best 10% in the sector "public and regional banks". The very good rating represents Hypo Vorarlberg's sustainability achievements in quantified form and can assist investors in making a decision about where to invest. For its rating process, ISS ESG collects and evaluates information about companies' social and ecological performance.

The assessment takes place by means of over 100 selected sector-specific social and ecological criteria. These criteria are continuously adapted to the latest developments and findings, and regular updates ensure their relevance.

DZ Bank Seal of Quality

DZ Bank has also recognised Hypo Vorarlberg's sustainability achievements with its "Seal of Quality for Sustainability". This quality seal is based on an EESG rating (Economic, Environmental, Social, Governance) by DZ Bank, with which companies are analysed across four dimensions of sustainability. Of the around 5,000 companies included in the analysis database of the DZ sustainability research team, to date only 40% have been awarded this seal. Updates take place annually.

WWF Bank Study 2022

In 2022, specialists from WWF and PwC evaluated the 14 largest Austrian universal banks (on the basis of their total assets) in respect of how they are dealing with relevant climate protection and biodiversity topics. 13 institutions actively participated in the

study. The key areas for the study were governance, saving and investment, as well as loans and financing, based on questionnaires, interviews and research. On the five-step evaluation scale (visionaries, pioneers, ambitious, average, latecomers) none of the institutes studied achieved the top category "visionary".

In the Climate category Hypo Vorarlberg was classed as "ambitious" and in the Biodiversity category as "average". On a comparison basis, Hypo Vorarlberg is in the middle of all the banks assessed. The study underlined strengths, but also revealed future challenges which need to be continuously followed up.

Responsibilities for controlling risks and impacts

Material topic	NaDiVeG issues	Economic, ecological and social impacts	Responsibility	Page number in the Report
Sustainability management	<ul style="list-style-type: none"> ▪ Environmental issues ▪ Social and employee issues ▪ Human rights ▪ Corruption and bribery 	<ul style="list-style-type: none"> ▪ Protection of the environment and climate ▪ Respect of fundamental labour and human rights ▪ Combating corruption and bribery 	Sustainability	15
Stability and growth in the region	<ul style="list-style-type: none"> ▪ Social and employee issues 	<ul style="list-style-type: none"> ▪ Regional value creation ▪ Labour market stability ▪ Participation by society in economic success 	Managing Board	24
Sustainable proprietary investment	<ul style="list-style-type: none"> ▪ Environmental issues ▪ Social and employee issues ▪ Human rights 	<ul style="list-style-type: none"> ▪ Protection of the environment and ▪ Respect of fundamental labour and human rights 	Treasury	27
Sustainable engagement	<ul style="list-style-type: none"> ▪ Environmental issues ▪ Social and employee issues ▪ Human rights 	<ul style="list-style-type: none"> ▪ Participation by society in economic success ▪ Protection of the environment and ▪ Respect of fundamental labour and human rights 	Charitable fund officer, Marketing	29
Dealing with opportunities and risks due to climate change	<ul style="list-style-type: none"> ▪ Environmental issues 	<ul style="list-style-type: none"> ▪ Protection of the environment and 	Managing Board	33
Compliance	<ul style="list-style-type: none"> ▪ Social and employee issues ▪ Corruption and bribery 	<ul style="list-style-type: none"> ▪ Legally compliant conduct 	Compliance	38
Data protection	<ul style="list-style-type: none"> ▪ Social and employee issues ▪ Human rights 	<ul style="list-style-type: none"> ▪ Protection of customer data ▪ Maintaining business activity 	Data protection officer	42
Customer focus and customer satisfaction	<ul style="list-style-type: none"> ▪ Social and employee issues 	<ul style="list-style-type: none"> ▪ Commercial success ▪ Customer satisfaction 	Sales	44
Sustainable financial products	<ul style="list-style-type: none"> ▪ Environmental issues ▪ Social and employee issues ▪ Human rights ▪ Corruption and bribery 	<ul style="list-style-type: none"> ▪ Protection of the environment and ▪ Respect of fundamental labour and human rights ▪ Combating corruption and bribery 	Asset Management Sales Product Management Treasury Finance	45
Digitalisation and innovation	<ul style="list-style-type: none"> ▪ Social and employee issues 	<ul style="list-style-type: none"> ▪ Commercial success ▪ Customer satisfaction 	IT	49
Diversity and equal opportunities	<ul style="list-style-type: none"> ▪ Social and employee issues ▪ Human rights 	<ul style="list-style-type: none"> ▪ Employee satisfaction ▪ Respect of fundamental labour and human rights 	Human Resources Nomination Committee	54
Employee health	<ul style="list-style-type: none"> ▪ Social and employee issues 	<ul style="list-style-type: none"> ▪ Employee health ▪ Employee satisfaction ▪ Respect of fundamental labour and human rights 	Human Resources	56
Training and development	<ul style="list-style-type: none"> ▪ Social and employee issues ▪ Corruption and bribery 	<ul style="list-style-type: none"> ▪ Employee satisfaction ▪ Customer satisfaction 	Human Resources Compliance	58
Operational environmental management	<ul style="list-style-type: none"> ▪ Environmental issues 	<ul style="list-style-type: none"> ▪ Protection of the environment and climate 	Logistics / Operating Technology	62

HUMAN RIGHTS

The Group's sites are located in countries in which the essential human rights are not only prescribed by law but also put into practice in daily life and business operations. In addition, Hypo Vorarlberg (including its subsidiaries) ensures that it only concludes transactions in which at least the most fundamental human rights are complied with. As with the majority of the sustainability topics, human rights is also an interdisciplinary topic which can be found in various chapters of this Report, so in accordance with the scope of the Report cross-references to other chapters have been inserted.

RISKS AND IMPACTS

For Hypo Vorarlberg it is extremely important to specify both present and future risks in this area, reduce the adverse impacts as applicable, and decline cooperation arrangements where it is highly likely that human rights are currently being breached or already have been.

Risks for the sustainability factors, and in particular social and employee matters and human rights, arise for example when certain groups of employees are systematically disadvantaged, such as on the basis of their gender, age or ethnicity. Such discrimination issues are conceivable in terms of appointment, remuneration, promotion opportunities, or training and development, among other areas. Repercussions on the company could be possible, for instance in the form of reputational damage. The same risk might also arise in the event of non-adherence to voluntary self-commitments. Financial damage would result from violations or errors in implementing the GDPR.

Conversely, by means of voluntary self-commitments it is possible to increase not only a company's reputation, but also its employees' awareness and perception of the internal sustainability efforts. New customers can demonstrably be acquired through new products or through existing products that have been expanded to include sustainability aspects such as Green Bonds.

VOLUNTARY SELF-COMMITMENTS

Hypo Vorarlberg considers it a matter of course to commit itself to the Universal Declaration of Human Rights¹⁷, the ILO core labour standards¹⁸ and the OECD Guidelines for Multinational Enterprises¹⁹.

Ethics and sustainability criteria

As well as the ecological dimension, the ethics and sustainability criteria already include many social aspects. Thus in all areas where the ethics and sustainability criteria apply, the company excludes business relationships which involve breaches of human rights as defined in the UN Universal Declaration of Human Rights, or labour rights as defined in the ILO core labour standards.

The exclusion of banned weapons is also listed not only in the selection criteria, but also in the final Social Taxonomy Report²⁰. Hypo Vorarlberg's endeavours go even further, by also excluding projects and companies in warring states in accordance with OeKB Coverage Guidelines.

The ethics and sustainability criteria serve to control the sustainability risks and adverse impacts, and are therefore an essential element of Hypo Vorarlberg's sustainability strategy. They apply in both the bank and its subsidiaries²¹. Further information including the implementation process can be found in the chapters "Sustainable proprietary investment" and "Sustainable financial products".

Sustainable procurement guidelines

For Hypo Vorarlberg sustainable procurement means not only procuring environment-friendly products and services, in line with the precepts of economy, efficiency and expediency, but also compliance with high social standards during their manufacture or provision. The Code of Conduct on the website informs our suppliers, business partners and customers of this.

"turn to zero"

The compensation project "Portfolio 17 Sustainable Development Goals (SDGs)" covers not only ecological, but also social components. The range of projects offers the possibility of supporting 18 climate protection projects to an equal extent, and thus making a contribution to the UN's 17 sustainable development goals. In this way, even projects which tend to receive less attention can also be supported. These can be found in 13 countries throughout the world.

EMPLOYEES

The most important resource for a successful company is its human capital, which is why Hypo Vorarlberg goes beyond the legal framework to pay particular attention to human rights matters affecting its employees.

To prevent negative impacts and enable employees to contribute to the company and develop to the best of their ability, there is no discrimination on the basis of gender, age, nationality, ethnic and social origin, religion or ideology, family status, personal limitations, sexual orientation or identity, either when they are appointed or in everyday working life.

Equality of treatment with regard to remuneration is covered by the company's commitment to the ILO core labour standards (Convention 100). As an employer Hypo Vorarlberg supports flexible working time models, and through open access to training grants all employees the same training and development opportunities. The option of attending courses online which is often available offers part-time employees in particular the possibility of participating in training. The company also ensures a balanced composition when selecting managers.

Hypo Vorarlberg is aware that a high performance level is only possible when all the framework conditions are consistent. The company assists its employees in achieving this with a variety of measures which are summarised in the chapter "Employees".

All of this makes a substantial contribution to employee satisfaction. In addition, all managers are obliged to hold an appraisal discussion at least once a year with the employees who report to them. This ensures not only that the employees are able to contribute their skills and potential to the best of their ability, but also that interactions between managers and employees are attentive and respectful. The Works Council represents the employees in the event of all manner of problems, and acts as

¹⁷ <https://www.un.org/depts/german/menschenrechte/aemr.pdf> (accessed February 2023)

¹⁸ <https://www.ilo.org/berlin/arbeits-und-standards/kernarbeitsnormen/lang--de/index.htm> (accessed January 2023)

¹⁹ https://www.oecd-ilibrary.org/governance/oecd-leitsatze-fur-multinationale-unternehmen_9789264122352-de (accessed January 2023)

²⁰ https://finance.ec.europa.eu/system/files/2022-08/220228-sustainable-finance-platform-finance-report-social-taxonomy_en.pdf (accessed January 2023)

²¹ This applies to all major areas of the Group, i.e. all bank locations in Austria, and to the subsidiaries Hypo Immobilien & Leasing GmbH and Hypo Vorarlberg Leasing AG.

their contact. Further information can be found in the corresponding chapters.

PRODUCTS AND SERVICES

The company's products and services reflect the social components via the SDG 1 (No poverty) in particular. Hypo Vorarlberg offers its basic bank account to enable everyone to access financial services. Information about this can be found on the website²².

Flexibility irrespective of time and place is becoming ever more important for many customers, but there are still transactions which require personal contact. To live up to its claim to provide optimal advice and support, Hypo Vorarlberg is continuously expanding its branch network. For this purpose, a number of smaller branches have been integrated into larger ones, and competence centres are increasingly being created. These centres amalgamate Hypo Vorarlberg's strengths, and offer customers the major benefit that the right contact is always on the spot – no matter what the customer currently wishes to discuss.

ACCESSIBILITY

Branches

Hypo Vorarlberg respects the rights of persons with disabilities, and provides or improves access for them to the bank's locations and services. The company pays particular attention to the accessibility aspect when constructing new buildings or undertaking renovations. The measures range from wheelchair-accessible entrances and lifts and accessible WCs to tactile guidance systems on ATMs for visually impaired and blind persons.

Hypo Vorarlberg's 23 sites are already largely barrier-free:

- 21 of the 23 sites have step-free access²³
- 39 of the 40 ATMs and cash recyclers are equipped with a headphone socket
- Glass doors are fitted with contrasting stickers to prevent impacts
- Account statement printers in the branches are wheelchair-accessible

Digital accessibility

Hypo Vorarlberg's website has been developed technically in such a way as to support the use of the current tools for barrier-free access. So for example, the use of screen readers is guaranteed. The website is constantly kept at the state of the art technically, so that the highest possible quality standards of accessibility can be guaranteed in future too.

Hypo Vorarlberg also addresses the needs of people with disabilities with its online banking, which has been technically upgraded on the basis of the Web Content Accessibility Guidelines (WCAG) 2.0 Level AA criteria. There is a second, particularly high-contrast colour option, which makes it easier for people with visual impairments in particular to read the screen. The screen reader software has been enhanced with additional information to make the structure and content of online banking easier to understand when customers are using only voice output.

The online banking has been fine-tuned together with accessibility experts. During this optimisation process, feedback was obtained from blind and visually impaired users and taken into account for the implementation.

SUSTAINABLE ENGAGEMENT

Since the Hypo Vorarlberg charitable fund was set up in 2014, the bank has already been able to help many people who have experienced personal misfortunes to escape the worst financial hardship. The charitable fund also benefits voluntary projects such as the support group against poverty and exclusion of children and young people. Further information can be found in the chapter "Sustainable Engagement".

DATA PROTECTION

Section 1 GDPR (fundamental right to data protection) already indicates the unquestionable importance of data protection. The potential risks that might result from infringements show how relevant this is for a company's economic success. In order not to jeopardise its trust-based business relationships and to guarantee data protection, Hypo Vorarlberg has a corresponding strategy and a data privacy policy. There are also a Data Protection Officer and a deputy.

However, data protection does not just affect Hypo Vorarlberg's business relations. This basic right is also incorporated into the works agreement on whistleblowing. Thus the whistleblower has the choice of providing their information either openly or in a protected form, and irrespective of this they are protected against inappropriate negative consequences. Further information can be found in the chapter "Compliance".

LOOKING AHEAD

In order to make employees even more aware of the subject of human rights, and thus to ensure the subject is firmly rooted in the company, in 2023 we aim to develop corresponding training courses or supplement existing training with relevant aspects.

²² <https://www.hypovbg.at/konten-karten/girokonten> (accessed February 2023)

²³ One branch is accessible without steps via the rear entrance, and one subsidiary is only accessible by means of steps at the entrance.

MATERIAL TOPICS

Hypo Vorarlberg regularly performs a materiality analysis to ascertain which sustainability topics are of particular relevance. The basis for the materiality analysis is a sustainability survey which in 2020 was undertaken for the second time. A further analysis is planned for 2023. The materiality analysis comprises two elements: the first is a survey of stakeholders. This establishes how a particular topic affects the stakeholders' attitudes to Hypo Vorarlberg, in other words the relevance of a topic for the stakeholders. The second element is an assessment of whether the particular topic is associated with significant impacts on people and the environment resulting from Hypo Vorarlberg's business activity. This is undertaken by an internal group of experts.

Taken together, these two dimensions provide information on how material a topic is for the Group; it should then be taken into account accordingly in the company's strategy and business activity. In addition, the material topics identified pursuant to NaDiVeG are taken into account in the company's reports on sustainability.

SUSTAINABILITY SURVEY

The stakeholders were asked to provide their assessment of the most important sustainability topics, and thus directly influence the company's strategy and future direction.

A preselection of the topics worth considering was undertaken by Group Sustainability and the Communication Unit together with an external consultancy company. The basis for this was the list of topics from the first survey in 2017 (at that time still referred to as the stakeholder survey), international standards such as the GRI, the UN SDGs and peer-group observations. The list of relevant stakeholders also underwent critical scrutiny (cf. also the section "Stakeholder dialogue" in this chapter). The survey, in which over 1,000 people participated, was undertaken online in autumn 2020 and then evaluated anonymously.

IMPACT ANALYSIS

During the same period, with the support of a consultancy company, Hypo Vorarlberg also organised a workshop with internal experts. Their task was to evaluate the same list of topics as those examined in the sustainability survey in respect of their impacts. There had already been a similar workshop on this topic in 2019, the findings of which were used as a basis in 2020.

In the analysis of topics, the GRI definition of the term "impacts" was applied. The participants were to consider both the positive and potentially negative impacts on the economy, environment and society that might result from Hypo Vorarlberg's business

activity. Inversely, they were also to include the actual or possible repercussions on the company in their considerations. The workshop participants assessed the impacts using a numerical value.

MATERIALITY MATRIX

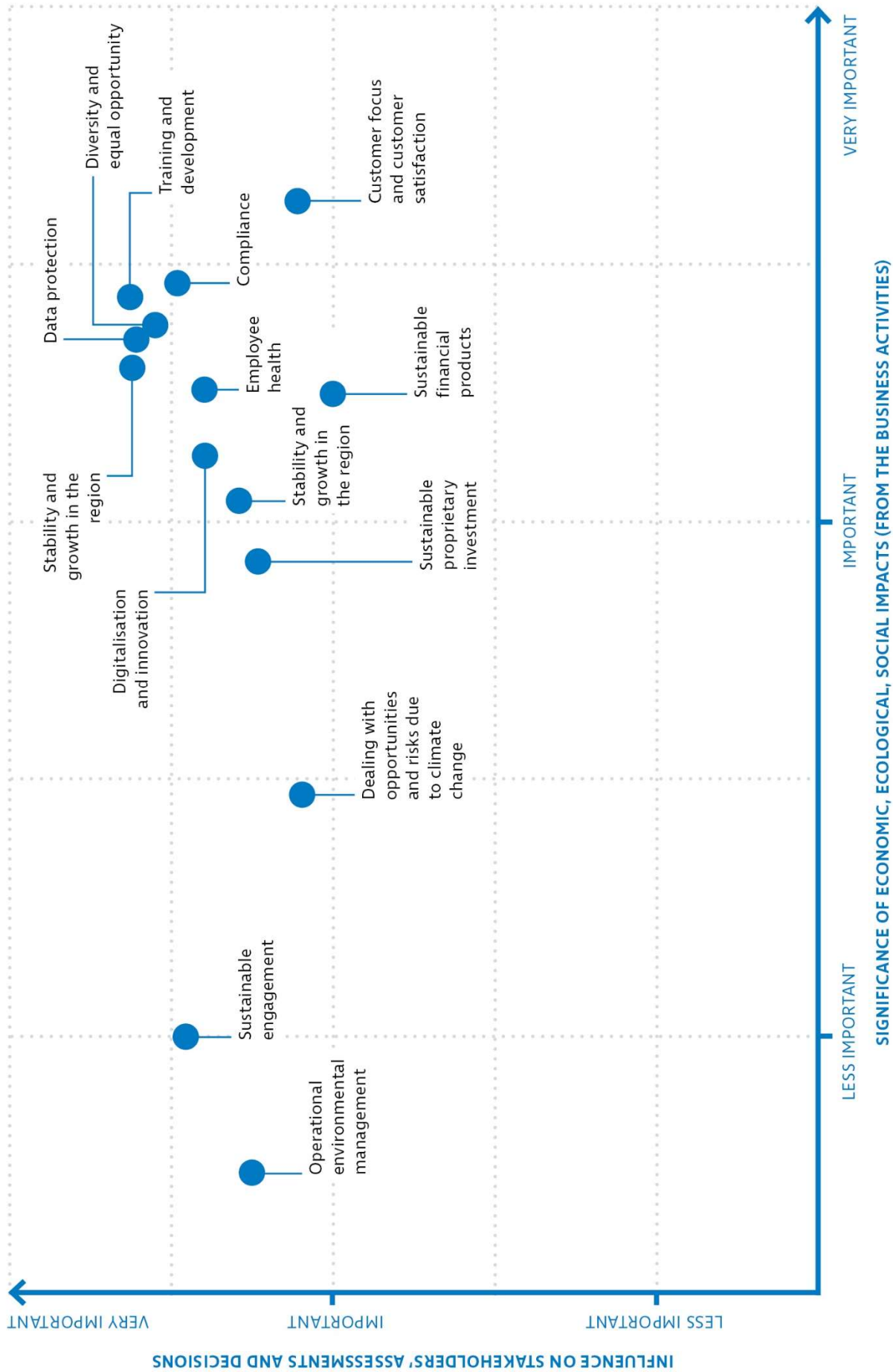
The sustainability survey and the impact analysis are combined in the materiality matrix on the next page. The value on the axis "Significance of economic, ecological, social impacts" represents the evaluation by the internal experts (impact analysis), and the axis "Influence on stakeholders' assessments and decisions" shows the stakeholders' evaluation. The material topics were summarised and are presented in detail in the chapters of the Sustainability Report.

The fields in the materiality matrix are arranged so that the importance increases from bottom to top and from left to right. Generally speaking, all the specific topics included in the matrix are relevant to different degrees (less important to very important). In terms of the positioning of the individual topics, there was a shift compared to the 2017 survey: the topics in the area of activity "Employees" increased in importance. The topic "Digitalisation and innovation", which was first surveyed in 2020, was also rated very high. The remaining results are essentially comparable to the 2017 survey. No further striking changes were identified other than those mentioned.

The employees and customers of Hypo Vorarlberg exhibited by far the highest level of participation in the survey, therefore we should pay particular attention to their results. Customers attributed the greatest significance to the topics "Data protection" and "Stability and growth in the region". Among others, the topics "Compliance", "Diversity and equal opportunity" and "Training and development" achieved high levels of agreement. For Hypo Vorarlberg's employees, "Stability and growth in the region" and "Training and development" were the most important topics, followed by "Diversity and equal opportunity", "Employee health", "Digitalisation and innovation" and "Data protection".

Those topics which the respondents classed as especially important are also particular focuses of the sustainability process. They are also drawn on in corporate strategic matters and are used by the Supervisory Board as "signposts". The sustainability survey will be implemented at regular intervals (approximately every three years).

MATERIALITY MATRIX



STAKEHOLDER DIALOGUE

Alongside the regular sustainability surveys, Hypo Vorarlberg also contacts its stakeholders in other ways. The formal and informal exchange with representatives of these groups within the Hypo Vorarlberg Supervisory Board is greatly important. Other opportunities of involving the groups of stakeholders arise for example when advising customers or during customer events.

The stakeholders were identified during the course of the sustainability project in 2016, when a screening of Hypo

Vorarlberg's internal and external touchpoints was carried out. During the 2020 sustainability survey the stakeholder groups again underwent critical scrutiny with an external consultancy company.

Here and in all other options for involving the stakeholder groups, Hypo Vorarlberg pays particular attention to the protection of personal data.

Various associations and initiatives in which representatives of Hypo Vorarlberg are involved or hold office also serve as platforms for the dialogue with stakeholders.²⁴

Organisation	Website
Hypo-Verband	https://www.hypoverband.at
"turn to zero" (formerly "Klimaneutralitätsbündnis 2025")	https://www.turntozero.com
Business Engineering Institute St. Gallen	https://bei-sg.ch
Wirtschafts-Standort Vorarlberg GmbH (WISTO)	https://www.wisto.at
Einlagensicherung AUSTRIA Ges.m.b.H.	https://www.einlagensicherung.at

Stakeholder dialogue

Stakeholder group	Members	Meetings
Owners	<ul style="list-style-type: none"> ▪ Supervisory Board ▪ Advisory Board ▪ Annual General Meeting 	5x a year regularly (dissolved 31.12.2022) annually
Supervisory Board	<ul style="list-style-type: none"> ▪ Supervisory Board meetings 	5x a year
Employees	<ul style="list-style-type: none"> ▪ Internal communication (regular information by email, employee newspaper, Intranet, result presentation) ▪ Employee events (Christmas party, winter active day, etc.) ▪ Works Council ▪ Appraisals ▪ Whistleblowing 	regularly regularly regularly regularly as needed
Customers	<ul style="list-style-type: none"> ▪ Personal contact with advisors ▪ Customer communication ▪ Customer service centre ▪ Customer events (customer concert, entrepreneurs' breakfast) ▪ Complaint management ▪ Investor magazine Am Puls, magazine VORHABEN ▪ Social media channels, website, newsletter ▪ Customer surveys 	regularly regularly regularly regularly as needed regularly regularly regularly
Media and PR	<ul style="list-style-type: none"> ▪ Extensive press and public relations ▪ Press conferences, interviews 	regularly regularly
Suppliers/external service providers	<ul style="list-style-type: none"> ▪ Business contacts ▪ Code of Conduct 	regularly regularly
Politics and administration	<ul style="list-style-type: none"> ▪ Advisory Board 	regularly (dissolved 31.12.2022)
Investors	<ul style="list-style-type: none"> ▪ Investor relations (e.g. roadshows) ▪ Extensive press and public relations 	at product issuances regularly

²⁴ All websites accessed January 2023



ECONOMY



STABILITY AND GROWTH IN THE REGION

Hypo Vorarlberg regards itself as a strong and reliable partner for the companies and people in its market areas, and pursues the clear goal of remaining the Number 1 in its domestic market, Vorarlberg. As a regional bank and the largest individual institution in Vorarlberg, Hypo Vorarlberg is connected with its domestic market in a special way. It counts around 80 of the 100 largest companies in Vorarlberg among its customers. Accordingly, the bank's economic success is closely interlinked with the success of the regional companies. It therefore matters greatly to Hypo Vorarlberg to contribute to stability and growth in the region and avoid negative impacts. This can only succeed if the bank remains a strong economic actor in the long term.

The basis for Hypo Vorarlberg's economic activity is the business strategy and the various divisional and functional strategies. Responsibility lies with all members of the Managing Board. Stable business figures and good external ratings (in both the economic and sustainability areas) demonstrate the company's success.

RISKS AND IMPACTS

Material sustainability risks arise in the areas of social matters and employees: Hypo Vorarlberg could also be affected by any levelling-off of the economy or an economic crisis in its market areas, and might then no longer fulfil its role as a secure employer, sponsorship partner and charitable donor. Negative impacts on customers and employees are conceivable if the company were to pursue a business policy with a high affinity for risk and focused on short-term success, and were thus to jeopardise the stability of the company.

Hypo Vorarlberg is aware of these risks and the possible impacts, and therefore pursues a business policy in which sustainable business development comes first. Maintaining the value of the customers' money comes before short-term profit. In this way the bank makes a positive contribution by preserving jobs which keep value creation in the region, enters into long-term sponsorships, and shares its economic success with its surrounding area. This is evident, for example, in the volume of the economic value distributed, which was TEUR 128,086 in 2022 (2021: TEUR 131,265).

INCOME DEVELOPMENT

Russia's military attack on Ukraine on 24 February 2022 substantially changed the view of the world that had prevailed until then, and along with this the economic framework conditions for Hypo Vorarlberg and its customers. Accompanied by the shortage of resources and energy that were expected as a result of this, inflation in our key markets increased considerably. The consequence was that after the long phase of low-interest policy, the ECB took countermeasures and from summer 2022 continuously raised its key interest rates in several stages.

After the COVID-19 pandemic was overcome, Hypo Vorarlberg's proven business model was once again put to the test due to the crisis. Whilst with hindsight the economic consequences of the COVID-19 pandemic did not have a critical impact on the earnings situation of the Hypo Vorarlberg Group (also due to government support measures for companies), it appears likely that the consequences of the conflict in Ukraine will only become evident in years to come.

For a bank which is traditionally very active in customer business, the low or negative interest levels of past years have posed a major challenge. The stable demand for credits shows that companies and private customers benefited from low financing costs for a long time. However, in 2022 the turnaround in interest rates which impacted all the bank's business areas played a crucial role. After pursuing a negative or zero-interest rate policy for a few years, from summer 2022 onwards the ECB successively increased its key interest rates. As a result of the rising interest rates, Hypo Vorarlberg again intensified its position in the market as an issuer of own bonds, which it was able to place very successfully. Even customers with fixed-term deposits benefited from higher interest rates once again.

Hypo Vorarlberg's operating result developed positively in the reporting year, while the decreasing need for risk provisions compared to the previous year and positive valuations also led to a significant increase in the result. In 2022, the Group's earnings before taxes amounted to TEUR 160,659 (2021: TEUR 93,678). Net income after taxes amounted to TEUR 120,096 in 2022 (2021: TEUR 66,810).

Net interest income fell by 14.4% compared to the previous year to TEUR 167,803 (2021: TEUR 196,061). Net fee and commission income of Hypo Vorarlberg was in the last financial year also 10.2% weaker in total, to reach TEUR 34,128 in 2022 (2021: TEUR 38,023).

Hypo Vorarlberg's total consolidated assets decreased slightly from TEUR 15,626,113 (2021) to TEUR 15,305,475, representing a decrease of 2.1% compared to the previous year's reporting date. In particular, the premature repayment of the OeNB tender contributed to a decline in total assets. Nonetheless, an increased demand for credit and increased lending resulted in an increase in the amount of loans and advances to customers.

The stability and strength of a bank are assessed using the core capital ratio (T1), which was 16.82% in 2022 (2021: 15.98%). In total the core capital (T1) as at 31 December 2022 increased to TEUR 1,469,091 (2021: TEUR 1,351,837). Hypo Vorarlberg's total own funds as at 31 December 2022 showed an increase compared to the previous year of 8.4% to TEUR 1,710,399 (2021: TEUR 1,577,794). They were thus well more than the minimum required by law (CRR). The Managing Board's plans for sustainable growth and the expectation of new regulatory requirements mean that Hypo Vorarlberg also intends to increase its capitalisation further in the future.

For detailed information on the course of the Group's business, please refer to Hypo Vorarlberg's Annual Report. The comparative figures for the bank can be found in the Annual Financial Statement (www.hypovbg.at/investor-relations).

ECONOMIC VALUE

In terms of the direct economic value generated, as required by the GRI Standards, the performance of the Hypo Vorarlberg Group comes in at TEUR 318,147 (2021: TEUR 256,802). At bank level the direct economic value generated as at 31 December 2022 was TEUR 193,909 (2021: TEUR 215,207).

The company shares its economic success with its surrounding area. This is evident from the economic value distributed, which in

2022 was TEUR 128,086 at Group level (2021: TEUR 131,265), and TEUR 124,488 at bank level (2021: TEUR 124,303). This key performance indicator quantifies all the payments that Hypo Vorarlberg made to its surroundings, such as wages and salaries to employees, dividends, taxes and social security contributions. It also includes sponsorship for cultural and sporting events, and voluntary donations. The economic value distributed indicates the importance of Hypo Vorarlberg in the regional economic fabric and in society.

Direct economic value generated and distributed

in TEUR	2022		2021		2020	
	Group (IFRS)	Bank (UGB)	Group (IFRS)	Bank (UGB)	Group (IFRS)	Bank (UGB)
Direct economic value generated	318,147	193,909	256,802	215,207	219,148	198,127
Net interest income	167,803	157,973	196,061	174,152	174,160	157,014
Net fee and commission income	34,128	33,813	38,023	37,580	34,647	33,323
Net result from financial instruments	80,420	825	-5,424	1,992	-6,716	6,021
of which net result from trading	6,243	0	4,844	0	1,104	0
Other income	35,796	1,298	28,142	1,483	17,057	1,769
Economic value distributed	-128,086	-124,488	-131,265	-124,303	-105,054	-101,384
Material expenses	-36,976	-38,524	-32,957	-34,433	-31,012	-31,829
of which donations and sponsorship	-1,280	-1,263	-1,046	-1,035	-1,052	-1,052
Wages and salaries	-52,106	-45,002	-49,672	-43,804	-47,950	-42,905
Dividends*	-4,434	-4,434	-6,335	-6,335	0	0
Public sector	-34,570	-36,528	-42,301	-39,731	-26,092	-26,650
of which taxes on income	-18,582	-22,141	-26,868	-25,842	-11,494	-13,600
of which stability levy	-2,749	-2,749	-2,676	-2,676	-2,428	-2,428
of which statutory social security contributions	-13,239	-11,638	-12,757	-11,213	-12,170	-10,622
Economic value retained	190,061	69,421	125,537	90,904	114,094	96,743

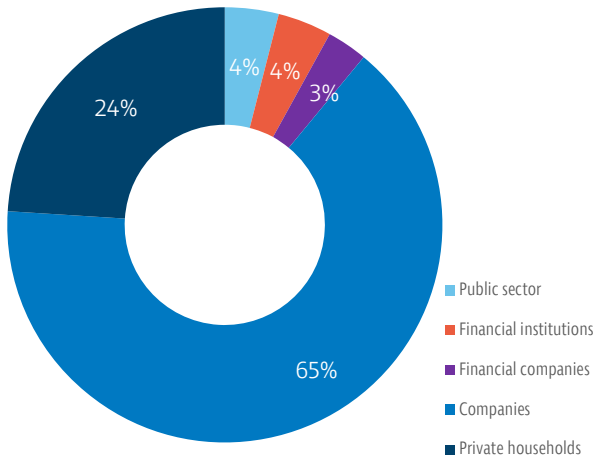
Explanation:

The direct economic value generated and distributed is shown at Group and bank level. For reasons of materiality, the figures are not shown separately broken down to regional level.

STRONG FINANCIAL PARTNER

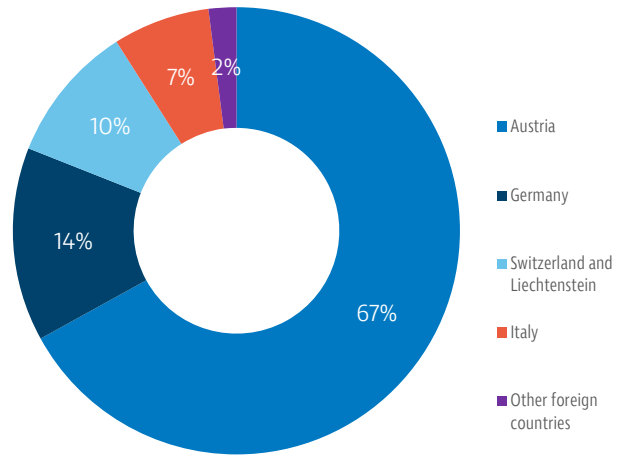
On the reporting date of 31 December, loans and advances to customers across all valuation categories totalled TEUR 10,644,719 (2021: TEUR 10,378,665). Loans and advances to credit institutions increased in the reporting year by 47.5% to TEUR 464,585 (2021: TEUR 314,964).

Loans and advances to customers and financial institutions – by sector (as at: 31 December 2022)



This item totalling TEUR 11,109,304 across all valuation categories primarily includes loans and advances to companies and private households and was 3.9% higher than in the previous year (2021: TEUR 10,693,629). Loans and credits in the public sector and to banks decreased compared to 2021, while the other sectors recorded an increase.

Loans and advances to customers and financial institutions – by region (as at: 31 December 2022)



The largest part of the lending business of Hypo Vorarlberg occurs in Austria with a share of 67%, followed by Germany with 14%. The remaining loans and advances to customers are primarily targeted at customers from Switzerland, Liechtenstein and Italy (especially leasing).

REGIONAL VALUE CREATION

The importance of Hypo Vorarlberg for the stability and prosperity of the region can also be measured by its direct contribution to regional value creation, i.e. the proportion of regional producers in Hypo Vorarlberg’s procurement budget. When awarding contracts, the company ensures that the value creation primarily remains in the regions in which it is active, i.e. Austria, Switzerland, Germany and Italy. The regional value creation shown in the table below relates only to procurement by the bank’s Austrian sites due to materiality reasons. Trust-based business relationships have been in place with most suppliers for many years. The range of products comprises: workplace equipment (hardware/software), office equipment, advertising and customer gifts, mobility and logistics, external advisors, auditors or service providers, as well as construction, maintenance and operation of buildings, technology and security installations.

Regional value creation by country (all bank locations in Austria)

Share of turnover (EUR)	2022	2021	2020
Austria	90.76%	89.50%	90.24%
Germany	6.00%	6.48%	6.25%
Switzerland	1.03%	1.20%	1.36%
Other	2.21%	2.83%	2.16%
Total	100.00%	100.00%	100.00%

SUSTAINABLE PROPRIETARY INVESTMENT

By means of its proprietary investments, Hypo Vorarlberg can exert a major influence over other economic actors and contribute to moving towards a climate-neutral economy. In line with its superordinate goal, the company makes every effort to prevent negative impacts on the environment and society as far as possible, and to foster positive impacts. This also takes effect in the bank itself in terms of proprietary investment, where ethics and sustainability criteria have been defined. In future the proportion of bonds geared towards sustainability (Green Bonds, Social Impact Bonds and Sustainability Bonds) will be increased. Responsibility for this lies with Group APM & Investments.

RISKS AND IMPACTS

Material risks will arise if the bank invests in companies which are particularly subject to physical or transitory risks due to climate change (see "Dealing with opportunities and risks due to climate change"). Moreover, companies which do business in a way which is especially harmful to the environment or CO₂-intensive, or whose business activity flouts fundamental labour and human rights are subject to risks. As well as the risk of a possible decline in assets (stranded assets) there would be a reputational risk if the bank were to enter questionable business relations as described. A further consequence would be negative impacts on the environment and society.

In terms of proprietary investment Hypo Vorarlberg pursues a two-part approach. On the one hand, the defined ethics and sustainability criteria are used to control sustainability risks and reduce adverse impacts. On the other hand, the bank makes a positive contribution to protecting the environment and climate and to respecting human rights by systematically acquiring bonds which are clearly geared towards sustainability. Both approaches are described in more detail below.

ETHICS AND SUSTAINABILITY CRITERIA

The ethics and sustainability criteria describe economic activities or business practices which in the bank's view are associated with clearly positive impacts on the environment and society (positive criteria) or have a particularly negative impact on the environment, climate or people (selection criteria). Before the bank enters any transactions, the employees of Group APM & Investments review the criteria using the four-eyes principle. In case of identifying a positive criterion, the transaction is then concluded, provided it also makes sense from an economic perspective. If a selection criterion is found, the transaction must not be completed. Internal Audit takes account of the instructions of the Managing Board in its ongoing reviews. This is part of the internal due diligence process. The following positive and selection criteria are currently applied when investing the bank's assets.

POSITIVE CRITERIA

Group APM & Investments maintains a dedicated ESG book. Only bonds which conform to the ICMA Green Bond Principles, Social Bond Principles, Sustainability-Linked Bond Principles or Sustainability Bond Guidelines, or which correspond to the EU Green Bond Standard and have been rated by a known sustainability rating agency, can be considered for the ESG book and represent a positive criterion.

MINIMUM REQUIREMENTS AND NORMS-BASED SCREENING

- Gross violation of human rights in accordance with the United Nations Universal Declaration of Human Rights and adverse impacts²⁵
- Violation of labour rights in accordance with the ILO core labour standards²⁶
- Projects and companies in warring states in accordance with the OeKB Coverage Guidelines²⁷

No investments are made in companies which breach international standards and norms in the areas of human rights, labour standards, the environment and the prevention of corruption. The basis for screening is the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles on Business and Human Rights.

EXCLUSION CRITERIA

Topic	Turnover threshold	Exclusion criteria
Armaments	0%	Banned weapons
	5%	Manufacture/trade in arms
Genetic engineering	5%	Genetically modified organisms (GMO)
	0%	Oil and gas extraction by means of fracking
Fossil fuels	5%	Oil extraction from tar sands
	5%	Extraction of coal/coal mining
	5%	Nuclear energy
Controversial business areas	5%	Manufacture of tobacco products
	5%	Production in the adult entertainment industry

The criteria were updated in 2022 to take account in particular of the EU Taxonomy requirements.

²⁵ Further information e.g. at <https://www.menschenrechtserklaerung.de> (accessed January 2023)

²⁶ This applies in the event of a substantial violation of at least one of the four fundamental principles in the ILO Declaration on Fundamental Principles and Rights at Work (freedom of association and collective bargaining, forced labour, child labour, discrimination), compare <https://www.ilo.org/berlin/arbeits-und-standards/kernarbeitsnormen/lang--de/index.html> (accessed January 2023)

²⁷ Further information e.g. at <https://www.oekb.at/export-services/laenderinformationen.html> (accessed January 2023). This concerns export transactions or foreign investments (excluding projects for humanitarian purposes or primary care for the population), no proprietary investment from a 5% share of turnover.

SUSTAINABLE INVESTMENT STRATEGY

Hypo Vorarlberg systematically invests in bonds that are clearly geared to sustainability. This includes bonds that conform to the Green Bond Principles and have been classed as ESG investments by a recognised sustainability rating agency on the basis of a positive second party opinion. The bank also acquires bonds which make a positive contribution towards solving urgent social problems (Social Impact Bonds) and bonds which serve to finance the sustainability goals set out by the UN (Sustainability Bonds). The total volume of all sustainability-related bonds was TEUR 156,195 as at 31 December 2022, corresponding to approximately 5.78% of Hypo Vorarlberg's total portfolio. The actual benefit for the environment and society is significantly greater due to the application of ethics and sustainability criteria.

Overview of sustainable investment book

TEUR	2022	2021	2020
Green Bonds	113,695	68,876	88,276
Social Bonds	18,500	16,900	11,900
Sustainability Bonds	24,000	16,000	-
Sustainable investment book	156,195	101,776	100,176
%age of total portfolio	5.78	3.94	3.73

The investment volume is highly dependent on the availability of investments which make economic sense, so no dedicated planning takes place for purchasing sustainable bonds, but nonetheless the volume was increased by over 50% in 2022. The market is continuously monitored and opportunities for suitable investment are utilised. Group APM & Investments aims to further increase both the absolute volume of sustainable investments and their share of the entire portfolio, depending on the availability of suitable emissions and the credit risk strategy.

SUSTAINABLE ENGAGEMENT

Hypo Vorarlberg demonstrates its closeness to the people in its key markets also through its social and ecological engagement.

RISKS AND IMPACTS

From the company's engagement there does not occur any recognisable material risks, especially as only ethically sound projects are sponsored as a matter of principle. There is only a risk for society if Hypo Vorarlberg was no longer able to fulfil its responsibility. It might then withdraw as a donor and long-term sponsorship partner, but this is unlikely given due to the company's economic stability.

In terms of impacts, the company's positive contribution to the welfare of the people and the environment in its key markets and beyond should be highlighted. Hypo Vorarlberg stayed connected to its partners even during the coronavirus pandemic, and in line with its values careful solutions were found together with the partners for services that were lost or not rendered. Thus, in total the donations and sponsorship by the Group in 2022 amounted to approximately TEUR 1,280.

SOCIAL ENGAGEMENT

Hypo Vorarlberg's social engagement builds on the two mainstays of donations and sponsorship. In all its engagements, attention is paid to regionality and diversity, and a long-term relationship is generally sought. Further requirements are personal engagement and the professionalism of the projects to be supported.

An internal employee is responsible for the area of donations, and sponsorship comes under Group Sponsorship and Events, which is located in the Communication and Marketing Department. The Internal Audit department is responsible for the auditing and makes use here in particular of Hypo Vorarlberg's sponsorship policy in order to guarantee an objective and independent evaluation.

CHARITABLE FUND

In 2014, Hypo Vorarlberg founded a dedicated charitable fund for supporting charitable projects. Every year, part of the profit generated is transferred into this fund. Since the fund was started, donations to the value of TEUR 1,961 have been pledged, and in 2022 the donations paid out totalled TEUR 311. In this way people who have experienced personal misfortunes have been helped to escape the worst financial hardship, and various social institutions and regional cultural projects have also been supported. The charitable fund is administered by a Board of Trustees made up of representatives of different social institutions, which autonomously decides quarterly how the money should be allocated within the framework of the guidelines. In 2022, the charitable fund supported numerous social projects, cultural initiatives, as well as scientific and educational projects, for example the initiative "Digital basic education" of Vorarlberg Teaching University (Pädagogische Hochschule), or the support group against poverty and exclusion of children and young people run by the Institut für Sozialdienste (ifs).

Digital Basic Education initiative at Vorarlberg Teaching University

The initiative aims to introduce primary school children to the subject of "IT thinking" using a fun approach involving child-friendly robots. The idea is that both girls and boys should be equally enthused for technology and prepared for the world of tomorrow. But the project does not just impart knowledge to children: during the course of the project the teaching staff are supported with training, mentoring and coaching so that a long-lasting effect is being created. This initiative was supported with TEUR 150 over three years (2020–2022) and the project team submitted annual reports to the Board of Trustees. In 2023, the project itself and the possibility of further support is being re-evaluated.

Support group against poverty and exclusion of children and young people run by the Institut für Sozialdienste (ifs)

The bank has been supporting this initiative by the Institut für Sozialdienste for five years. The aim of the project is to provide unbureaucratic financial help to children and young people from families threatened with poverty, to enable them to participate in social and societal life. This donation is re-evaluated every year on the basis of an activity report.

Support for Ukrainian war refugees

Within the framework of disaster relief, in 2022 the bank's charitable fund paid out a contribution for people in need as a result of the Russian-Ukrainian war. On the one hand, this took place via "Vorarlberg hilft", a joint fundraising campaign by the "Vorarlberger Nachrichten", the State of Vorarlberg, the Red Cross and Caritas. Two further donations were made via Caritas to the pastoral centre of the Archdiocese of Lviv which takes in and cares for a large number of war refugees.

Charitable fund: Donations paid out

In TEUR	2022	2021	2020
Social matters	229	157	232
Knowledge/education	56	49	56
Culture	21	11	11
Other	5	0	0
Total	311	217	299

The criteria in accordance with which donations are made are just as varied as the requests. Only the cases which fulfil the awarding criteria in accordance with the Rules of Procedure are sifted by the Board of Trustees in one of their quarterly meetings. Every application is critically scrutinised, checked and continuously evaluated by an employee of Hypo Vorarlberg. The outcome of the meeting is minuted. Internal Audit also scrutinises the administration of the fund annually to ensure it is being administered properly.

SPONSORSHIP

Art and culture

Hypo Vorarlberg supports the regional art and culture scene with sponsorships and partnerships. The company also regularly awards prizes in the areas of art and architecture.

Bregenzer Festspiele

Every summer the Bregenzer Festspiele presents high-quality open-air operas with its "opera on the lake", as well as indoor opera performances, outstanding concerts and theatre performances in the Festspielhaus and on the workshop stage. In total around 80 performances delight over 200,000 visitors every year. Hypo Vorarlberg is a longstanding partner and since 2013 has been the main sponsor of the Bregenzer Festspiele.

Vorarlberg arts centres

As well as the Bregenzer Festspiele, Vorarlberg's arts centres (Vorarlberg museum, Kunsthaus Bregenz, Vorarlberger Landestheater) also enrich the cultural landscape around Lake Constance, and every year attract numerous guests to Vorarlberg from all over the world. Hypo Vorarlberg supports this engagement as a longstanding partner, and since 2017 has been the main sponsor of all three institutions.

Stella Vorarlberg Privathochschule für Musik

Hypo Vorarlberg has supported the Vorarlberger Landeskonservatorium and Stella Vorarlberg Privathochschule für Musik since 2009. Here young people and students are trained as professional musicians specialising in instrumental and vocal teaching. The highlight of the partnership are the two concerts held every year for around 2,000 of the bank's customers.

Hypo Vorarlberg Art Prize

Every five years since 1984, the bank has awarded an art prize endowed with EUR 10,000. Artists born or resident in Vorarlberg are invited to submit their work. Within the framework of the art prize, the bank acquires selected artworks for its own art collection. The prize winners are decided by an international jury. In 2019, Hypo Vorarlberg offered its art prize for the tenth time. 120 artists submitted a total of 192 works, and the prize finally went to Christine Lederer for her digital print "Am liebsten trage ich ein Bügelbrett" ("I most prefer to wear an ironing board").

Hypo Vorarlberg real estate developer prize

Hypo Vorarlberg has awarded the real estate developer prize for innovative contemporary architecture since 1987. Every five years the prize offers an overview of the architectural development of half a decade. The cooperation partner is the vai Vorarlberger Architektur Institut. Real estate developers and planners can apply jointly for the prize.

In the eighth edition, six projects received awards in 2020, and a further six were honoured with recognition. For the first time, the jury – consisting of Anna Popelka, Klaudia Ruck, Sandra Hofmeister and Markus Zilker – did not award the prize in fixed categories. The buildings were assessed in terms of their quality, irrespective of their typology. According to the experts, this free consideration permits an undistorted view of the trends and key areas of construction in Vorarlberg.

The interest in the prestigious award was also once again unwavering in 2020: the vai Vorarlberger Architektur Institut counted 146 submissions by the closing date. Entrants were permitted to submit constructions erected in Vorarlberg including renovations, infrastructure projects and open space designs, which were of a high architectural and ecological quality in terms of urban or local planning, and had been built during the previous five years. The total prize money in 2020 was EUR 30,000.

Sport and leisure

Within the framework of its social engagement, Hypo Vorarlberg supports numerous sports events and clubs in its key markets.

Hypomeeting

Hypo Vorarlberg has been supporting the athletics Hypomeeting in Götzis as the main sponsor, and lent the event its name, since 1985. The decathlon and heptathlon, which is regarded as one of the best-attended hypomeetings of the season, has been held every year since 1975 at the end of May or beginning of June, and is the most important annual sports event in Vorarlberg.

Support for clubs and associations

Vorarlberg football clubs such as SCR Altach and SC Austria Lustenau also receive financial support. To enable regional talent to keep pace with the high standards of football, since autumn 2003 the Vorarlberg Football Association (VFV) has run a football academy (AKA Vorarlberg) together with the Collegium Bernardi in Bregenz. Hypo Vorarlberg has been AKA Vorarlberg's main sponsor since 2007 and in this way supports its work with young players. The bank also supports numerous sports clubs and associations, such as the handball clubs Bregenz Handball and Alpha HC Hard.

PARTNERSHIPS

Financial driving licence for young people

Under the Vorarlberg financial driving licence scheme, children and young people learn how to handle money responsibly. The participants are made aware of the complexity of the subject of money and finance, and receive valuable tips and information on money management. Hypo Vorarlberg supports the initiative from the Institut für Sozialdienste (ifs) with numerous other partners.

ENGAGEMENT FOR THE ENVIRONMENT

As part of the European Green Deal, the protection of the environment and the restoration of biodiversity are of great European significance. The bank also wants to take account of this at regional level with its environmental engagement.

VN Climate Protection Prize

Since 2008, Hypo Vorarlberg has supported the Climate Protection Prize offered by the regional newspaper "Vorarlberger Nachrichten". Every two years this prize honours innovative climate protection projects in the categories "Living consciously in private households", "Active schools and young people", "Municipalities and the public", "Innovative companies" and "Agricultural diversity". Besides the awards, above all it is the role model effect created by large and small climate protection measures which is important. The next prize will be awarded in 2024.

PROJECTS

On the occasion of the bank's 125th anniversary in 2022, EUR 125,000 was invested in selected regional environmental projects with the aim of achieving long-term support and cooperation with the project partners. The projects were selected in close cooperation with the Managing Board, and Group Sponsoring and Events is responsible for assisting the project partners.

Initiative "Garta tuat guat"

By bringing together all the fruit-growing and garden associations in Vorarlberg, the Verband für Obst- und Gartenkultur Vorarlberg aims to promote regional fruit-growing and horticulture, domestic use of the produce grown, caring for the countryside and towns, and the conservation of nature and the landscape. Hypo Vorarlberg supports the project "Garta tuat guat: the Vorarlberg children's and school garden initiative", which enables young people to have fundamental experiences of nature and connect these experiences with a sustainable lifestyle in terms of the climate and resources.

Renaturalization measures – Langsee moor complex

The Verwall – Kloostertaler Bergwälder nature conservation association seeks to conserve the valuable and threatened habitats in the Natura 2000 areas. The area around Lake Langsee on the border with Tyrol comprises one of the largest moor complexes in the European protected area “Verwall”, which consists of high and low moors, high mountain lakes and smaller marshy pools. The aim of the project is to improve the existing pathways in order to prevent further trampling damage within the moor complex, and to enable the regeneration of the areas which have already been damaged.

Construction of shallow ponds in the Rhine delta

The task of the Rhine delta nature conservation association is to maintain the area in such a way as to conserve the natural habitat. This includes the implementation and coordination of care and rehabilitation measures, as well as scientific observation and monitoring the condition of the area. Shallow ponds are being constructed to promote the positive development of the stocks of tree frogs, crested newts and yellow-bellied toads as well as other aquatic and semiaquatic species.

Reforestation, maintenance and modification measures in selected regions of Vorarlberg

A unique project which is expediently and sustainably distributed throughout Vorarlberg is being supported. This involves reforestation with tree species which can cope with climate change, caring for these species and modification measures to move towards forests which can tolerate climate change. For this purpose, after a careful review several forest locations were selected which face differing challenges from the dominant climate change, for example forests at lower altitudes which are used for mental and physical recuperation, or protected forests at higher altitudes and in marginal locations with a greater biodiversity.

Stocktaking and protective measures for the scops owl in the Bad Gleichenberg area

To support an initiative in one of the bank's market areas outside Vorarlberg, Hypo Vorarlberg decided on a project in Styria. BirdLife Österreich campaigns for the conservation of the Austrian bird sanctuary areas and runs countless species protection projects. As well as a stocktaking, additional nesting boxes are being fitted in the region to protect the threatened scops owl.



GOVERNANCE



DEALING WITH OPPORTUNITIES AND RISKS

DUE TO CLIMATE CHANGE

Global climate change involves substantial risks which could negatively impact the economy and society. At Hypo Vorarlberg these risks are systematically analysed and controlled. Climate change has the potential to fundamentally alter the economy and society. Many companies are now obliged to rethink their business model in view of the physical risks, new regulatory requirements or changes in customer behaviour. Society's values and lifestyles are being put to the test and people are wondering whether there can be "business as usual" without jeopardising the basis of life for future generations. Banks too are unable to escape these developments.

Hypo Vorarlberg is determined to reduce the physical risks and transition risks of climate change and strengthen the resilience of its business model. The company is implementing appropriate measures to identify climate risks and control them effectively. At the same time the company is utilising the opportunities arising due to climate change, especially in the area of products and services. Statutory requirements (e.g. EU Sustainable Finance Disclosure Regulation, EBA Guidelines on Loan Origination and Monitoring) provide the framework for this, and responsibility lies with the entire Managing Board.

CLIMATE RISKS

Climate risks are a subgroup of sustainability risks. They are generally divided into physical climate risks and transition risks, though there are reciprocal effects between these two categories.

Physical climate risks

The physical risks of climate change are those risks which arise directly from changes to the climate – for example temperature changes, the more frequent occurrence of extreme weather (e.g. cold spells or droughts) or natural disasters (e.g. forest fires, floods). The various economic sectors are affected by these risks to differing extents. According to the Austrian Financial Market Authority (FMA), the most vulnerable sectors include, but are not limited to, agriculture and forestry, food production, the transport sector, and the tourism and energy sectors.

Transition risks of climate change

In contrast to the physical risks of climate change, transition risks describe the possible consequences arising from the development towards a more ecological economic system. These include both political and regulatory measures against climate change (e.g. the introduction of a carbon tax) and also changes in consumer behaviour (e.g. the trend towards environment-friendly mobility solutions) and in technology (e.g. the development of a more climate-friendly alternative to the products or services offered by a company). The industries most affected by the transition risks due to climate change are those which are heavily dependent on fossil fuels (e.g. energy generation, iron and steel industry) and whose products cause high emissions (e.g. car manufacturers).

Whilst the direct physical climate risks for the bank infrastructure need to be taken seriously, but tend to be minor, it is above all the indirect physical climate risks in the core business that are significant for the company (e.g. financing for companies which are exposed to physical risks).

Transition risks due to climate change also mainly affect Hypo Vorarlberg in terms of its core business (e.g. financing for companies whose business models are coming under scrutiny because of climatic changes).

Dealing with direct climate risks

The direct physical risks for Hypo Vorarlberg – such as massive cases of damage in the Group caused by extreme weather events (destruction of the bank infrastructure or IT systems) – can be absorbed within the framework of the bank's Business Continuity Management (BCM). This is intended at least to limit the damage caused by exceptional situations if it cannot be prevented. This also covers exceptional situations in connection with physical climate risks.

What is crucial is the ability to respond rapidly and correctly to emergencies and the capability to continue important business processes. In the security and crisis manual, known scenarios are sketched out and the parameters for restarting are defined along with the procedures and resources required for this. An executive body (crisis team) is responsible for the Business Continuity Management area of Hypo Vorarlberg. This is supported by nominated security officers in all branches who have clearly defined tasks and receive regular training.

IDENTIFICATION AND MEASUREMENT OF RISKS IN THE CORE BUSINESS

A workshop on the topic of risks and impacts in autumn 2019 formed the basis for tackling sustainability risks. The workshop participants included members of the sustainability team and representatives of all the relevant specialist departments at Hypo Vorarlberg. When preparing the 2021 risk strategy, for the first time the Group Risk Controlling performed a heuristic analysis of possible sustainability risks in the financing business and in proprietary investment. This was renewed for the 2022 risk strategy. For the 2023 risk strategy heat maps and other appropriate evaluations of material risks were prepared.

GROUP RISK CONTROLLING

Group Risk Controlling is responsible for the risk control, which comprises the annual revision of the risk strategy, including implementing the risk inventory and the development of risk models. One aspect of this is therefore the identification of sustainability risks. In addition, steps must be taken to improve the data basis and measurement, and suitable stress tests must be developed.

For the 2022 risk strategy, Group Risk Controlling analysed the report from the European Banking Authority (EBA) on the management and supervision of sustainability risks, and the ECB Climate Risk Stress Test. At the end of 2022 the ECB published the good practices for climate-related and environmental risk management. On this basis the risk inventory was substantially extended for 2023. In 2022, possibilities for the quantitative measurement of both physical and transition risks were created.

Measuring the flood risk in Vorarlberg

Vorarlberg was last affected by massive flooding in 2005 and according to media reports the state-wide damage amounted to approximately EUR 180 million²⁸, so the risk of flooding is central to the initial analyses of physical risks. The financed volume in red and yellow zones (HQ100 = flooding events with a moderate probability of occurrence which statistically occur every 100 years) in Vorarlberg was quantified.

The analysis of the risk reports at that time indicates only a slight need for valuation adjustments in real estate financing, and the Annual Report from 2005 contains no references to increased value adjustments. Thus, even a massive flood in the domestic market did not have any significant impacts on Hypo Vorarlberg's business operations. Subsequently, extensive measures for flood protection were put in place in Vorarlberg up to 2015 and EUR 300 million were invested by the public sector.

The total customer volume in the HQ100 zone is approximately EUR 453 million and is distributed throughout Vorarlberg. Some agglutination can be identified at individual customer level, such as in the Rhine valley, however a flood event is very unlikely to affect the entire state. The water management department of the State Government of Vorarlberg assumes that due to construction measures the HQ100 zones are more likely to decrease. Damage events result in property damage, and in the very fewest cases in devaluation of the plot. The amount of damages is reduced by the public administrations and insurance companies, but a damage event can have serious consequences for commercial enterprises.

The next step is to estimate the maximum possible losses from a realistic flood event. In the case of the financing that has been identified as possibly being specifically affected, the top priority is the exchange of information with the customers. Clarification must be obtained as to whether preventive measures were taken, or whether customers made preparations for possible events.

It is planned to extend the analysis to Austria and subsequently to other countries. Hypo Vorarlberg is cooperating with experts to acquire further knowledge and expand its expertise in this area.

Measuring greenhouse gas intensity

Carbon pricing in respect of greenhouse gas emissions results, for example, in increases in the costs of energy or fuel. As a consequence, the financial burden for customers increases. To be able to control this risk we need to identify which industries and customers have a higher greenhouse gas intensity and lower credit rating.

To measure the transition risk, the greenhouse gas intensities per industry and country²⁹ on the bank's corporate portfolio (excluding real estate financing and securities) were mapped.

The heat maps below show the greenhouse gas intensities for the Austrian and German corporate portfolio as at December 2022. The x-axis shows the NACE industry codes (Statistical Classification of Economic Activities in the European Community), and the y-axis shows the customer ratings. The legend for the NACE sectors can be found in the Annex. The size of the bubbles indicates the volume at the respective interface.

In general terms a large part of the portfolio shows a low greenhouse gas intensity. The highest intensities are evident in Germany in the energy supply sector, although an analysis of the individual customers indicates that for some customers the Eurostat data overestimate the intensities. In Austria the manufacturing industry exhibits comparatively high values with significant volumes in generally good rating classes. In the transporting and storage as well as agriculture and forestry areas there are further portfolios with a high greenhouse gas intensity and mostly good ratings.

The average greenhouse gas intensity of the entire company financing portfolio is approximately 38 t CO₂e/EUR million customer revenue.

ENERGY CERTIFICATES

For a number of years, Hypo Vorarlberg has been obtaining energy certificates for real estate financing. The energy certificate contains key figures that are converted into scores from A++ to G. The information from the energy certificates is required to enable assessments of the extent to which, for example, customers are exposed to risk from higher energy costs.

Customers who have a lower credit rating and occupy a property with a poor energy certificate are affected more greatly by rising energy costs than other people. Increased energy costs also affect the value of properties with a high energy consumption to a greater extent compared to properties with lower energy consumption. The risk of rising energy costs is currently mitigated by extensive public support programmes which attenuate possible impacts.

An evaluation of loans in the private customer area, in which the customer's energy rating was compared with the energy certificate score, showed that the energy certificates largely scored a B or better. Only a slight correlation can be identified between the customer rating and the energy certificate score.

IMPROVING THE DATA QUALITY

Hypo Vorarlberg has already worked intensively on improving the quality of its data in the past, and in 2023 will devote itself to this topic in a more structured manner. Sustainability-related customer information such as emission data will in future be requested in the form of an ESG questionnaire. Good data availability and quality forms the basis for meaningful measurements, and is the only way in which topics can be managed and goals derived successfully in the long term.

²⁸ <https://www.vol.at/jahrhundert-hochwasser-im-jahr-2005-naturkatastrophe-in-vorarlberg/4428701>

²⁹ Tons of CO₂e per EUR million turnover, source: Eurostat

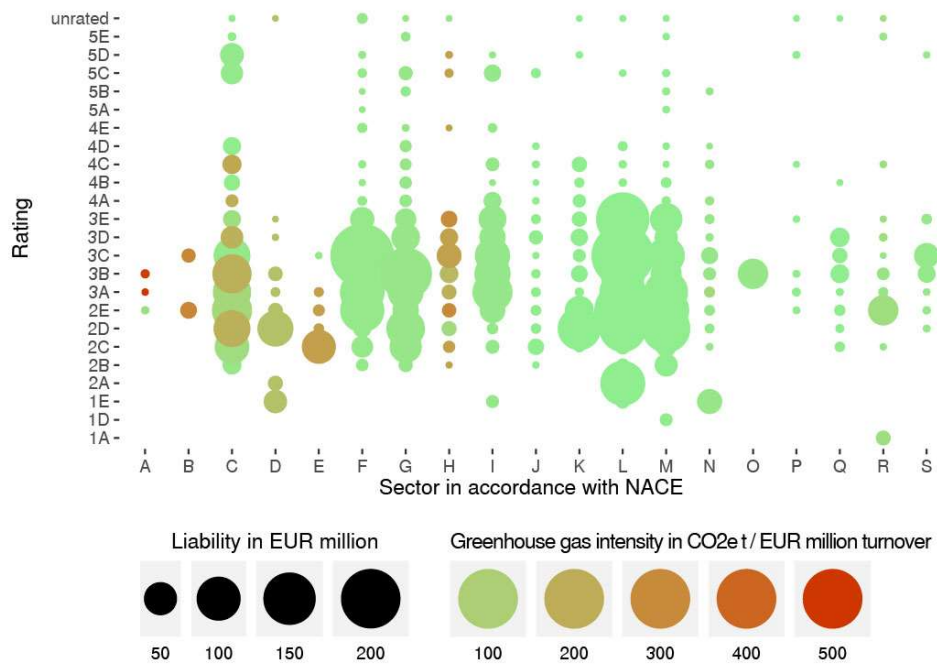


Figure 1: Heatmap of Austria

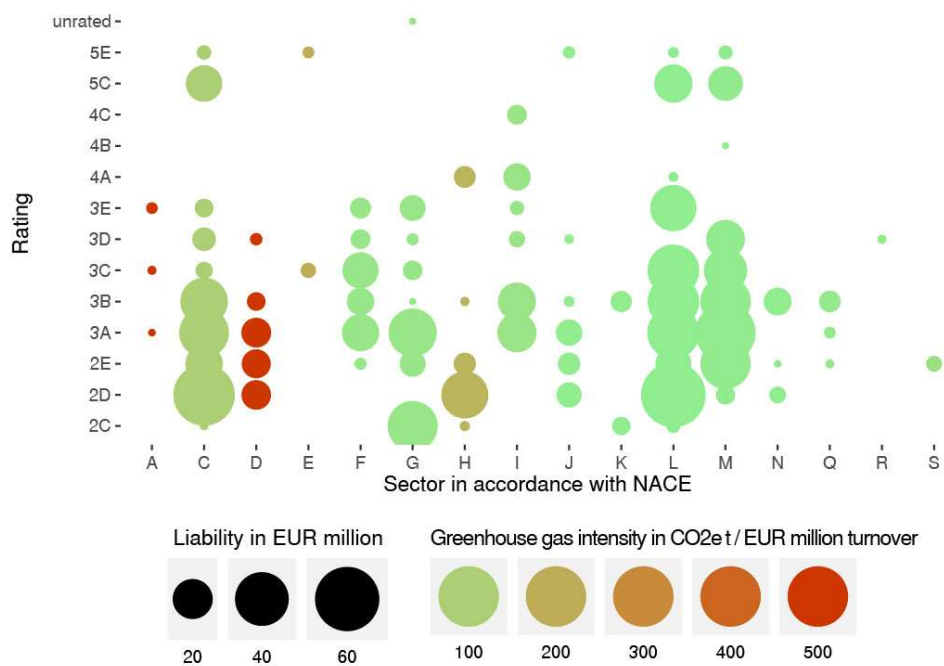


Figure 2: Heatmap of Germany

INVESTMENT BUSINESS

For customer portfolios (Hypo Vorarlberg asset management strategies and fund advisory) the Asset Management department is responsible for identifying and controlling the sustainability risks.

Instead of measuring the entire assets under management, all the Hypo Vorarlberg funds and asset management AIFs were screened to establish a basis for comparison with the previous year's values (September 2020, 2021). Since 2021, all Hypo Vorarlberg funds and asset management AIFs have had a yourSRI transparency seal. The data were also collected as at the end of September 2022 within the scope of the regular disclosure for the yourSRI transparency seal. Once again an improvement in the result was evident. The fund assets of the mutual fund represent a substantial proportion (68%) of the assets under management, which means they are a good indicator of the improvement in the assets under management.

As at the end of September 2022, for the first time a survey was also undertaken within the framework of a review of the carbon portfolio. In future this will be performed quarterly, based on the available company data from our ESG research partner (available valuation share of the assets under management), and will examine the following categories among others: CO₂ risk, CO₂ intensity (as at 31.12.2022 on the basis of the assets under management: 104.01 t CO₂e/EUR million³⁰) and the proportion of fossil fuels. The focus here will be on reduction ("preventing"). In the category of CO₂ solutions the focus is on "promoting": companies which achieve higher sales of renewable energies and green transport. Systematic portfolio management measures can be derived from the measurements, and the impact on the assets under management can be continuously monitored and/or adjusted.

Other relevant sustainability risks concern the social matters and governance areas in connection with compliance with internationally recognised standards, the labour and safety conditions, and observance of human rights, as well as risks associated with the management's duty of care, the measures to combat bribery and corruption, and also compliance with the relevant laws and regulations. Since the end of 2022, the Hypo ESG rating tool has been used to record the quotas of those companies which have been given an internal rating of "D" or "E". To assess the existing risks in these areas, from now on the proportion of companies which exhibit poor governance and controversial business practices will also be surveyed quarterly.

DEALING WITH CLIMATE RISKS IN THE CORE BUSINESS

In the core business, the risk for Hypo Vorarlberg arises mainly in the financing and investment business. This is the case in the financing business, for example, if natural disasters reduce the value of collateral or customers' debt sustainability. Risks also arise for the bank through the acquisition of securities if the issuers are affected by the physical risks of climate change to a particular extent. In future both physical and transition risks will be explicitly assessed in new businesses. Analyses are fundamentally necessary when financing is going to be provided in red or yellow zones. From a certain limit of greenhouse gas intensity an explicit statement must be issued.

The central control tool is the bank's exclusion and selection criteria; these relate to economic activities and conduct what the bank does not class as sustainable. If one of the exclusion criteria is breached, the transaction in question must not be concluded (see "Sustainable financial products").

The managers in the core business have to ensure that the exclusion and selection criteria effectively prevent transactions that are associated with an increased sustainability risk for the bank, and must take appropriate measures to guarantee compliance with the criteria. Internal Audit takes account of the criteria during its ongoing reviews. There is also great diversity among the bank's business partners, which cushions the risk. To avoid cluster risks resulting from excessive concentration on individual business areas, Hypo Vorarlberg sets industry limits in its corporate customer business.

The stipulations on strategy, governance and risk management are to be progressively implemented over the next few years in the best possible way. The aim of these efforts is to be able to make a robust statement on the business model's resilience to climate risks.

OPPORTUNITIES DUE TO CLIMATE CHANGE

Climate change is associated not only with risks, but also opportunities. In the banking business these exist primarily in the development of further sustainable finance products. The legal framework for this is defined by the legislator. For example, the Disclosure Regulation (part of the EU action plan for financing sustainable growth) sets clear minimum requirements for the advertising of financial products (e.g. funds). The EBA "Guidelines on Loan Origination and Monitoring" provide similar guidance for sustainable loans.

Hypo Vorarlberg is determined to utilise the opportunities arising due to climate change. Since November 2021, all the actively advertised Hypo Vorarlberg funds and asset management strategies have met the requirements of Art. 8 of the Sustainable Finance Disclosure Regulation (SFDR) (products which are advertised on the basis of their ecological and social features, see "Sustainable financial products"). From the end of 2022 the proportion of Art. 8 or Art. 9 SFDR financial products in the whole of the assets under management (individual securities and funds) will be surveyed quarterly; as at 31.12.2022 this comprised just under 53%, while the proportion of Art. 8 or Art. 9 SFDR financial products in the invested funds of the assets under management was just under 83% as at 31.12.2022. Furthermore, the company has numerous products and services which serve a social or ecological purpose, including for example the Green Bonds which have been issued by Hypo Vorarlberg since 2017. Other products serve, among other things, to open up access for disadvantaged groups to fundamental bank services. The range of sustainable products is continuously being expanded.

³⁰ Data provided by Sustainalytics, a Morningstar company and a globally-recognized provider of ESG research, ratings and data.

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INFORMATION

ABOUT THE HIGHEST GOVERNANCE BODY

The interests of the stakeholders are a high priority for Hypo Vorarlberg. In order to provide sufficient information about sustainability, the governance aspect is also disclosed. This comprises the collective knowledge, appointment and selection, and evaluation of the performance of the highest governance body, as well as the remuneration policy.

ASSESSMENT OF COLLECTIVE SUITABILITY

The Nomination Committee bears responsibility for the assessment of collective suitability of the Supervisory Board and the management. This assessment process is set out in the internal Fit & Proper Policy. The Fit & Proper Office, which at Hypo Vorarlberg is formed by the HR Department, is responsible for ensuring that the policy and the central documentation of the suitability assessments are updated.

The assessment of collective suitability of the management and the Supervisory Board must take place before any changes to personnel, and during any re-evaluation. In this assessment, the actual collective knowledge, skills and experience are compared with those necessary for the collective suitability of the respective managing body.

NOMINATION AND SELECTION

It is necessary to ensure that overall the composition of the managing body reflects a sufficiently wide range of knowledge, skills and experience to understand the institution's activities and the main risks (including money laundering and terrorist financing). Particular attention is paid to this when appointing members of the management and the Supervisory Board (taking account of the respective committees set up).

The purpose of this is to achieve a variety of views and experience, and facilitate the independent formation of opinion and efficient and balanced decision making by the management. Thus, during the appointment process, the individual members of the management and the Supervisory Board are assessed in respect of their educational background and professional background, industry knowledge, gender and age in order to ensure an appropriate degree of diversity.

The quantitative goal for the representation of the underrepresented gender in managing bodies that has been set by Hypo Vorarlberg pursuant to Section 29 BWG (Austrian Banking Act) is 30% to be reached by 2030 for both the management and the Supervisory Board. As part of the annual re-evaluation of the management and Supervisory Board by the Nomination Committee, the adherence to diversity targets is documented, and in the event of non-achievement, sufficient reasons are provided and measures put in place. Corresponding detailed information can be found in the chapter "Employees".

PERFORMANCE ASSESSMENT

At least once a year the Nomination Committee undertakes an assessment of the knowledge, skills and experience of the management and the members of the Supervisory Board, both individually and collectively, and makes suggestions for changes as required.

Among other things, these suggested changes can include training, changes to processes, measures to reduce conflicts of interest, and the appointment of members with particular competences.

Regular training and development measures are organised to ensure the suitability of the members of the Supervisory Board and management. Training measures must also be implemented in particular if there are changes to external circumstances (e.g. a change in the business activity or the organisation structure, new regulatory requirements), which under certain circumstances might influence the suitability of one or more members of the management or the Supervisory Board.

The Supervisory Board of Hypo Vorarlberg must include a sufficient number of independent members. Section 28a (5b) BWG regulates cases in which members are not independent, for example if a person was a manager of the credit institution concerned in the last five years. Section 39 BWG clarifies the independence of heads of committees. The review of such independence is formulated in the Fit & Proper Policy. In turn, members of the Supervisory Board occupy functions on the bank's various specialist committees, and this also guarantees the independence of the individual managing bodies. When specialist committees are being set up (Nomination, Risk, Loan, Audit and Remuneration committees) care is taken to ensure that the members have sufficiently sound (special) knowledge and experience, so that in its totality the committee properly covers the expertise required for its tasks, and the (individual) member can carefully fulfil the resultant duties.

REMUNERATION POLICY

A remuneration committee has been set up for Hypo Vorarlberg by the Supervisory Board. Pursuant to the legal regulations, the Supervisory Board of Hypo Vorarlberg must approve the general principles of the remuneration policy, and regularly reviews them. It is also responsible for implementing them. The Supervisory Board also instructs the Internal Audit department to independently verify the principles of the remuneration policy, and the latter must report to the Supervisory Board and the Remuneration Committee at least once a year. These provisions are regulated in the policy "Principles of the remuneration policy" and apply to all employees of Hypo Vorarlberg (Austria); there are special provisions for risk takers.

The Supervisory Board members strictly receive fixed expense allowances and attendance fees. The representatives of the State of Vorarlberg on the Supervisory Board and the employees delegated by the Works Council receive no compensation from Hypo Vorarlberg. The members of the Managing Board receive a fixed remuneration in line with the market. No bonus system or other variable remuneration is provided for Managing Board members.

COMPLIANCE

Hypo Vorarlberg uses a variety of measures to ensure compliance with the legal requirements at all times. In this way it protects itself and its customers against criminal activities. The term "compliance" generally describes a company's compliance with regulations and standards in its business activity. In the banking sector, this area takes on particular significance: the sector is regulated by strict legal framework conditions to reduce the risk of corruption and bribery, market manipulation and insider dealing, money laundering, terrorist financing, etc.

As a mainly publicly-owned company, Hypo Vorarlberg has a particular responsibility and exemplary function. Compliance with the laws and the standards that are usual in the industry is of the utmost importance.

Hypo Vorarlberg complies with the guidelines of the European Banking Authority (EBA). Here in particular the guidelines on internal governance, on assessing the suitability of members of managing bodies and occupants of key functions, and on a sound remuneration policy should be mentioned. The bank also complies with the circulars sent out by the Austrian Financial Market Authority (FMA) and aligns itself with the regulations of the Austrian Corporate Governance Code³¹, which represents a benchmark for good corporate management and corporate control, and is based on the OECD Principles of Corporate Governance. Internally the most important rules of conduct for employees are summarised in the compliance guidelines, among others. Since 2021, the Code of Conduct has ensured additional security. The primary responsibility lies with the Compliance Department.

RISKS AND IMPACTS

Unlawful conduct by employees of Hypo Vorarlberg would involve major risks for the company and society. In terms of the company, not only might this engender high legal costs and fines, but there is also a significant risk of sustaining reputational damage through such misdemeanours. Customers might also sustain financial damage as a result of conduct that is not in compliance with the law, and anti-competitive practices could also lead to unequal conditions between market participants. Hypo Vorarlberg takes a large number of measures to protect itself and its customers from criminal activities to the best of its abilities. The relevant legal provisions are set out in a number of internal work instructions and manuals for everyday practice. Employees continuously attend training courses and must pass regular knowledge checks.

The mandatory supervisory bodies and mechanisms which have been set up at Hypo Vorarlberg also include the possibility for employees to report anything what they have observed via an internal whistleblowing system, and a complaint management system for customers. The variety of measures prevents negative impacts for the company, customers and the financial market. The effectiveness of these is shown by the fact that in the reporting period there were no incidents relating to corruption and bribery, and no legal proceedings as a result of suspected corruption. There were also no proceedings on the grounds of anti-competitive conduct or the formation of cartels or monopolies.

GENERAL REQUIREMENTS

The Compliance Department ensures that the Standard Compliance Code of the Austrian banking sector is constantly observed and takes measures to prevent conflicts of interest between customers, the bank and employees. The Compliance Code regulates the areas of insider trading and market

manipulation, employee transactions in credit institutions, conflicts of interest, advantages and the execution of orders. They specify minimum standards which are intended to guarantee fair treatment of all participants in the capital market, and thus strengthen market participants' trust in the market mechanisms (especially pricing). The basis for this is the Stock Exchange Act (Börsengesetz 2018), the Securities Supervision Act (Wertpapieraufsichtsgesetz 2018) (WAG), the MiFID II Delegated Regulation (Markets in Financial Instruments Directive) and MiFIR (European Markets in Financial Instruments Regulation), the Austrian Banking Act (Bankwesengesetz), the Securities Deposit Act (Depotgesetz), the Investment Fund Act (Investmentfondsgesetz 2011) and all the Directives enacted in the execution of these laws.

The tasks of the Compliance Department are the ongoing monitoring and supervision of the relevant transactions, reporting suspicious transactions to the authorities, preparing an annual risk analysis and implementing the legal requirements.

PROVISION OF KNOWLEDGE

The Compliance Department ensures that all employees of Hypo Vorarlberg are informed about the relevant legal requirements and the company's expectations. For this purpose, during their onboarding (basic days) new entrants are issued with an overview of the general compliance regulations as well as the compliance policy and other relevant documents. They are also provided with basic knowledge of important topics such as corruption, data protection, money laundering and combating terrorism.

The basic training "Hypo 1", which all the bank's employees complete unless they have already completed equivalent training, also includes topics relating to the law and compliance. In addition, all employees must also regularly refresh their knowledge of compliance. In 2022, 101 people attended a compliance course, 54 employees completed a learning programme including a test, and 657 people undertook the annual knowledge check.³²

In autumn 2022, a Fit & Proper course was also held, which was attended by 15 members of the bank's Supervisory Board and Managing Board. The training covered the following key areas among others: BWG compliance in accordance with Section 39 Para. 6 BWG, a MiFID update, greenwashing, sustainable finance, and the EBA Risk Dashboard. The members of the Supervisory Board and Managing Board also participated in a course on the subject of market abuse.

A further instrument for concisely informing employees of their responsibility in the area of compliance is the already mentioned Code of Conduct of Hypo Vorarlberg. The subsidiaries in Bolzano have their own Code of Ethics³³. The documents serve as reference works supplementing the Compliance Policy. Their publication on the website means that business partners are also informed of the approach adopted by Hypo Vorarlberg, and they are also expected to comply with the Code of Conduct. Work is underway on another solution to create a better awareness of the Code of Conduct.

COMBATING CORRUPTION

The prevention and combating of corruption are regulated by means of a separate work instruction. This states as a matter of principle that in all the activities for the Group, employees are not permitted to grant or offer customers, suppliers, holders of public office or third parties money, material or other advantages, or conversely to accept these. This applies irrespective of whether or not it takes place with the intention of the generation of profits or

³¹ <https://www.corporate-governance.at/code/> (accessed January 2023)

³² Overlaps possible, e.g. employee completes more than one unit (training courses, learning programme, knowledge check)

³³ www.hypoimobilitaet.it (accessed February 2023)

the acceptance of undue advantage. This work instruction also states how employees should handle gifts and invitations from customers or business partners. The manual of the Austrian Ministry of Justice, which was prepared in 2012 during the course of introducing the Anti-Bribery Act amending the Criminal Act (Korruptionsstrafrechtsänderungsgesetz 2012), serves as the basis for this.

An analysis of all of Hypo Vorarlberg's branches and sites showed that there are no material risks of corruption, and that particularly Austria, Switzerland and Italy exhibit only a low risk of corruption. In the reporting period there were no indications of incidents of corruption in the bank or the Group, and therefore a corresponding audit was not necessary.

Within the framework of the general compliance training (basic days, basic training "Hypo 1") all Hypo Vorarlberg employees are familiarised, among other things, with the company's anti-corruption measures and with their own obligations. There is also a corruption prevention learning programme, which has been completed by 53 employees in management positions and 322 employees not in management positions. In the St. Gallen branch and the subsidiaries, compliance courses are held which are adapted to the special circumstances of the respective unit. No training is provided on the subject of securities in the subsidiaries, as no securities transactions are undertaken here. In 2022, 22 employees in St. Gallen, 45 employees at Hypo Leasing AG in Bolzano and 27 employees at Hypo Immobilien und Leasing participated in training measures on the prevention of corruption.

PREVENTION OF MONEY LAUNDERING AND TERRORIST FINANCING

The Compliance Department is also responsible for compliance with the duty of care to prevent money laundering and terrorist financing. Three supporting IT audit systems are available for this: on the one hand for monitoring and risk assessment of customers with regard to money laundering, and on the other hand for transaction control and/or to establish whether customers figure on sanctions lists or are regarded as politically exposed persons.

If there are suspicions of possible money laundering or terrorist financing, Hypo Vorarlberg immediately informs the Financial Intelligence Unit (FIU) at the Criminal Investigation Department. The Compliance Department's undertaking of its tasks is audited for the correct adherence to the laws, both internally by the Internal Audit department and also by an external auditing company.

All customers are checked by means of a special transaction control software created for this purpose to see whether they are named on a sanctions list held by the EU, the UN or the Office of Foreign Assets Control (OFAC) of the US Department of the Treasury. On the one hand this is intended to prevent these persons or entities becoming customers of Hypo Vorarlberg, and on the other hand to identify as rapidly as possible if an existing customer is included on the sanctions lists. In such a case, their accounts must be blocked and the corresponding authority informed.

To prevent money laundering and terrorist financing, Hypo Vorarlberg attaches great value to regular training for all employees. Therefore in 2022 a total of 100 bank employees participated in money-laundering training, 135 people completed the money-laundering learning programme including test, and 375 people took the annual money-laundering knowledge check.³⁴

MONITORING BODIES

In order to be able to guarantee compliance with the laws and appropriate handling of the risks of the banking business, the supervisory authority requires various monitoring bodies and mechanisms, which have been set up at Hypo Vorarlberg.

Risk management

Hypo Vorarlberg has an integrated risk management framework, which enables well-founded, expert decisions to be taken about entering into risks. The risk management assessment incorporates balance-sheet and non-balance-sheet risks, as well as current and future risks, and includes all the relevant risk categories such as credit risks, market risks, liquidity risks, concentration risks, operational risks, IT risks, reputational risks, legal risks, conduct risks, compliance risks, strategic risks and miscellaneous risks. To an increasing extent it also includes sustainability risks and non-financial risks.

Hypo Vorarlberg pursues a risk policy with an appropriate balance between profit and risk. Hypo Vorarlberg takes account of the particular risks of the banking business by means of conservative lending, strict valuations of receivables and collateral, and the appropriate recognition of general and specific valuation allowances. To prevent cluster risks, industry limits are set in the corporate area. The entire Managing Board bears the responsibility for the bank's risk management. In a separate manual, the common types of risk in the banking business are defined and the risk management processes for the individual risk types are explained. The entire lending process is regulated in detail.

The Compliance Department has the task of preventing conflicts of interest at personal level and at organisation-unit level. The guidelines on entering into risks are recorded in writing, among other things to enable review by Internal Audit. Further details of financial risks and risk management at Hypo Vorarlberg can be found in the Annual Report. The comprehensive disclosure of the organisation structure, risk management and the risk capital situation in accordance with the Capital Requirements Regulation (CRR) takes place on the website.

For the Managing Board it is essential to minimise not only the classic risks, but also those risks which might undermine confidence in Hypo Vorarlberg. Thus, the reputational risk defines the risk of potential damage to the Hypo Vorarlberg brand and the associated risks (e.g. impacts on the earnings situation, equity or liquidity) that might arise through a business connection, activity or omission which the stakeholders of the bank might perceive as inappropriate, unethical or in contradiction to the bank's values and its ethics and sustainability criteria. At Hypo Vorarlberg the identification of non-financial risks takes place, among other things, by monitoring the ethics and sustainability criteria in the financing and investment business (see "Sustainable proprietary investment" and "Sustainable financial products").

Internal control system (ICS)

Hypo Vorarlberg is distinguished by its clear regulation of the organisational, corporate, control and monitoring functions, which comprises in particular the four-eyes principle, IT-assisted checks, and decision-making powers and monitoring instruments which are geared to the respective risk content. At Hypo Vorarlberg the responsibility for setting up, designing and ensuring the lasting efficacy of the Internal Control System (ICS) rests with the whole of the Managing Board.

³⁴ Overlaps possible, e.g. employee completes more than one unit (training courses, learning programme, knowledge check)

Within the framework of the ICS, the processes are reviewed regularly, at least annually, for their risk content and for the existence of transparent, effective, efficient and risk-reducing measures and controls, and are supplemented and adapted if necessary. Additionally, a control and effectiveness analysis are performed regularly and any potential for improvement that is identified is implemented. The inclusion of further or new processes in the documented ICS is based on the assessment of materiality and risk content for Hypo Vorarlberg.

The ICS executive body, to which, among others, the entire Managing Board and the Compliance Department belong, confers at least once a year to approve decisions, take note of the risk assessments and make continuous ICS core process decisions.

An ICS report is prepared half-yearly for the Managing Board and annually for the Supervisory Board audit committee on the work being undertaken by the ICS. ICS reporting takes a bottom-up approach. The records on the controls that have been implemented are completed by the process owner as they are being carried out operationally. Together with the results of the control and effectiveness analysis, these records are combined in the ICS report, so that in combination with the Internal Audit results they can be used to make a statement on the effectiveness of the ICS. If applicable, the Managing Board instructs that adequate measures be taken to remedy any shortcomings. The Supervisory Board audit committee monitors the effectiveness of the ICS.

Internal Audit

Corporate Audit and Internal Audit provide independent and objective audit services intended to create added value and improve business processes (in particular with regard to their lawfulness, correctness and expediency). They support the organisation (Group) in achieving its objectives by evaluating the effectiveness of the risk management, the controls, and the management and monitoring process with a systematic and targeted approach, and help to improve these. As part of the three-lines model, the role of Internal Audit (3rd line) is to perform audits of all areas, processes, procedures and systems both generally and on particular occasions, and to inform the management and the responsible supervisory body of the extent to which the governance framework, including the risk-management framework, is effective, and the extent to which corresponding procedures and principles have been specified and are continuously complied with. Internal Audit undertakes its tasks independently, objectively and impartially. It is not subject to any instructions when planning or performing its audits, reporting and evaluating the audit findings, or when deciding on the initiation of special audits.

Responsibility for the establishment and functioning of the Internal Audit department is jointly shared by all members of the Managing Board. The entire Managing Board permanently ensures that there is a suitable organisation in place with regard to the duties to be undertaken by Internal Audit, and that Internal Audit has adequate quantitative and qualitative personnel and equipment.

Whistleblowing

Since 2014, banks must have an informant or whistleblower system. Violations in the bank can be reported to an independent body such as the Compliance function, Internal Audit or by means of an independent internal whistleblowing procedure. The alert procedure ensures the protection of personal data. Information reported by means of the whistleblowing procedure is input into a database into which only the Head of Compliance, the Head of Audit and the Chair of the Works Council have (limited) insight. The whistleblower has the choice of reporting openly or via a protected system which enables information to be submitted anonymously.

The possibilities of reporting in this way are regulated in a separate policy, which is accessible to all employees, and in a works agreement. In 2022 as in previous years, no violations were

reported by employees. Violations in our Italian subsidiaries can be reported via a dedicated email address. This is published in the Code of Ethics on the website, and is regulated in a separate internal policy.

Hypo Vorarlberg ensures that those persons who report a violation are appropriately protected against negative consequences. In addition, persons about whom a report has been made are protected against any negative consequences if during the investigation no proof is found to justify the initiation of measures against them. External reports can be submitted directly to the Compliance function or Internal Audit. Anonymous reports can be submitted by post.

Complaint management

Hypo Vorarlberg attaches value to good, respectful communication, therefore since 2004 there has been a central complaint management office, which is run as a dedicated staff office reporting to the Managing Board. This form of stakeholder dialogue and the systematic recording of complaints are regarded as a major opportunity for continuously discovering and implementing possible improvements. This takes the same priority as offering unbureaucratic and rapid solutions. Hypo Vorarlberg takes every customer issue seriously and handles it with care. An internal guideline which is accessible to all employees regulates how complaints are essentially dealt with. The rules of the complaint procedure are published on the website and are thus accessible to every customer.

Customers can approach Hypo Vorarlberg with reports via various channels (in writing, by telephone, in person). It is the task of the complaint management office to record, analyse or review, and resolve the complaint or claim, but also to listen to customers' wishes, ideas, suggestions and needs. In order to be able to cover the variety of topics effectively, the ombudsman's office works closely with customer advisors and/or as applicable with internal specialist departments.

In accordance with the Joint Committee harmonised guidelines for handling consumer complaints related to securities trading (ESMA) and banking (EBA), a customer complaint is any expression of dissatisfaction directed towards a credit institution by a natural or legal person in connection with a transaction. Therefore, the ombudsman's office deals almost exclusively with complaints which are directly related to a financial market service (e.g. a complaint about advice, processing, products, fees and charges, customer complaints about employees, etc.). A list of the justified complaints on the subject of data protection can be found in the "Data protection" chapter. All cases of complaints which can be cleared up directly in the branch are recorded, assigned to the categories (financing, payment transactions, savings and provision, securities, online banking) and reviewed by the ombudsman's office. The ombudsman's office should also be regarded as the point of contact for submitting complaints to other ombudsman and conciliation offices, as well as special interest groups (e.g. Institut für Sozialdienste, chambers of labour, etc.).

To ensure the possibility of quality improvement, complaints must be fully recorded in the internal system by the corresponding employee. An analysis or review of the complaint and the problem resolution will then be undertaken by Private Customer Sales and Corporate Customer Sales management and the ombudsman's office.

A report is prepared half-yearly on the complaint management, the complaints dealt with and the number of customer complaints at the branches. This is sent to the entire Managing Board, the Heads of Internal Audit, Communication, Compliance and Law, the

Organisation/ICS and the Directors of Private Customer Sales, Corporate Customer Sales and Vienna, and is discussed at the Managing Board meeting.

The number of complaints, subdivided by categories and reasons for complaints, is reported to the OeNB annually.

As complaints are very individual and not easy to compare, it is not meaningful to state the number of complaints or compare this with other banks. For these reasons, Hypo Vorarlberg does not report the number of customer complaints.

If complaints cannot be resolved amicably, customers (only consumers) will be informed in accordance with Section 19 Para. 3 of the Alternative Dispute Resolution Act (Alternative-Streitbeilegung-Gesetz) (AStG) that they can approach the responsible body for alternative dispute resolution.

CONFLICTS OF INTEREST

At Hypo Vorarlberg all the topics associated with conflicts of interest are regulated in a separate policy which applies to the entire Group. The contents of this policy are prevention and damage minimisation in the event of conflicts of interest occurring or being discovered, so that these do not result in any negative impacts on the interests of other stakeholders.

The Managing Board is responsible for specifying, approving and monitoring the implementation of policies on handling conflicts of interest. It is the Supervisory Board's task to supervise the implementation and maintenance of a code of conduct or comparable and effective guidelines on identifying, controlling and reducing actual and potential conflicts of interest. The point of contact for questions and reports on conflicts of interest is the Compliance Department, which is also responsible for maintaining this policy and reviewing the measures which have been put in place.

Conflicts of interest are disclosed to certain stakeholders (customers) if they cannot be resolved. The customer is informed of the conflict itself and also its possible impacts. If the conflict cannot be resolved, Hypo Vorarlberg will not execute the transaction.

Conflicts of interest at institutional level

Actions contrary to the interest of customers or other stakeholders, for example through the exercise of different activities or functions, are regarded as a conflict of interest at institutional level. The policy offers measures for preventing adverse impacts on customer interests.

Conflicts of interest at employee/management body level

In the event of compromised objectivity in carrying out duties, there is a conflict of interests at employee or management body level. This also includes interests of close family members and other close personal connections. The policy specifies different aspects of ascertaining possible conflicts, but the topmost priority is the avoidance of such conflicts by means of preventive measures. If a conflict of interests is unavoidable, a solution will be sought so that this does not have any negative impacts on the corresponding activity.

Conflicts of interests of governance bodies

If there are conflicts of interests of governance bodies, the focus is on the risk. Conflicts of interests that are disclosed are evaluated and regulated properly with the corresponding documentation of the decision.

To ensure objective and impartial decisions, members of the governance body may not occupy management or supervisory functions in competitive institutions. Persons who are related directly, related by marriage or married to a member of the Managing Board or Supervisory Board cannot be appointed to governance bodies.

A member of the Managing Board is excluded from deliberation and voting if the deliberations or voting concern him/herself, if the person concerned is related to the member of the Managing Board (to the 3rd degree), related by marriage, or married to a member of the Managing Board, or if there is sufficient reason to doubt his/her impartiality. Membership of the Managing Board is irreconcilable with the position of a member of the State Government or the Supervisory Board.

For Supervisory Board members there is a relevant conflict of interests if from the perspective of an informed, advised and impartial third party there is a risk that a Supervisory Board member could be guided by extrinsic considerations in his or her Supervisory Board activities due to special interests. If there is a conflict of interests at this level, measures to be applied are the disclosure of a conflict of interests, approvals of contracts and transactions, a voting ban, and documentation. In the event of a permanent and unresolvable conflict of interests of a Supervisory Board member, they must resign from office.

DATA PROTECTION

AND DATA SECURITY

Hypo Vorarlberg's business model is based on its customers' trust. Discretion and the protection of entrusted data are therefore of crucial importance for the economic success of the company, that is why the utmost importance is allocated to data protection and data security. Additionally, the legislator has emphasised the significance of effective data protection with the General Data Protection Regulation (GDPR). Hypo Vorarlberg complies fastidiously with these regulations and puts measures in place to ensure the best possible protection of customer data.

For this purpose, the company has adopted its own data protection strategy, and the employees are supported in their daily work by means of a data protection policy. Hypo Vorarlberg has also appointed a business data protection officer and a deputy. The data protection organisation chart is rooted in the GDPR, and a data protection management system has been established.

The subsidiaries have their own data protection officers and their own data protection policies. The IT Department of Hypo Vorarlberg is responsible for the technical data security at the bank and in the Austrian real estate and leasing subsidiary in cooperation with Accenture Österreich (formerly ARZ – Allgemeines Rechenzentrum GmbH). The St. Gallen branch and the subsidiary in Italy are supported in this area by reputable external partners.

RISKS AND IMPACTS

Inadequate data protection and security measures would entail major risks for the company and the bank. Customers could sustain substantial financial damage through a data leak or data theft – for example, due to insufficient measures to avert IT risks.

There is also the possibility of third parties invading the customers' privacy and thus causing intangible damages. The company would be threatened with high legal costs and penalty payments. The risk of sustaining reputational damage as a result of corresponding failings is also of significance.

The bank takes numerous measures to protect its customers' data, thus reducing the likelihood of negative impacts. Compliance with the statutory provisions is the topmost priority. The low number of customer complaints confirms the effectiveness of the preventive measures.

LEGAL REQUIREMENTS

The European Union General Data Protection Regulation (GDPR) standardises the regulations for the processing of personal data by private companies and public bodies. This Regulation is intended on the one hand to ensure the protection of personal data within the EU, and on the other hand to guarantee free data traffic within the European Internal Market. The GDPR has been applicable since 25 May 2018. Among other things, the requirements concern the accountability for providing verification of compliance with the obligations set out in the GDPR, and the reporting obligation in the event of data breaches.

IMPLEMENTATION

During the implementation of the GDPR, the expediency and the legal bases of the processing activities at Hypo Vorarlberg were scrutinised.

The employees at Hypo Vorarlberg are continuously made aware and trained to ensure that they are familiar with the internal work instructions and processes. When new employees join, they are trained in this respect during the Basic Days, and they also have to complete regular web-based training on data protection and information security. In the branches regular exchanges of experience take place with the data protection officers. Furthermore, the data protection management system also includes the performance of data protection impact assessments before procedures are introduced or modified if particular risks for the rights and freedoms of data subjects can be expected. This also includes aligning contractual relationships with service providers with the GDPR and establishing the processes for administering the rights of data subjects and reporting breaches of privacy.

The implementation of data protection concepts and procedures is regularly reviewed by Internal Audit. Alongside data protection, bank secrecy also provides for further protection from disclosure or exploitation of the customers' confidential data and information.

In 2022, there were no justified data protection complaints to the supervisory authorities at the bank and its subsidiaries. The number of justified complaints by third parties was seven at the bank, none in the St. Gallen branch and the real estate and leasing subsidiary in Dornbirn, and eight at our Hypo Vorarlberg Leasing und Immobilien subsidiary in Italy. No cases of data loss or theft were recorded at the bank or the subsidiaries. With regard to the GDPR, in 2022 at the bank there were 13 claims relating to the right of data subjects, of which six were requests for information (Art. 15 GDPR), six were requests for data erasure (Art. 17 GDPR) and one was an exercise of the right to data portability (Art. 20 GDPR). There were no requests for information at the Hypo Immobilien und Leasing subsidiary in Dornbirn. There have been no breaches of the GDPR by Hypo Vorarlberg.

DATA SECURITY

Extensive technical and organisational measures are taken for the effective implementation of data protection and information security. As a result, a high level of data security can be guaranteed. In order to maintain this, the situation regarding threats and hazards is continuously monitored and re-evaluated. Technical and organisational measures comprise a combination of passive protection, proactive monitoring and prevention, which are continuously adjusted. This further reduces IT risks relating to data security.



CUSTOMERS AND PRODUCTS



CUSTOMER FOCUS AND CUSTOMER SATISFACTION

At Hypo Vorarlberg our customers' satisfaction is our topmost priority, and therefore the company continuously invests in its sites and in training its employees. This enables the Group to do justice to its aspiration to provide the best advice to those with purpose. As an advisory bank, Hypo Vorarlberg's customers are central to all of its efforts. It does not offer any standardised solutions, but instead concentrates on conscientious advice and careful selection in order to satisfy its customers' needs. The employees undergo continuous training to guarantee the high quality of the advice they provide.

Hypo Vorarlberg's business strategy forms the basis of the way it works, and work instructions provide support in day-to-day business. Regular awards confirm the high customer focus and customer satisfaction. Private Customers Sales and Corporate Customers Sales are responsible for this area.

RISKS AND IMPACTS

In the sustainability context, risks would arise if Hypo Vorarlberg had to accept substantial economic damage due to a lack of customer focus. It might then withdraw as a secure employer, and as a donor and sponsorship partner, which would have corresponding consequences for the regional economy and society. Positive impacts can be seen in the high level of customer satisfaction and the strong key economic figures – which are due among other things to excellent advice, constant improvements to the branch network and supplementary digital offerings.

PERSONAL ADVICE

For Hypo Vorarlberg, acting in a customer-oriented way means: being mindful, listening attentively to its counterpart in conversation, and being interested in their stories and dreams. The highly qualified advisors have business relationships going back many years or even decades with many customers. For winning new customers, the bank firmly believes that satisfied customers make recommendations. Consequently, it is extremely important to recognise the customers' needs and expectations, fulfil them, and in the best case even exceed them. When advisors visit customers, they are accompanied on their appointments by in-house experts, thus ensuring even greater proximity to their customers.

BRANCH LOCATIONS

Human touch and best advice: Hypo Vorarlberg is continuously improving its branch locations in order to do justice to this claim. For this purpose, a number of smaller branches have been integrated into larger ones, and competence centres are increasingly being created. These centres amalgamate Hypo Vorarlberg's strengths, and offer customers the major benefit that the right contact is always on the spot – no matter what the customer currently wishes to discuss. These enhancements ensure that Hypo Vorarlberg can be contacted by its customers irrespective of their place of residence. There are three different types of branch, tailored to the different customer needs:

- Competence centres offer comprehensive advice in all areas, and specialists for more complex consultations (e.g. Feldkirch branch)

- Classic branches ensure regional care and customer proximity (e.g. Höchst branch)
- Special branches are special satellite branches which focus on customer servicing and basic advice (e.g. Messepark branch in Dornbirn)

In addition to more flexible times available for advice, the geographical flexibility is also being increased. The advisors are equipped with technical devices so that they can provide a full range of customer advice in accordance with their requirements, irrespective of their location.

To be able to address the changing customer behaviour, many branches have self-service terminals where customers can obtain services and take out cash 24 hours a day, seven days a week.

To safeguard the bank's earning power in the long term, it is going to increase its presence particularly in the growth markets outside its domestic market of Vorarlberg. Advice for corporate customers will be offered in selected locations in Vorarlberg as well as at the branches in Vienna, Wels, Graz and Salzburg. A new site was opened in Salzburg in 2021 for this purpose. As an entrepreneurial bank with cross-border expertise, the focus there will be on the corporate customer and real-estate project business in and around Salzburg.

DIGITAL OFFERINGS

Many classic banking transactions are now processed primarily online. Hypo Vorarlberg is responding to this by expanding its digital services – not as an alternative to its sites, but as a contemporary addition. This includes, for example, Hypo Office Banking (HOB), a web-based, cross-border payment solution for corporate customers, or a variety of different contactless payment options. In addition to Apple Pay, Hypo Vorarlberg has also offered Garmin Pay since June 2022.

CUSTOMER EVENTS

The bank organises over 50 events a year for its advisory customers in the corporate and private areas. The aim is to offer the customers unique experiences and networks that they cannot buy, and only receive as customers of Hypo Vorarlberg. Delighted customers actively recommend the bank, buy more frequently and are loyal to their brand – even in times of crisis. The "bring your friends" option also gives the advisors the opportunity of making new contacts via their customers and partners. In the context of the bank's sustainability efforts, events are increasingly being run in accordance with the criteria of the eco-label for Green Meetings and Green Events.

COMPLAINT MANAGEMENT

Hypo Vorarlberg's central complaint management system is an important instrument for ensuring the satisfaction of our customers. Customers can submit their complaints and valuable feedback in writing, by telephone, in person or via the bank's social media channels. They can contact their customer advisor or approach the ombudsman's office directly. The bank regards customer concerns as an opportunity to improve further, and address customer wishes and needs even better in the future. Further information can be found in the chapter "Compliance".

SUSTAINABLE FINANCIAL PRODUCTS

There is a trend towards sustainable financial products. While it used to be primarily institutional investors which wanted to invest their money sustainably, now private customers are also increasingly asking which companies and projects their money is being invested in. Transparency is also called for by the regulators: since the EU Sustainable Finance Disclosure Regulation (SFDR) came into force, participants in the financial market are obliged to report how they handle sustainability risks and adverse impacts on sustainability issues in their portfolio management and investment advice.

For Hypo Vorarlberg this development is simultaneously both an opportunity and a challenge. On the one hand, there is the possibility of addressing new customer groups with sustainable products and services, and thus remaining economically competitive. On the other hand, it is essential to keep pace with the regulatory development. Hypo Vorarlberg masters this balancing act by fulfilling its responsibility on the product side, i.e. reducing adverse impacts on the sustainability factors and controlling sustainability risks effectively.

RISKS AND IMPACTS

Sustainability risks are conceivable in all areas. In the investment business for customers, specifically there is the risk of a reduction in asset values if investments are made in particularly CO₂-intensive sectors or industries. In the financing business, physical climate risks can erode the values of collateral, and transition risks can lead to the loss of financing customers. Adverse effects on the sustainability factors (environmental, labour, social and human-rights matters, as well as combating corruption and bribery) are possible in terms of investment products and financing if investments are made or financing is provided for companies which give no consideration to sustainability matters.

The central control instrument in the investment and financing business is the ethics and sustainability criteria. At the same time, the bank achieves positive impacts on the environment by systematically financing projects for sustainable energy production or energy-efficient buildings. The latter are (re-)financed by means of the in-house green bonds.

INVESTMENT BUSINESS

Portfolio management

When making investment decisions, Hypo Vorarlberg's Asset Management department takes account of sustainability risks and of adverse impacts on sustainability factors. The asset management strategies are administered by Asset Management. In the case of Hypo Vorarlberg funds, the Asset Management department of Hypo Vorarlberg Bank acts as the investment advisor and undertakes the design of investment strategies and proposals, as well as the definition and monitoring of the ESG criteria. In its function as fund manager, Masterinvest Kapitalanlage GmbH implements the proposals effectively, assumes responsibility for the cooperation policy, and in its function as risk manager controls the adherence to the ESG criteria.

When it comes to selecting both individual securities and target funds/ETFs, an ESG investment approach has been defined for each and is identical for all financial products.³⁵ Since November 2021, all the Hypo Vorarlberg funds in the active offering and the asset investment strategies have been classified as financial products within the meaning of Art. 8 of Regulation (EU)

2019/2088 (Disclosure Regulation) and take account of ecological or social characteristics.

When selecting individual securities (shares, bonds) the Hypo ESG rating is used. Every company is evaluated on a scale from A (best) to E (worst), with no investments being made in companies rated "D" and "E". The Hypo ESG rating is based on the following criteria and indicators in respect of the environment, social matters and governance (ESG factors):

- Selection criteria ("preventing"): the defined selection criteria list economic activities which are associated with adverse impacts on the climate and environment (e.g. oil and gas extraction by means of fracking) or which the bank rejects for ethical reasons (e.g. banned weapons). If a turnover threshold (0 to a maximum of 10% of turnover) is breached, Hypo Vorarlberg funds or asset management strategies must not invest in the individual security.

Topic	Turnover threshold	Selection criteria
Armaments	0%	Banned weapons
	5%	Manufacture/trade in arms
Genetic engineering	5%	Genetically modified organisms (GMO)
Fossil fuels	0%	Oil and gas extraction by means of fracking
	5%	Oil extraction from tar sands
	5%	Extraction of coal/coal mining
	10%	Extraction of oil/gas
Nuclear energy	5%	Nuclear energy
	5%	Manufacture of tobacco products
Controversial business areas	5%	Manufacture of alcohol
	5%	Production in the adult entertainment industry

- Norm-based screening: individual securities are screened for breaches of international standards and norms in respect of human rights, labour rights, environment and anti-corruption (e.g. UN Global Compact). No investments are made in companies which breach such standards.
- "Best in Class" approach ("promoting"): quality criteria ensure that companies which make a positive contribution to sustainability are classed as better than other companies. The evaluation includes factors such as a CO₂ risk rating, a measurable effect on the United Nations Sustainable Development Goals, controversial business practices and good governance. All the factors are available via different modules of the external ESG research partner.
- Government bonds: the risk to a country's long-term prosperity and economic development is measured by evaluating the national prosperity and the country's capacity to use and manage this prosperity effectively and sustainably. Sustainability factors are also taken into account in the prosperity factor. Every country and its emissions are evaluated on a scale from A (best) to E (worst). Government bonds must

³⁵ Information about the ESG investment approach can be found at ESG-Investmentansatz – Hypo Vorarlberg (hypovbg.at). Information about sustainability-related disclosure can be accessed under "Nachhaltigkeitsbezogene Offenlegung im Sinne der Verordnung (EU) 2019/2088 Hypo Vorarlberg" (hypovbg.at) (All websites accessed January 2023)

achieve at least a Hypo ESG rating of C-. No investments are made in countries classified as "D" and "E". Issues from those countries which according to the Freedom House Index are classified as "not free" are also excluded.

Within the framework of the selection process for target funds/ETFs these undergo a suitability check by means of their qualitative and quantitative characteristics, and use is made of the classification pursuant to the Disclosure Regulation (EU) 2019/2088. When investment funds or ETFs form a component of the investment strategy, financial products invest exclusively in target funds classified as Art. 8 and/or Art. 9 of the Disclosure Regulation (EU) 2019/2088, which themselves exhibit ecological or social characteristics or strive for sustainable investment. At portfolio level (excluding "other investments") all financial products must comply with a Hypo ESG rating of at least C-. In addition, for index-based ETFs the aim is to ensure an SRI- or ESG-optimised index as the underlying instruments and a high level of conformity to Hypo ESG criteria.

In this way, the use of the products described above supports the reduction of sustainability risks at portfolio level. Strict attention is paid to keeping sustainability risks and adverse impacts on sustainability factors as low as possible.

Identification and control of sustainability risks

When making investment decisions, along with other factors Hypo Vorarlberg's Asset Management department also takes account of sustainability risks which might impact the yield of a financial product. Relevant sustainability risks are identified and measured, with a regular (quarterly) analysis of all of the assets under management, taking account of several indicators. The ESG data of an external research partner serve as the basis. The aim is to keep the sustainability risks low across the whole of the portfolio management.

For the regular survey, the following categories are used among others: CO₂ risk, CO₂ intensity, proportion of fossil fuels. The focus here is on reduction ("preventing"). In the CO₂ solutions category, the focus is on "promoting", i.e. companies which achieve a higher turnover in renewable energies and green transport. Other relevant sustainability risks concern the social matters and governance areas in connection with the compliance with internationally recognised standards, the labour and safety conditions, and observance of human rights, as well as risks associated with the duty of care of corporate governance, the measures to combat bribery and corruption, and compliance with the relevant laws and regulations. To assess existing risks in these areas, the proportion of companies in the survey which exhibit poor governance and controversial business practices is surveyed, for example.

Taking account of the most important adverse impacts on sustainability factors and measures taken

Hypo Vorarlberg's Asset Management department evaluates the impacts of the investment decisions on sustainability factors. Every financial product must contain at least one Hypo ESG rating of C- at portfolio level (excluding "other investments"). In every module this rating assimilates a large number of ESG signals from our research partner, which can be allocated to the total of 64 principal adverse impacts (PAIs) on sustainability factors. From these, Hypo Vorarlberg amalgamates PAI groups (e.g. emissions, human rights, etc.) for the advisory business. Every Hypo Vorarlberg financial product indirectly takes account of at least one indicator per PAI group. In particular, Hypo Vorarlberg directly focuses on the PAI groups Emissions and Social Matters and Employment. The measurement and control take place on the basis of the Hypo ESG rating. The ESG data from the research partner are translated into the Hypo rating system (A-E) for each indicator. This produces partial results which can be aggregated into an overall rating (Hypo ESG rating). The partial results are given equal weighting when being included in the overall rating.

For example, there is a connection between a better CO₂ rating and a lower CO₂ footprint and lower greenhouse gas emissions. Essentially attention is paid to keeping adverse impacts on sustainability factors as low as possible.

yourSRI transparency seal

All Hypo Vorarlberg funds and asset management AIFs (Alternative Investment Funds) carry the yourSRI transparency seal (SRI = Socially Responsible Investment) which is awarded by FE FundInfo in Liechtenstein, a leading fund information and technology company. As at 30 September 2022, all Hypo Vorarlberg funds underwent the same verification and can carry the yourSRI transparency seal for one year:

- Hypo Vorarlberg Weltportfolio Aktien (AAA rating)
- Hypo Vorarlberg Ausgewogen Global (AAA rating)
- Hypo Vorarlberg Multi Asset Global (AA rating)
- Hypo Vorarlberg Dynamik Wertsicherung (AAA rating)
- Hypo Vorarlberg Aktien Value Momentum (AAA rating)³⁶
- Hypo Vorarlberg Euro Anleihen Kurzläufer (AAA rating)
- Hypo Vorarlberg Zinsertrag Global (AA rating)
- Hypo Vorarlberg Selektion Defensiv (AA rating)
- Hypo Vorarlberg Selektion Balanced (AA rating)
- Hypo Vorarlberg Selektion Offensiv (AA rating)
- Hypo Vorarlberg Aktien Global Dachfonds (AAA rating)

The rating details of each fund (above list, details in brackets) refer to the portfolio rating according to the yourSRI ESG report. The yourSRI ESG screening is a report on the transparency of investment products and the various risks of portfolios, which are assessed by means of an effective measurement of their exposure to ESG criteria, taking reference portfolios into consideration.

Investment advice

Hypo Vorarlberg also offers its customers further products which pay particular attention to sustainability aspects. Funds which in accordance with the EU Disclosure Regulation (SFDR) are classed as Art. 8 financial products ("light green") and Art. 9 financial products ("dark green") play an important role in the investment advice. Funds are also offered which have been awarded an external seal (e.g. Austrian Ecolabel, FNG seal, etc.), and at regular intervals structured products from third-party issuers (e.g. guarantee/express certificates) which relate to a sustainability index. When selecting individual securities (bonds and shares) for advising customers on investment, the same ESG processes are applied as those used by the Asset Management department for the Hypo Vorarlberg funds and asset management strategies.

GREEN BONDS

In autumn 2017, Hypo Vorarlberg was the first Austrian bank to issue a green bond with a total volume of EUR 300 million. The proceeds were used to (re-)finance energy-efficient residential buildings and commercial real estate in Vorarlberg. Together with the Energy Institute Vorarlberg, suitable projects were selected and a method for calculating CO₂ savings was developed. The sustainability rating agency ISS ESG evaluated the sustainability effect of the bond positively (second party opinion), which was also confirmed by an auditor (third party assurance). As the EUR 300 million green bond expired in September 2022, a new green bond was issued in 2023. On closure of the order book, the new bond was oversubscribed nearly twice, indicating a continued high demand for such issues. It was also noted that over 60% of the

³⁶ Renamed Hypo Vorarlberg Einzelaktien Global from 01.12.2022

investors could be classed as “green”. The associated impact report, showing the CO₂ emissions prevented in the financed projects compared to the same type of building in Austria, is being prepared by Drees & Sommer (Projektmanagement und bautechnische Beratung GmbH).

In spring 2020, Hypo Vorarlberg placed its first green bond in Swiss francs on the market. The issue volume is CHF 125 million. The proceeds are being used to (re-)finance energy-efficient residential and non-residential buildings in Switzerland, which are administered by the bank’s St. Gallen branch. In the runup to the placement, the sustainability rating agency ISS ESG issued a positive second party opinion on the transaction. The Swiss company IAZI AG (Informations- und Ausbildungszentrum für Immobilien AG) was instructed to prepare the first impact report in 2020.

In addition to the CHF green bond, Hypo Vorarlberg issued a green private placement in CZK in March 2020. In 2022, Hypo Vorarlberg issued a retail green bond for the first time: this has a term of 5 years and was originally planned with an issue volume of EUR 7 million. Due to the strong demand, the issue volume was topped up to EUR 20 million. The funds from the currently outstanding Hypo Vorarlberg green bonds are being used to finance or refinance energy-efficient buildings. The green bond framework and the annual reports on the green bonds are published on the Hypo Vorarlberg website³⁷.

Green bond framework

The green bond framework is based on the most up-to-date version of the “Green Bond Principles” (Version 2021) and was constructed to support the transparency, disclosure and integrity of Hypo Vorarlberg’s green financial activities. The green bond framework has been adapted to take account of new regulations such as the EU Taxonomy and the draft European Green Bond Standard (EUGBS).

In June 2021, the EU Taxonomy Climate Delegated Act covering the climate-related environmental objectives of climate change mitigation and climate change adaptation was published. For the Austrian portfolio, Hypo Vorarlberg intends to align the selection criteria for the green category with the criteria of the EU Taxonomy Climate Delegated Act. Hypo Vorarlberg will also take account of the “Do No Significant Harm” criteria (DNSH) and the minimum protection.

Green Bond Principles

Hypo Vorarlberg has committed itself to the voluntary framework³⁸ of the International Capital Market Association (ICMA). In 2017, the bank became a member of the Green Bond Principles³⁹. This engagement will enable new developments to be recognised at an early stage, and will also ensure that Hypo Vorarlberg is constantly informed about the latest version of the Green Bond Principles.

FINANCING

The ethics and sustainability criteria listed below are applied in the lending business. This means that at the time of concluding new business, the existence of the exclusion criteria can be definitely ruled out.

Positive criteria

Projects corresponding to the six environmental goals introduced by the EU Taxonomy are expressly desired:

- Climate change mitigation
- Climate change adaptation
- The sustainable use and protection of water and marine resources
- The transition to a circular economy
- Pollution prevention and control
- The protection and restoration of biodiversity and ecosystems

The EU Taxonomy currently comprises only climate-relevant categories, but the positive criteria are fully applied to the ESG area. Therefore, social and cultural projects, as well as facilities for healthcare, childcare, training and development, or cultural projects (e.g. communal housing projects, social housing and car-sharing) are also included.

Exclusion criteria

- Gross violation of human rights in accordance with the United Nations Universal Declaration of Human Rights and detrimental impacts on human rights⁴⁰
- Violation of labour rights pursuant to the ILO core labour standards⁴¹
- Projects and companies in warring states in accordance with the OeKB Coverage Guidelines⁴²
- Pornography and prostitution⁴³
- Banned weapons (weapons of mass destruction)⁴⁴
- Construction and operation of nuclear power plants⁴⁵
- Coal mining⁴⁶

The purpose associated with the financing is of relevance for assessing the exclusion criteria. Supply chains and ownership structures are taken into account appropriately.

In addition to the exclusion criteria, the employees of Hypo Vorarlberg screen whether a new transaction will take place in a sensitive business area in a manner that is controversial, morally objectionable, or harmful to the environment or climate (e.g. armaments, manufacture of military weapon systems or components for these weapons, oil and gas extraction by means of fracking, timber production from primary forests, use of genetically altered seed in agriculture, or high-sea fishing which jeopardises fish stocks). Transactions which touch on a sensitive area are either declined or categorised as worth monitoring, depending on the respective transaction and the purpose or the ownership structure.

Hypo Vorarlberg’s core system is also designed to be able to allocate sustainable financing to the following criteria: energy efficiency, renewable energy, sustainable mobility, other ecological aspects, social aspects, building certifications, environmental

³⁷ www.hypovbg.at/investor-relations (accessed January 2023)

³⁸ <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/> (accessed January 2023)

³⁹ <https://www.icmagroup.org/sustainable-finance/membership-governance-and-working-groups/membership/> (accessed February 2023)

⁴⁰ Further information e.g. at <https://www.menschenrechtserklaerung.de> (accessed January 2023)

⁴¹ This applies in the event of a substantial violation of at least one of the four fundamental principles in the ILO Declaration on Fundamental Principles and Rights at Work (freedom of association and collective bargaining, forced labour, child labour, discrimination), <https://www.ilo.org/berlin/arbeits-und-standards/kernarbeitsnormen/lang--de/index.html> (accessed January 2023)

⁴² Further information e.g. at <https://www.oekb.at/export-services/laenderinformationen.html> (accessed January 2023). This concerns export transactions or foreign investments (excluding projects for humanitarian purposes or primary care for the population)

⁴³ No project financing when main purpose

⁴⁴ Anti-personnel mines, biological weapons, chemical weapons, cluster bombs, uranium munitions, nuclear weapons, phosphorus weapons

⁴⁵ No direct project financing of nuclear power projects, except for investments for dismantling, safety or maintenance purposes

⁴⁶ No direct project financing of coal-mining projects

certifications, and participation in voluntary sustainability initiatives/certifications/management systems. Defined characteristics are used to analyse whether financing can be classed as sustainable.

Financing for sustainable energy generation

Hypo Vorarlberg finances projects for sustainable energy generation; this includes power plants based on wind power, photovoltaics, biomass or hydropower. As at 31 December 2022 the financing volume for these projects was approximately EUR 127.3 million at Group level (2021: approximately EUR 150 million), and approximately EUR 80 million at bank level (2021: approximately EUR 91 million). It is difficult to evaluate private customers in this respect, as for new-builds in particular heat pumps, PV or solar installations for example are financed directly with the building, and are not separated out either in respect of the purpose or the sum spent on this. The sum shown therefore does not include private customer transactions.

PRODUCTS WITH SUSTAINABILITY ASPECTS

Hypo-Lebenswert-Kredit

By means of the Hypo-Lebenswert-Kredit, customers aged over 60 with their main residence in Austria, who are already retired and own a residential property, can obtain liquid funds to fulfil their individual wishes. A mortgage against the unencumbered property serves as collateral for the bank, and on request the customers pay only the interest on the loan. The loan only becomes payable in the event of death. This form of financing cannot be used to finance, for example, apartment or house purchases, housebuilding, conversions or extensions to residential property, restructuring and renovation of residential property, buying plots of land, debt restructuring, etc.

Hypo-Klima-Kredit

- **Hypo-Klima-Schnell-Kredit**
Individual terms of up to 10 years
- **Hypo-Klima-Kredit**
Individual terms of up to 35 years

It is often the most effective acquisitions, such as photovoltaic systems, general renovations or electric cars, which involve high costs. For this reason, with the new Klima-Schnell-Kredit and the revised Klima-Kredit Hypo Vorarlberg supports sustainable investments on attractive terms.

With the Hypo-Klima-Kredit, Hypo Vorarlberg funds energy-saving investments in residential construction. These measures include, for example, the acquisition of renewable energy supply technologies such as heat pumps or solar installations, or thermal building renovation.

“Young account”

With the “young account”, Hypo Vorarlberg takes the strain off young people aged under 26 in the form of free account management, a start-off credit balance of EUR 30, a free share account, free debit card, discounted prices for events and season tickets, and free cinema tickets.

Basic account

In accordance with the Customer Payment Account Act (Verbraucherzahlungskontogesetz) (VZKG), Hypo Vorarlberg offers a basic account with essential functions as an “account for everyone”. The charges are capped by law. Vulnerable persons (recipients of the minimum level of benefits or the minimum pension, asylum-seekers, etc.) receive particularly favourable terms. In this way all citizens who are lawfully resident in an EU country have access to basic bank services. The terms are available on the website⁴⁷. Hypo Vorarlberg also offers appointments for personal advice on this product.

⁴⁷ <https://www.hypovbg.at/konten-karten/girokonten> (accessed February 2023)

DIGITALISATION AND INNOVATION

Digitalisation is leading to permanent changes in the banking sector too. On the one hand, banks are challenged by their competitors – including companies which were previously outside the sector, as well as FinTech start-ups – to offer innovative finance products and services to a much greater extent, or even exclusively digitally. On the other hand, changed customer behaviour is also evident, with a growing number of customers now carrying out their banking transactions online. Unlike a face-to-face appointment, and thus a connection to a branch or an advisor, purely online bank products are more anonymous and more easily exchangeable, which can reduce customer loyalty to the bank. The consequence of this is that banks have to take new approaches to identify and address their customers' needs.

Hypo Vorarlberg regards these trends as an opportunity, even though this has to be actively sought and shaped. As well as actively observing the technical developments, this also requires the permanent and relevant expansion of specialist knowledge, and above all an agile culture. Here the bank has started a transformation process in its IT, which will be extended to the bank as a whole.

The overhaul of the IT strategy in 2021 underlines the ever-increasing importance of IT for the bank business. The strategic policy is focused on providing the optimal support to the work of the bank and the Group. The top priority here is the functionality and security of the bank's IT, which in view of digitalisation also includes safeguarding the bank's future viability. The challenge lies in offensively accompanying the developments in the market, and developing new, innovative ideas and concepts in conjunction with the specialist departments.

RISKS AND IMPACTS

Digitalisation involves risks. One material risk consists of losing touch with the market development. This would be associated with corresponding losses of market share and revenue, so in the long run Hypo Vorarlberg's position in its markets might be weakened. As Hypo Vorarlberg has assumed an important function in Vorarlberg as a financial intermediary, this in turn would be associated with corresponding consequences for the regional economy and society. Until December 2022, the bank obtained substantial parts of its IT services from a computing centre which was operated and financed together with other banks. In recent years, this ownership structure (in which Hypo had only a negligible share) became increasingly unsuitable for providing the necessary investments and the relevant specialist expertise for a modern IT infrastructure. Therefore, at the end of 2022, the computing centre was sold to Accenture, an internationally positioned, top-performing IT service provider. This will substantially strengthen the bank's innovative power, especially with regard to digitalisation and responsiveness to IT security risks, but compared to the previous ownership structure it also results in new risks from outsourcing to a profit-oriented supplier. A supplier of this kind has to be controlled and monitored, which means a new constellation in this dimension for the bank. Hypo Vorarlberg is facing this challenge with an appropriate focus and active management.

LEGAL REQUIREMENTS

Digitalisation is intensively regulated by the legislator at both national and European level. In 2018, the second European Commission Payment Services Directive (PSD2) entered into force, and in Austria this was implemented into national law by means of a new version of the Payment Services Act (Zahlungsdienstegesetz) (ZaDiG 2018). An important goal is for bank customers to be able to use online bank services more flexibly and more securely. The Act gives customers the possibility of using third-party services in combination with their bank accounts, e.g. making a transfer directly at an online shop, without having to switch to the bank's online banking. With PSD2 these processes were standardised technically.

In the aim of ensuring more secure use of online banking, the Regulatory Technical Standards (RTS) regulate access to account information and instructions for online payment orders by means of Strong Customer Authentication (SCA), for example through two-factor authentication, so as to guarantee the greatest possible security for the customer. SCA has been obligatory for accessing payment account information and for approving payments since 14 September 2019. It can be assumed that the legislator and the supervisory authorities will regulate the digitalisation of the financial world in future too, and that IT will continue to be an essential means of fulfilling the ever more extensive regulations and reporting obligations. Thus, with its strategy for the digitalisation area, Hypo Vorarlberg is addressing not only its customers' wishes, but also the constantly increasing requirements of the supervisory authorities.

DIGITAL PRODUCT RANGE

Hypo Vorarlberg continuously adapts its range of products and services to customer needs and the state of the art. Digitalisation is creating new possibilities for contacting customers, for example by linking bank access directly to retailers' offerings, and thus making shopping easier for the customer.

In 2016, the online banking for private customers underwent a comprehensive relaunch, and in 2017, Hypo Office Banking (HOB) was introduced, an innovative online payment tool for companies. In 2018, Hypo Vorarlberg played a part when for the first time throughout Europe a fully digital-based capital market issue was processed via blockchain technology. Since spring 2020, with the "Geldbörse" app, Hypo Vorarlberg has offered the peer-2-peer payment solution ZOIN and contactless payment options for both Apple (Apple Pay) and Android smartphones. In 2021, the classic cashpoint card was replaced by a debit card which also supports online payment, similarly to a credit card. In 2022, this was supplemented by the introduction of Garmin Pay, which enables customers to make contactless payments by digital debit card via their NFC-capable Garmin sports watch. The developments in the market are being further monitored in order to be able to identify innovation potential for Hypo Vorarlberg.

DIGITALISATION AND SUSTAINABILITY

Opportunities from digitalisation that focus on sustainability can also be found in terms of saving resources. Hypo Vorarlberg is pursuing the goal of continuously reducing its annual paper consumption (e.g. implementation of digital salary slips in 2019, digital account and custodian account statements in 2018).

IT SECURITY

The advancing digitalisation in the financial area is also generating threats and vulnerabilities. Hacker attacks on banks and other financial service providers can rapidly cause billions' worth of damage. Hypo Vorarlberg is intensively getting to grips with the subject of cybersecurity. As well as using technical security systems, Hypo Vorarlberg keeps its employees aware of the issue by providing regular information about IT security.

INNOVATIVE BRANCHES

Innovation applies not only to the internet, but also to the manner in which the bank presents itself and its branches to the customers. Therefore, the existing branches are continuously being equipped with new technology, with the bank being committed to precisely these branches. Personal advice will be essential in the future too – particularly in the case of major financing transactions or extensive investments. With the formation of competence centres, Hypo Vorarlberg is amalgamating expertise at larger locations in order to be able to optimally address customers' wishes, needs and requirements.

Hypo Vorarlberg FREIRAUM

In autumn 2020, the bank opened the bank branch of the future at the Dornbirn Messepark: the Hypo Vorarlberg FREIRAUM. Here interactive information facilities and innovative technology meet modern architecture, high-quality materials and comfortable seating. Visitors can enjoy a coffee while they use tablets and large touchscreens to find out about various financial topics and digital banking, and try out new applications from Hypo Vorarlberg. They can also enjoy a virtual 360-degree circular flight over Vorarlberg.

The usual services continue to be possible on the spot – in the classic way at the cash desk, or in the ultramodern self-service zone, in which as well as ATM machines there are also coin roll dispensers, coin paying-in machines, coin exchangers and a night safe. The bank employees are happy to take the time to answer individual questions from visitors.



EMPLOYEES



SECURE EMPLOYER

Hypo Vorarlberg owes its economic success above all to the expertise, engagement, and motivation of its employees. Therefore, the company makes every effort to safeguard their health and ensure diversity. A good working atmosphere based on fairness and mutual respect, and a good work-life-balance, are the most important aspirations for Hypo Vorarlberg.

As one of the largest employers in its domestic market, Vorarlberg, the company regards maintaining jobs both in the region and beyond as its core purpose. With a clear commitment to its locations, Hypo Vorarlberg is contributing to stability and growth.

As at the reporting date, Hypo Vorarlberg counted 896 employees in total in the Group (bank: 796 people). From their seventh month with the company all employees are basically employed on unlimited contracts and are covered by the conditions of a collective agreement. The first month counts as a trial month in accordance with the Salaried Employees Act (Angestelltengesetz) and following this, the new contracts are for a period of five months. As a matter of course the collective agreement also applies during this period of limitation. The average seniority as at 31 December 2022 was 12.0 years, a figure which proves the high job security and employee satisfaction. The company has not outsourced any essential activities to persons who are not salaried employees of the company.

STRATEGIC FOCUS

The staffing level in the company corresponds to the bank's strategic tasks and objectives. Employee numbers are increased in selected areas and with regard to the company's respective strategic focuses. The HR Department is responsible for implementing the respective requirements. A strategic change in respect of this material topic is the closure of the site in Treviso, during which there were no compulsory redundancies as all the employees were taken on by the office in Bolzano.

The HR policy is based on the corporate values, Hypo Vorarlberg's management principles and the functional strategy "Employees and staffing", as well as the collective agreement for employees of the Austrian Provincial Mortgage Banks.

To verify the effectiveness of the measures taken, Hypo Vorarlberg regularly participates in external evaluation processes, and also values the involvement of the relevant stakeholders, for example the Works Council and the Supervisory Board. The regular employee appraisals and feedback from managers play an important role (see "Training and development").

Employee figures (headcount as at reporting date)

	2022		2021		2020	
	Group	Bank	Group	Bank	Group	Bank
Managing Board members	3	3	3	3	3	3
Female	0	0	0	0	0	0
Male	3	3	3	3	3	3
Employees total (including parental leave)	896	796	876	778	877	779
Women	507	452	497	443	494	438
Men	389	344	379	335	383	341
Full-time	581	515	585	525	595	536
Women	237	213	235	215	244	223
Men	344	302	350	310	351	313
Part-time	255	222	230	198	224	189
Women	221	191	208	179	201	170
Men	34	31	22	19	23	19
Unlimited contract	895	795	876	778	877	779
Women	507	452	497	443	494	438
Men	388	343	379	335	383	341

Explanation:

The employee indicators are shown at Group and bank level. The employee indicators have not been stated separately broken down to regional level as this is not of sufficient materiality for Hypo Vorarlberg. The difference between the total employees and the employees on an indefinite employment contract is due to one temporary fixed-term contract which was issued for personal reasons.

Employee figures (headcount as at reporting date)

	2022				2021				2020			
	Number	Group %	Number	Bank %	Number	Group %	Number	Bank %	Number	Group %	Number	Bank %
New entrants	110		100		75		72		71		62	
Women	60	55.0%	55	55.0%	51	68.0%	50	69.4%	39	54.9%	32	51.6%
Men	50	45.0%	45	45.0%	24	32.0%	22	30.6%	32	45.1%	30	48.4%
0-29 years	49	45.0%	47	47.0%	37	49.3%	37	51.4%	43	60.6%	37	59.7%
30-49 years	42	38.0%	34	34.0%	27	36.0%	24	33.3%	21	29.6%	18	29.0%
50+ years	19	17.0%	19	19.0%	11	14.7%	11	15.3%	7	9.8%	7	11.3%
Leavers	98		89		75		71		54		50	
Women	53	54.0%	49	55.0%	47	62.7%	43	60.6%	38	70.4%	36	72.0%
Men	45	46.0%	40	45.0%	28	37.3%	28	39.4%	16	29.6%	14	28.0%
0-29 years	30	30.6%	30	33.7%	26	34.7%	23	32.4%	21	38.9%	19	38.0%
30-49 years	42	42.9%	35	39.3%	23	30.6%	22	31.0%	18	33.3%	17	34.0%
50+ years	26	26.5%	24	27.0%	26	34.7%	26	36.6%	15	27.8%	14	28.0%
Average seniority (in years)	12.0		11.9		12.2		12.2		12.0		12.1	

Fluctuation rate

	2022		2021		2020	
	Group %	Bank %	Group %	Bank %	Group %	Bank %
Fluctuation	9.9%	10.1%	7.9%	8.3%	5.7%	6.3%
Women	9.5%	9.8%	8.6%	8.8%	7.0%	7.7%
Men	10.5%	10.5%	6.9%	7.7%	3.9%	4.3%
0-29 years	14.3%	14.4%	12.7%	11.7%	10.0%	10.4%
30-49 years	8.2%	8.0%	4.6%	5.0%	3.5%	4.0%
50+ years	9.8%	10.4%	10.5%	12.0%	6.4%	7.4%

Explanation:

The fluctuation rate has not been stated separately broken down to regional level as this is not of sufficient materiality for Hypo Vorarlberg.

Parental leave

	2022		2021	
	Group	Bank	Group	Bank
Parental leave taken	67	59	68	61
Women	63	57	63	58
Men	4	2	5	3
Returned after parental leave	25	18	19	17
Women	22	17	16	15
Men	3	1	3	2
Still employed 12 months after return				
Women	94%	93%	94.4%	94.1%
Men	100%	100%	100.0%	100.0%
Return rate (in %)				
Women	81%	81%	84%	83%
Men	100%	100%	75%	67%

Explanation:

Data on parental leave was collected in this form for the first time in 2021, hence there is only one comparison year.

DIVERSITY

AND EQUAL OPPORTUNITY

Hypo Vorarlberg offers all employees the same opportunities and pays heed to diversity in its workforce. In this way it creates a working environment in which everyone feels comfortable and can perform well. Diversity and equal opportunity in the company are important components of its strategic focus and increase employee satisfaction. Furthermore, the Austrian legislator has anchored equal rights and a ban on discrimination in various laws (including the Labour Constitution Act (Arbeitsverfassungsgesetz) and the Equal Treatment Act (Gleichbehandlungsgesetz)). Hypo Vorarlberg strictly complies with the laws in force and creates working conditions which enable everyone to contribute and develop to the best of their ability – irrespective of gender, age, nationality, ethnic and social origin, religion or belief, marital status, personal constraints, sexual orientation, identity or other factors. No one is disadvantaged, discriminated against, or excluded. There is a general ban on harassment and abusive behaviour.

Based on the sustainability strategy and the functional strategy "Employees and staffing", the HR Department puts corresponding measures in place in consultation with the Nomination Committee to promote diversity and equal opportunity in the Group. External evaluations prove the company's success.

RISKS AND IMPACTS

Risks for the sustainability factors, particularly regarding social and employee matters as well as human rights, arise if for example certain groups of employees feel that they are being systematically disadvantaged on the basis of their gender, age or ethnicity. Such unequal treatment is conceivable in connection with appointment, remuneration, promotion opportunities, or in training and development among other things. There might be repercussions on the company in the form of reputational damage.

To prevent negative impacts, Hypo Vorarlberg attaches great value to gender equality when appointing employees and in terms of their salary, is committed to flexible working hours models, and grants all employees the same training and development opportunities (see "Training and development"). Attention is also paid to achieving a balanced structure when selecting managers. As at the reporting date, Hypo Vorarlberg employed persons from 16 different countries (bank: 15 countries), and the proportion of women in the workforce was 56.6% (bank: 56.8%).

APPOINTMENT AND SALARY

Equal opportunity starts on appointment. When selecting applicants, attention is paid to balance. If two or more persons have the same qualifications, the person from an under-represented group is offered the position. Experience has shown that intermixed teams achieve greater success, so the objective is to create or maintain diversified teams, especially in terms of age and gender.

Hypo Vorarlberg applies a variety of remuneration schemes. The remuneration components and amount, and the payment process, are specified on the basis of the principle of equal treatment of all genders: the same work is rewarded with the same basic salary. To review progress in this area and ascertain whether there is a gender pay gap⁴⁸, every two years the company prepares a (confidential) income report in accordance with the Equal

Treatment Act. For this purpose, job descriptions are defined for all employees. These are then classified within the framework of the collectively agreed schema (basic remuneration) plus an overpayment which is usual in the market, of the same intrinsic value and aligned with the defined career stages. The report is regularly made available to the Works Council, and joint discussions take place about the necessary measures. In 2022, a gender pay gap of 23.56% was identified (only Austria)⁴⁹. Hypo Vorarlberg has set itself the goal of continuously reducing the gender pay gap and plans to define a concrete target in 2023.

In addition, overpayments above the basic remuneration may only be made for clearly defined aspects in a gender-neutral manner and must be allocated to these, e.g., training and development for specialist knowledge, skills, hierarchy level of the activity and management responsibility, etc. There are no recruitment or joining bonuses.

Starting in 2022, Hypo Vorarlberg shows two further key performance indicators regarding the total compensation ratio, based on the GRI Standards 2021. Thus, the ratio between the annual total compensation of the highest-paid person in the organisation and the median annual total compensation of all employees is 6.16:1. The ratio between the percentage increase in the annual total compensation of the highest-paid person in the organisation and the median percentage increase in the annual total compensation of all employees is 2.01:1.⁵⁰

PROMOTION OPPORTUNITIES

Hypo Vorarlberg grants the same promotion opportunities to all employees with the same prerequisites and qualifications. Pursuant to Section 29 (4) of the Austrian Banking Act (BWG), gender equality strategies and quotas are specified for the Managing Board and Supervisory Board. Thus, during replacement appointments and appointments of new members of the Managing Board and Supervisory Board, account must be taken of the personal and professional qualifications of the members, a balanced composition in terms of specialist knowledge, and aspects of diversity.

To increase the proportion of women in management positions at all management levels, the Managing Board instructed the HR Department to develop a strategy and specific actions. These will be further implemented in 2023 within the framework of talent management. The company also offers part-time employees the possibility of taking on management functions, and in 2022 part-time employees were also recruited to management positions.

The bank intended to achieve a quota of 25% women on both the Managing Board and the Supervisory Board by 2020, and this is to be increased to 30% by 2030. Despite intensive efforts, while making replacement appointments to the Managing Board to date no female Board member has been found who fulfilled the requirements. In 2018, a further female member of the Supervisory Board was appointed, who was also elected as chair of the Remuneration and Nomination Committees. The current term of office of the Supervisory Board runs until 2023. The bank continues to work on meeting its quota targets.

⁴⁸ Percentage difference in the gross hourly pay between male and female employees or members of the management bodies of Hypo Vorarlberg

⁴⁹ Calculation does not include employees with a management function, selection in accordance with FMA circular on Sections 39 Para. 2, 39b and 39c BWG, principles of remuneration policy and practices

⁵⁰ For all employees and for part-time workers, the salary was calculated on an annual basis and for 100% working hours

RECONCILING PRIVATE LIFE AND WORK

Reconciling private life and work is a major element of a corporate culture which actively supports diversity and equal opportunity. For women in particular, this forms the basis for advancement in the company, enabling well qualified employees with many years' service to be retained in the company. Current family-friendly measures include various parental leave and part-time working models, job sharing models, flexible working hours, working from home, and extensive support when employees commence their parental leave and on their return to work.

So that employees on parental leave know about current developments at the bank, and even during their absence have the possibility of maintaining their social contacts within the company, in future they will be invited to the annual result presentations. For some time, employees on leave have also been invited to other events such as the Hypo winter active day, the Christmas party, etc. The fact that family-friendliness matters greatly to the bank is confirmed by the current award as "Family-Friendly Business 2022–2023" conferred by the State of Vorarlberg.

Diversity at management levels (by age)

Proportion	2022		2021	
	Group	Bank	Group	Bank
Managing Board	3	3	3	3
Women	0.0%	0.0%	0.0%	0.0%
Men	100.0%	100.0%	100.0%	100.0%
0-29 years	0.0%	0.0%	0.0%	0.0%
30-49 years	33.3%	33.3%	33.3%	33.3%
50+ years	66.7%	66.7%	66.7%	66.7%
Supervisory Board/Board of	33	15	35	15
Women	9.1%	20.0%	8.6%	20.0%
Men	90.9%	80.0%	91.4%	80.0%
0-29 years	0.0%	0.0%	0.0%	0.0%
30-49 years	3.0%	6.7%	3.0%	6.7%
50+ years	97.0%	93.3%	97.0%	93.3%
Salaried employees with mgmt.	112	100	109	99
Women	15.2%	17.0%	12.8%	14.1%
Men	84.8%	83.0%	87.2%	85.9%
0-29 years	1.8%	2.0%	0.9%	1.0%
30-49 years	43.7%	47.0%	50.5%	51.5%
50+ years	54.5%	51.0%	48.6%	47.5%
Salaried employees without mgmt. position	784	696	767	679
Women	62.5%	62.5%	63.0%	63.2%
Men	37.5%	37.5%	37.0%	36.8%
0-29 years	21.8%	23.5%	20.9%	23.5%
30-49 years	52.7%	51.9%	54.0%	52.3%
50+ years	25.5%	24.6%	25.1%	24.2%

Explanation:

According to the definition in the GRI Standards, governance bodies are supervisory boards, administrative boards, and boards of management and directors. Directors have been integrated into the table in the list of salaried employees with a management position. The data was collected in this form for the first time in 2021, hence there is only one comparison year.

Diversity among the workforce (by age and gender)

Proportion of the workforce	2022		2021		2020	
	Group	Bank	Group	Bank	Group	Bank
Women	56.6%	56.8%	56.7%	56.9%	56.3%	56.2%
Men	43.4%	43.2%	43.3%	43.1%	43.7%	43.8%
0-29 years	19.3%	20.8%	18.4%	20.7%	19.2%	20.4%
30-49 years	51.6%	51.3%	53.5%	52.2%	53.8%	53.2%
50+ years	29.1%	27.9%	28.1%	27.1%	27.0%	26.4%

EMPLOYEE HEALTH

Hypo Vorarlberg cares greatly about its employees' health and well-being. The company's health management system supports the employees in the prevention of physical and mental illness. In Austria the protection of employee health is firmly regulated by law, for example by the Worker Protection Act (ArbeitnehmerInnenschutzgesetz) or the Working Time and Rest Periods Act (Arbeitszeit- und Arbeitsruhegesetz), and the bank strictly complies with these. In addition, based on the collective agreement for employees of the Austrian Provincial Mortgage Banks, Hypo Vorarlberg is obliged to establish occupational health promotion in the company.

In addition to compliance with the legal and collectively agreed regulations, the bank also aims to maintain and support the employees' physical and mental health and keep the number of days lost to sickness at a low level. There is a dedicated contact for this in the HR Department. Occupational safety issues are handled in a separate health and safety committee. These employee health measures apply to all the bank's employees, while the subsidiaries have their own regulations. Supplementary measures relating to employee health are organised by the Hypo Vorarlberg Works Council (see chapter "Representation of interests").

RISKS AND IMPACTS

In the banking sector there are few exceptional situations, such as bank robberies, which might jeopardise the employees' physical health. More likely are stress-related negative impacts on employees' mental health. A high number of days lost to sickness represents a risk for the company. Further risks arise from the strict labour law provisions in Austria; if these were violated, the company would be threatened with financial penalties. However, the risk of such violations is classed as low, as Hypo Vorarlberg pays strict attention to complying with the legal requirements.

OCCUPATIONAL HEALTH PROMOTION

Occupational health promotion serves mainly to prevent workplace-related illness or disorders and to increase the employees' well-being. For this purpose, Hypo Vorarlberg has set up a health committee in accordance with the collective agreement, on which there are representatives of the Managing Board, Works Council and employees in the HR Department. This committee meets regularly.

Within the framework of occupational health promotion, there are annual key themes, for example diet or exercise, for which various activities or campaigns are offered such as cookery courses, running training, back training, health days including health checks (during working hours) or presentations. For a more back-friendly working day, at the head office there are several standing meeting rooms available for employees. Standing meetings have a positive impact on health as a change from the mainly sitting activities, reduce the risk of a slipped disc, and take up less time compared to meetings sitting down – with equivalent results. New offices are largely equipped with height-adjustable desks, and if necessary, existing desks can be replaced with height-adjustable ones to reduce back strain.

WORK-LIFE-BALANCE

A good balance between working hours and private life is a major requirement for employees' health and well-being. Hypo Vorarlberg takes a number of measures in terms of employee health to enable this balance, and attempts to address the employees' individual needs. In addition to implementing the corresponding legal regulations, especially those relating to holiday and working hours, the company offers its employees flexible working hours models, flexitime and job-sharing models. Limited periods away from work are also possible, such as in the form of educational leave or paternal leave for one month, which are regulated in the collective agreement. Employees can also make use of special leave in certain cases, e.g. moving house or a death in the family.

COMPANY DOCTOR

The employees have the option of visiting the company doctor during working hours. She primarily assumes an advisory function and can be contacted about all health topics and their impact on the workplace situation. The company doctor also assists in reintegrating employees following a lengthy illness-related absence.

JOB EVALUATION

Under the Austrian Worker Protection Act, companies are obliged to regularly evaluate the physical and mental stresses in the workplace. Hypo Vorarlberg ascertains the stress factors by means of group-specific workshops and an employee survey, and specifies measures together with the employees.

OCCUPATIONAL SAFETY

Even though the health risk in a bank is much lower than in other sectors, corresponding preventive measures and prepared contingency plans are still required. This is the only way to ensure, for example, in the event of a bank robbery that the right response is taken and that the employees' safety will be guaranteed in the best possible way. The COVID-19 pandemic also showed that even banks must be prepared for threats to their employees' physical integrity.

All matters relating to safety, health protection, health promotion related to the working conditions and humane job conditions are discussed at meetings of the bank's Health and Safety Committee at least twice a year in accordance with the legal requirement (Section 88 of the Worker Protection Act) – and more often if required. The responsibility for implementing the agreed measures and goals lies with one member of the Committee for each. The Committee regularly checks whether the measures have been implemented and the goals achieved.

In order to minimise the risk for employees and customers in the event of a bank robbery, service employees must complete the bank robbery learning programme annually and intermittently participate in bank robbery training which involves a simulated robbery. In the event of fire, all employees are required to act appropriately, so all employees must participate in fire prevention training when they take up their position at Hypo Vorarlberg. Fire safety officers, around 100 evacuation assistants and around 50 first responders ensure even greater safety for the workforce. Hypo Vorarlberg also appoints safety officers at the head office and in the branches, who receive regular training.

COVID-19 PANDEMIC

The crisis team at Hypo Vorarlberg met regularly from the start of the COVID-19 pandemic and took the relevant decisions to prevent negative impacts on Hypo Vorarlberg's employees and their environment. Essential departments were sometimes separated spatially (split teams) and a large number of employees were able to work from home, to keep the risk of infection low. For this purpose, employees were provided with the technical equipment as needed.

Due to the reduced possibilities of communication between the employees, but also with customers and partners, there was an increased risk of misunderstandings and errors. The rapid setup, rollout and use of telephone and video conference options for all employees was therefore a high priority. The new communication channels were used for dealing with tasks for which physical contact was necessary in normal operation and also for maintaining normal operation, as well as for social exchanges within and outside the team. Due to the creation of a working structure adapted to the situation, the employees of Hypo Vorarlberg were not on short-time work at any time during the pandemic.

For employees with children under 14 the possibility of using the flexitime structure was extended, and individual agreements were made beyond the special care times regulated by law.

Rigorous hygiene standards were introduced throughout the company, disinfecting agents were distributed, plexiglass dividing walls were fitted and protective masks were distributed to the employees. The governmental and company protective measures made an impact – the number of days off due to sickness fell in 2021 compared to previous years. A possible cause for the increase in the number of days off due to sickness in 2022 is the increased incidence of other illnesses (e.g. colds and flu), the spread of which accelerated rapidly once the coronavirus measures were no longer taken.

All these measures were recorded in a separate works agreement which ran until the end of 2022, to ensure the utmost transparency and guarantee that all employees would be informed. In autumn 2022, the crisis team for the topic of coronavirus was dissolved and ended.

WORLD OF WORK AFTER THE PANDEMIC

To respond adequately to the developments in the world of work, Hypo Vorarlberg drew up new works agreements on working from home. The employees have the choice between fixed or flexible days working from home, with the necessary IT equipment being provided by the bank.

Days lost

	2022		2021		2020	
	Group	Bank	Group	Bank	Group	Bank
Accidents at work or on the way to and from work	3	3	1	1	0	0
Sick leave days total	7,195	6,344	3,982	3,565	5,181	4,289
Sick leave days per employee	11.2	8.7	5.5	5.6	7.5	7.0

TRAINING AND DEVELOPMENT

In order to keep its promise – the best advice for those with purpose – Hypo Vorarlberg pays particular attention to providing its employees with specialist training and development. Training and development also takes on substantial importance from the perspective of equal opportunities, which is addressed in the chapter “Diversity and equal opportunity”. In the spirit of sustainable personal development, the company therefore advocates continuous development for its employees and develops its own young talents.

The starting point for the corresponding strategy and the training and development measures is the collective agreement for employees of the Austrian Provincial Mortgage Banks, and responsibility lies with the HR Department.

RISKS AND IMPACTS

The company does not accrue any material and identifiable risks from its training and development efforts, but a lack of training and development could lead to legal and/or reputational risks, and in the worst case to a loss of customers and thus of the business basis, among other things due to incorrect or deficient advice. Negative impacts are prevented because Hypo Vorarlberg grants all employees the same training and development opportunities.

BASIC TRAINING

The training is organised by Hypo-Bildung GmbH and executed jointly with the bank. For example, Hypo-Bildung runs the courses “Hypo 1” (basics of the banking business) and “Hypo 2” (banking knowledge in compact form). All new employees must take the basic training “Hypo 1” as well as “Hypo 2” or training required for their area of activity, if they do not have sufficient training. The specialist course “Hypo 3” builds on these basic courses. Alongside these, Hypo-Bildung also offers sales training, management and trainer training, and specialist seminars. Employees who additionally want to take external training are supported by the HR Department.

Apprentice training

Every year the bank offers young people the opportunity of joining the banking profession by means of an apprenticeship. Here the youngsters receive early preparation for future tasks. The bank’s work with apprentices has received multiple awards: since 2009, Hypo Vorarlberg has held the title “Excellent Apprenticeship Company”, which is awarded by the Federal State of Vorarlberg, the Chamber of Trade and Industry and the Vorarlberg Chamber of Labour. Furthermore, the Group also trains apprentices in the IT field, or to be real estate merchants.

Trainee programme

The in-house trainee programme aims to provide new entrants who have passed a school-leaving examination or completed a university degree with a sound and strongly practice-based banking training in a relatively short time. The focus is on learning from experienced employees. At the same time, it enables existing employees to pass their knowledge on to the younger generation and thus retain this knowledge in the company for longer. During this training programme, the trainees also complete the basic “Hypo 1” and “Hypo 2” courses. The trainee programme has been in existence since 1999.

Fostering young talents

Whenever possible, vacant management positions are filled by talented employees from our own ranks. In particular, the young managers are supported in respect of the new requirements in their responsible and challenging positions.

ACCESS TO TRAINING AND DEVELOPMENT

All employees are granted the same access to training and development measures. These form an essential basis for advancement in the company and are closely associated with equal opportunities for promotion.

Despite the basically equal access to trainings, there is a difference in the number of average training hours taken by men and women in the company. There are several reasons for this: men often occupy training-intensive positions in the company (management level, advisor functions, etc.). Hypo Vorarlberg has a very high proportion of women, especially among part-time staff. Part-timers mainly hold less training-intensive positions in the administrative areas. And the life situation of these employees also offers fewer development opportunities, for example due to care-giving obligations.

In 2020, suitable measures were tested for removing the gender-specific imbalance in terms of continuing training. Here primarily distance learning opens up new options, especially for employees who are less flexible with regard to time and place. Initial experiences of distance learning were positive, and it was further expanded. Not only did this enable increased access to further training, but also the variety of options on offer could be expanded.

Hypo Vorarlberg regularly organises training courses in cooperation with Hypo-Bildung to convey the huge importance of the topic of sustainability in the financial sector. These courses handle topics related to sustainability in a way that is easy to understand. In 2021 and early 2022, a course of this type was successfully completed by all the bank’s customer advisors. An extended, certified course to become an EFPA ESG advisor is also offered, and is mandatory for all sales employees in the securities area. Furthermore, employees are continuously trained on the latest innovations relating to the EU Action Plan, and receive regular information about regulatory developments at both European and national level.

EMPLOYEE APPRAISALS AND FEEDBACK ON MANAGERS

The open exchange between employees and managers is firmly rooted in the corporate culture at Hypo Vorarlberg. Employee appraisals and agreement on objectives take place annually. At regular intervals the employees also have an opportunity of assessing their managers' decision-making and organisational skills, as well as their management behaviour. The focus here is on respectful interactions, the ability to handle criticism, and clear objectives and development opportunities.

Within the framework of 270° manager feedback, managers' competencies and achievements are assessed from different viewpoints, including the perspectives of their employees, superiors and colleagues. The managers receiving feedback discuss their personal result with a coach, and possible development measures are derived from this. Employee participation was latterly very high at 91%.

Number of hours spent on training and development

	2022		2021		2020	
	Group	Bank	Group	Bank	Group	Bank
Women	12,532.2	11,485.0	11,321.5	10,336.1	8,264.6	7,546.6
Men	13,274.6	11,519.4	12,273.7	11,188.9	9,534.1	8,888.2
Salaried employees with management	3,615.6	3,565.6	3,023.1	2,842.6	0.0	0.0
Salaried employees without management position	22,191.2	19,438.8	20,572.1	18,682.4	0.0	0.0

Explanation:

The data was collected in this form for the first time in 2021, hence for 2020 no values are shown for salaried employees with and without a management position.

REPRESENTATION OF INTERESTS

Hypo Vorarlberg has a Works Council, which represents and fosters the economic, social, health-related and cultural interests of the employees. The legal bases of the Works Council activity are regulated in the Labour Constitution Act (Arbeitsverfassungsgesetz). Via the Works Council the employees have rights of participation in the shaping of the operational organisation which directly affects them. In addition to representing the employees as a whole or individual employees, the Works Council also has an information, control and communication function within the company. It acts, so to speak, as the connecting link between the workforce and the management.

REPRESENTATION ON THE SUPERVISORY BOARD

In Austria, employee participation in the Supervisory Board is mandatory in stock corporations with a Works Council. For every two Supervisory Board members appointed in accordance with the Stock Corporation Act (Aktengesetz) or the Articles of Association, the Works Council at Hypo Vorarlberg delegates one employee representative from the Works Council to the Supervisory Board (Section 110 of the Labour Constitution Act (Arbeitsverfassungsgesetz) (ArbVG)). The employees' representatives make up one third of the entire Supervisory Board, and are thus also involved in major decisions taken within the framework of this body and immediately possible operational changes and plans.

SALARY NEGOTIATIONS

The Works Council represents the employees in the collective salary negotiations ("collective bargaining") which take place annually within the framework of the collective agreement for employees of the Austrian Provincial Mortgage Banks. Works meetings organised by the Works Council are held at Hypo Vorarlberg as appropriate. All employees are able to participate without restrictions – including during working hours. Account is taken of maintaining the company's business activities.

WORKS AGREEMENTS

The Works Council has an important role in negotiating and concluding works agreements on a wide variety of topics and services. Thus, for example, there are regulations in place concerning a travel cost subsidy, with which the bank encourages the use of public transport, a meal subsidy from the seventh month of service, a company pension fund solution, paternal part-time working, a range of defined working materials outside the standard equipment, etc.

HEALTH PROMOTION

The Works Council supports the employees of Hypo Vorarlberg with the "Hypo Vital" subsidy. This can be used for various activities which support physical and mental fitness and health (e.g. fitness studio, yoga courses, etc.). Since 2017, the Works Council has also supported the purchase of bicycles, electric cycles, electric scooters and electric mopeds.

Participation in a wide variety of activities is also available to the employees via the Works Council, such as "Gesund und vital in der Hypo Vorarlberg – Mittagsbewegung". Once a week in the midday break there are exercises for 45 minutes with a professional instructor as a form of balance for people with sitting activities, with the suggestion that they should also practise these exercises regularly outside the "midday exercise break".

EVENTS

The Hypo Vorarlberg Works Council also organises numerous events to promote solidarity among the employees. These include the Christmas party, which is well attended every year (and is organised together with the Managing Board), the annual winter active day, the company excursion and a festive evening event. Individual events could not be held at the start of 2022 due to the COVID-19 pandemic.



ENVIRONMENT, ENERGY AND CLIMATE PROTECTION



OPERATIONAL ENVIRONMENTAL MANAGEMENT

Hypo Vorarlberg makes every effort to reduce the negative impacts of its business activity on the climate and environment. It constantly endeavours to reduce its CO₂ emissions as much as possible, and heightens employees' awareness of protecting the environment and the climate. As a company with almost 900 employees and strong roots in its key markets, Hypo Vorarlberg is required to assume responsibility for the climate and environment to prevent negative ecological impacts. Since 2016, key figures relating to the environment and energy have been collected for the whole of the Group (since 2013 for the bank). These relate among other things to energy consumption, employee mobility, business travel, workplace equipment, waste, and the consumption of water and paper in the Group. Unavoidable emissions are compensated by support for climate protection projects.

These figures are collected annually, and together with the sustainability strategy they form the basis for operational environmental management at Hypo Vorarlberg. The responsibility lies with the Logistics/Operating Technology Department. As a founding member of the "turn to zero" community (formerly "Klimaneutralitätsbündnis 2025"), Hypo Vorarlberg has set itself the target of reducing its Group-wide CO₂ emissions every year. In accordance with the Energy Efficiency Act energy audits are performed periodically by certified auditors, and measures are derived from these.

RISKS AND IMPACTS

A material risk for Hypo Vorarlberg is the fact that it might contribute to global climate change through its own greenhouse gas emissions. Physical and transition risks due to climate change can in turn negatively influence the company's business activity.

EMISSIONS BY HYPO VORARLBERG

Greenhouse gas emissions have become established globally as central sustainability indicators: the lower these emissions, the more eco-friendly and sustainable the company's business activities. Greenhouse gas emissions are stated and controlled in tons of CO₂ equivalents (CO₂e). This value provides the relative contribution of a chemical compound (e.g. methane) to the greenhouse gas effect compared to the same mass of CO₂, and is therefore also referred to as the global warming potential.

The Greenhouse Gas Protocol (GHGP) Initiative has established a standard which is used worldwide for collecting data on greenhouse gas emissions and classifying them by means of so-called "scopes". This classification is also stipulated for the obligatory disclosure of the GRI Standards.

During the brand relaunch of "turn to zero", the calculation of the CO₂ footprint was improved and adjusted to the GHGP. Thus in 2022, the new calculation has been applied to Hypo Vorarlberg for the first time. The 2021 and 2020 figures have been recalculated to ensure that they are comparable with 2022.

The new calculation method has changed insofar as upstream and downstream emissions are now shown in Scope 3. 2020 has been set as the base year.

Scope 1

Scope 1 includes all the direct emissions caused by combustion in our own facilities. At Hypo Vorarlberg this includes natural gas, heating oil and the fuel consumption by our own vehicle fleet. In 2022, this amounted to 439 tons of CO₂ equivalents Group-wide (2021: 444 tons of CO₂ equivalents).

Scope 2

Scope 2 comprises the emissions caused by purchased energy. At Hypo Vorarlberg this includes district heating and electricity. Due to the further increase in the proportion of electricity from renewable sources, our Scope 2 emissions are falling. In 2022, this amounted to 58 tons of CO₂ equivalents Group-wide (2021: 60 tons of CO₂ equivalents).

The upstream and downstream emissions from Scope 1 and 2 are shown in Scope 3 in the energy-related emissions.

Scope 3

This area includes emissions ascribable to services rendered by third parties or purchased services, such as employees' travel to their workplace, energy-related emissions, capital goods, business travel, travel to our sites by external cleaning services, workplace equipment, and waste accrued or consumed material. In 2022, this amounted to 1,366 tons of CO₂ equivalents Group-wide (2021: 1,018 tons of CO₂ equivalents).

Business activity was fully resumed again in 2022 after two years of the pandemic. Open training courses and necessary business travel were again increasingly undertaken, that is evident from the increased business travel emissions and increased use of the vehicle fleet.

To ascertain commuting emissions, a Group-wide survey is undertaken at two-year intervals. The last survey took place in 2022, and compared to the 2020 employee survey there was again a redistribution: travel to work by car has significantly decreased, and in turn the use of public transport has significantly increased. Another pleasing result from the 2022 survey is the currently shorter annual travel to work of 5,724.37 kilometres per employee (2020: 6,206.78 kilometres). Therefore, emissions from commuter travel have fallen by 8%, corresponding to 42 tons of CO₂ equivalents. This development can be traced back among other things to the intensive rise in fuel prices. The end of the COVID-19 pandemic can be regarded as a further reason for this development, as gatherings of people, including on public transport, no longer have to be avoided.

In 2022, Hypo Vorarlberg made increased investments in laptops; this was necessary during the rollout of mobile workplaces and working from home. Monitors were also replaced to a greater extent – the new devices are designed to be more energy-efficient and more ergonomic. Therefore, in 2022 there was a marked increase in workplace equipment. The majority (approximately 86%) of the technical IT equipment at Hypo Vorarlberg has an internationally recognised standard.

Development of GHG emissions in tons of CO₂ equivalents

	2022		2021		2020	
	Group	Bank	Group	Bank	Group	Bank
Total greenhouse gas emissions in t (Scope 1-3)	1,863	1,628	1,522	1,324	1,601	1,377
Change compared to previous year in %	22	23	-5	-4	0	0
Change in relation to base year 2020 in %	16	18	-5	-4	0	0

GHG emissions in tons of CO₂ equivalents

	2022		2021		2020	
	Group	Bank	Group	Bank	Group	Bank
Direct GHG emissions Scope 1 total	439	368	444	375	428	360
Natural gas	235	234	269	268	257	256
Heating oil	32	27	16	12	16	10
Vehicle fuels	172	107	159	95	155	94
Indirect energy-related GHG emissions Scope 2 total	58	57	60	58	73	70
Electricity (market-based calculation)	1	0	2	-	18	15
District heat (location-based calculation)	57	57	58	58	55	55
Other indirect GHG emissions Scope 3 total	1,366	1,203	1,018	891	1,099	947
Energy-related emissions (GHGP 3.3)	191	172	198	177	201	180
Capital goods (GHGP 3.2)	78	46	63	38	53	31
Commuter traffic (GHGP 3.7)	494	436	537	477	543	480
Business travel (GHGP 3.6)	88	78	38	32	46	39
Goods acquired (workplace equipment) (GHGP 3.1)	391	359	60	57	108	80
Waste (GHGP 3.5)	22	20	21	19	22	19
Materials (GHGP 3.1)	46	44	41	39	67	66
Water (GHGP 3.1)	6	5	6	5	6	5
Catering (GHGP 3.1)	30	26	29	26	29	26
Travel by external service providers (GHGP 3.4)	20	17	25	21	24	21
Total Scope 1-3	1,863	1,628	1,522	1,324	1,600	1,377

Intensity of GHG emissions in tons using employees as the parameter

	2022		2021		2020	
	Group	Bank	Group	Bank	Group	Bank
Direct emissions (Scope 1)	1.93	0.49	0.54	0.51	0.52	0.49
Indirect emissions (Scope 2)	0.07	0.08	0.07	0.08	0.09	0.09
Other indirect emissions (Scope 3)	1.61	1.61	1.23	1.22	1.32	1.29
GHG emissions total (Scope 1-3)	2.20	2.18	1.84	1.81	1.93	1.87

Development of greenhouse gas emissions in tons of CO₂ equivalents

	2022		2021		2020	
	Group	Bank	Group	Bank	Group	Bank
Direct GHG emissions (Scope 1)	-5.31	-6.80	15.83	14.29	-	-
Indirect energy-related GHG emissions (Scope 2)	-1.18	0.02	-14.05	-12.03	-	-
Other indirect GHG emissions (Scope 3)	347.75	311.40	-80.24	-55.11	-	-
Total	341.26	304.62	-78.46	-52.85	-	-

Explanation: The values above relate to the operational greenhouse gas emissions of Hypo Vorarlberg Bank within the Group (Hypo Vorarlberg Bank AG, Hypo Immobilien & Leasing GmbH, Hypo Vorarlberg Leasing AG, Hypo Vorarlberg Immo Italia GmbH). The emissions are calculated using the "turn to zero" method. Biogenic CO₂ emissions are not calculated. Electricity consumption figures are calculated on a market basis. No other disclosure is planned. The energy consumption figures were collected by means of the last available supplier invoices, and are not always settled corresponding to fixed periods. This is because in rented locations, due to the settlement periods for operating costs the previous year's values have to be used to some extent. Consumption at these locations is also very often calculated by shares of a square metre, which then does not reflect the consumption due to user behaviour. For locations at which there is no information on energy or water consumption, an estimate is used. The total energy consumption for buildings and the vehicle fleet in 2022 was 5,118 MWh (2021: 5,178 MWh) of which 73% consists of measured data, 25% is calculated data and 2% is estimates. For residual waste an estimated value of 45 kg per employee per year is used. For coffee an estimated value of one cup of coffee per employee per day is calculated (220 days in the year). There are 15 Scope 3 categories in accordance with the GHGP = Greenhouse Gas Protocol.

ENERGY

Hypo Vorarlberg is increasingly focusing on renewable energy sources in order to further reduce the CO₂ emissions in the Group. In total Hypo Vorarlberg now covers 99.3% of its power consumption with electricity from renewable sources. In 2017, photovoltaic equipment was installed and put into use on the roofs of Hypo Vorarlberg in Bregenz (head office and Hypo Office Bregenz) and Hypo Immobilien & Leasing GmbH in Dornbirn (Hypo Office Dornbirn). In 2022, these generated approximately 161,782 kWh of clean electricity from solar power (2021: 138,000 kWh). The repair of a faulty converter on the Dornbirn photovoltaic system and a large number of hours of sunshine in 2022 resulted in the second best production result since the equipment was installed. The amount of energy produced with the photovoltaic system in Bregenz in one year corresponds to the electricity requirements of an average month for the Hypo Vorarlberg head office and large parts of the Hypo Office Bregenz.

In addition, Hypo Vorarlberg Immo Italia GmbH owns two photovoltaic systems in Veneto and Tuscany with an annual production of just under 228,426 kWh in 2022 (246,874 kWh in 2021). The electricity generated there is entirely fed into the local power grid.

Energy-efficiency optimisation of buildings also plays an important role. Thus, in accordance with the goals of Mission Zero V+, when constructing or renovating Hypo Vorarlberg's sites attention is paid in particular to energy and resource efficiency. For all premises, great value is attached generally to high standards of energy efficiency and spatial quality.

The energy savings have been systematically recorded since 2016. In 2022, the Group's entire energy consumption fell to 18,424,360 MJ (2021: 18,639,130 MJ).

Energy consumption in kWh within the organisation

	2022		2021		2020	
	Group	Bank	Group	Bank	Group	Bank
Heating energy (kWh)	1,293,144	1,268,752	1,350,791	1,342,724	1,293,424	1,286,169
of which natural gas (kWh)	1,176,659	1,170,724	1,344,934	1,338,351	1,287,517	1,282,459
of which heating oil (kWh)	116,485	98,028	5,857	4,373	5,907	3,710
Vehicle fleet (kWh)	602,436	375,785	555,696	333,036	539,555	328,056
Total consumption of non-renewable fuels (kWh)	1,895,580	1,644,537	1,906,487	1,675,760	1,832,979	1,614,225
Purchased electricity, heating energy or cooling energy (kWh)	3,149,990	2,982,462	3,202,072	3,034,860	3,282,691	3,101,483
Own electricity generation (PV systems) (kWh)	390,208	72,307	384,835	68,977	393,980	74,136
Sold electricity (fed into local power grid) (kWh)	317,900	-	315,858	-	319,844	-
Energy consumption within the organisation (kWh)	5,117,878	4,699,306	5,177,536	4,779,597	5,189,806	4,789,844
Energy consumption within the organisation (MJ)	18,424,360	16,917,502	18,639,130	17,206,549	18,683,302	17,243,438

Due to the geopolitically tense energy situation since summer 2022, Hypo Vorarlberg also decided on additional measures for savings in terms of electricity and water. Thus, in autumn 2022, measures included adjusting the room temperatures, optimising the operating times of ventilation and air-conditioning systems, and encouraging the employees to take responsibility themselves for implementing energy-saving guidelines.

Withdrawal from fossil fuels – especially natural gas – is currently being reviewed at the sites and will be implemented successively. Thus, the Feldkirch and Riezlern sites will be the next to be connected to the local distance heat supplier. Further sites are being evaluated in cooperation with local authorities and external energy and specialist advisors, who will then point out alternatives to natural gas heating systems.

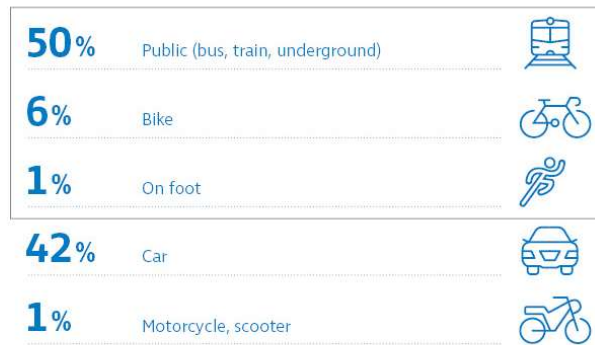
The expansion of photovoltaic systems, and thus an increase in the company's own electricity production, is also undergoing detailed analysis.

A complication for the installation of PV systems and the switch to environment-friendly heating systems is the fact that at rented locations (including buildings with multiple parties) the consent of the owners is always necessary, and therefore Hypo Vorarlberg does not have the authority to make decisions.

At Group level, the proportion of the entire energy consumption for buildings obtained from renewable sources in 2022 was 71%, the same as in 2021. If the energy consumption of the vehicle fleet is also taken into consideration, the proportion is 63%.

**SHARE OF PUBLIC TRANSPORT USED
FOR TRAVEL TO AND FROM WORK**
(2022 Survey)

**57% OF EMPLOYEES
USE ECO-FRIENDLY
MEANS OF TRANSPORT**



MOBILITY

By means of conscious mobility management, Hypo Vorarlberg is contributing to creating greater awareness among its employees. As an incentive a travel costs subsidy is paid for travel to and from the workplace. Business travel and training must be organised with the lowest possible emissions – for example by making greater use of rail travel or video conferencing. As car trips cannot always be avoided, a certain number of more environment-friendly vehicles are available:

- Eight hybrid cars
- Four electric cars
- Electric scooters at individual locations

The aim is to switch over the Group vehicle fleet step by step – for new purchases the maximum CO₂ emissions threshold is 135 g/km, and it is also mandatory to review the use of an alternative drive type.

Mobility management also includes motivating the employees to cycle, therefore Hypo Vorarlberg has been participating in the Vorarlberg cycle contest "RADIUS" since a few years. Furthermore, in 2022 an employee survey on the subject of travel to work took place for the fifth time, and collected data on which means of transport are chiefly used on the way to the workplace. In total more than 57% of employees use environment-friendly ways of getting to work, i.e. not by private car.

In the past, employees expressed the wish for a more sustainable means of transport for short trips. Since summer 2018, the head office employees have been able to make environment-friendly business trips in Vorarlberg with an electric bike and with a transferrable annual season ticket for all public transport, which employees can also use privately outside working hours.

Mobility

	2022		2021		2020	
	Group	Bank	Group	Bank	Group	Bank
Vehicle fleet						
Petrol (litres)	15,219	9,136	9,439	7,129	8,088	6,238
Diesel (litres)	54,958	34,629	55,168	31,631	54,613	31,921
Business travel						
Hotel accommodation (nights)	643	553	241	219	134	95
Public transport (pkm)	202,919	167,652	55,210	49,208	88,370	84,245
Flight(pkm)	164,559	164,559	48,549	47,437	90,339	87,959
Taxi/car (pkm)	73,992	38,195	71,349	44,504	68,367	43,662

Explanation: pkm = passenger kilometres

WASTE

Hypo Vorarlberg's employees are generally encouraged to minimise waste as much as possible. There are waste collection points in the recreation rooms and kitchens of the office areas, where waste is already sorted into paper and plastic waste, as well as organic and residual waste which is subsequently taken by the cleaning companies for proper disposal. Paper which has been written or printed on is collected centrally and destroyed professionally by a licensed company. Among other things, special waste is also collected and disposed of by regional waste handlers and recycling companies, including:

- Problematic waste (e.g. old batteries)
- Waste from the facility service area (e.g. from alterations, filters from air-conditioning and ventilation systems, furniture)
- Electronic scrap

Pursuant to the legal requirements, a waste officer and deputy have been appointed at Hypo Vorarlberg. Waste is systematically measured and recorded using waste code numbers. The employees are continuously made aware of topics such as paper and water consumption and the careful use of resources. Despite this, following the COVID-19 pandemic and the associated increased number of office days, paper consumption in the Group increased in 2022 by around 11% (2021: 14% reduction). However, the consumption shown is still approximately 15% below the value before the COVID-19 pandemic (2019).

SECOND CHANCE – SECOND LIFE

Items of furniture and electronics that are no longer required are offered for sale to the employees of Hypo Vorarlberg at low prices. In this way, Hypo Vorarlberg is also making a meaningful contribution to preventing waste and protecting resources.

Consumption of resources and waste

	Unit	2022		2021		2020	
		Group	Bank	Group	Bank	Group	Bank
Paper consumption	t	24	23	22	21	25	24
Water consumption total	m ³	7,171	5,964	7,400	5,949	7,292	6,551
Sanitary	m ³	6,148	4,941	6,690	5,239	6,426	5,685
Cooling	m ³	1,023	1,023	710	710	866	866
Residual waste	kg	38,115	33,615	37,125	32,985	37,350	33,120
Used paper	kg	60,498	60,498	60,185	60,185	58,175	58,175
Electronic scrap	kg	1,380	1,380	2,725	2,395	2,893	2,862

COMPENSATION

Unavoidable emissions are compensated through the support of climate-protection projects. For this purpose, "turn to zero" compiles a portfolio of projects with the highest standards and

takes over the handling centrally for all partners. This not only saves emissions, but also makes a contribution to a climate-neutral future and improves the living situation of people locally.

Projects for Group-wide compensation of unavoidable emissions 2022

	Country	Technology
Project portfolio 17 SDGs – 18 projects	13 countries	Energy efficiency, renewable energy, agriculture and forestry, water, sanitary provision and hygiene
Circular economy via plastic recycling	Romania	Waste management, education
Total package for households	Ethiopia	Efficient boilers, nutrition, solar, forests, water (purification and saving)

CREATING AWARENESS

In autumn 2022, the employees were offered a presentation entitled "The climate and nutrition". In the debate about effectively combating the climate crisis, there is no way of avoiding one crucial actor: the food industry. To ensure greater clarity on this topic, the sustainability team invited the speaker, author and chairman of the association KlimaVOR!, Christof Drexel, to the Alter Landtagssaal.

Organised knowledge management makes a major contribution to a company's sustainable development. Hypo Vorarlberg also attaches value to employees sharing their expertise among one another, and passing it on within the company: the knowledge platform Hypopedia was created for this. This is where all the bank's information streams converge. Since 2017, there has been a separate section containing reports on innovations and important developments related to sustainability. The digital message board contains general tips and links, as well as information and regional campaigns on this topic.

RESPONSIBILITY IN SUPPLY CHAINS AND PROCUREMENT

Within the framework of its policy which came into force in 2019, Hypo Vorarlberg focuses on the main points of relevance for procuring sustainable and environment-friendly products. Specific sustainability criteria have been developed for specific procurement processes or tenders in different categories, and the bank has started to implement these. These criteria are based on the precepts of economy, economic viability and expediency. By aligning itself with sustainability criteria, Hypo Vorarlberg is committed to the best bidder principle instead of the lowest bidder principle.

Examining the economic viability means that it is not just the acquisition costs of a product that are taken into account, but also the costs of use and disposal (Life-Cycle Cost – LCC). For example, consequential costs through energy consumption are an important economic criterion. Products and services from partners with sound customer

relationships and/or from the respective region are given preference - insofar as this is possible in the banking business - taking account of the procurement terms. The bank has long-lasting and trusting business relationships with the majority of its suppliers.

ENERGY AUDIT

Pursuant to Section 9 of the Federal Energy Efficiency Act (Bundes-Energieeffizienzgesetz) (EEffG) Hypo Vorarlberg is obliged to have its energy consumption audited regularly. Within the scope of such an audit, there is a systematic inspection and analysis of the energy use and energy consumption of the buildings, and of the mobility aspect. The aim is to identify energy flows and the potential for improving energy efficiency, report on these and implement them.

The energy audit was first performed in 2016, and in 2020 it was repeated and reported to the national energy efficiency monitoring office. A large part of the measures suggested in the audit were implemented between 2016 and 2019. Between 2016 and 2020, the implementation of measures such as optimising the control units for the heating/ventilation/cooling, retrofitting LED lighting and optimising office equipment brought about a significant reduction in the energy requirement, and thus in the CO₂ footprint. As the majority of the measures had been implemented, in the subsequent years only smaller measures and recommendations could be implemented.

Due to the fact that Hypo Vorarlberg is a service company and not a manufacturing enterprise, improvements in terms of buildings and transport are only possible to a very limited extent. This became clear after the completion of the 2020 energy audit report. The problem of the lack of sole ownership and thus the dependency on other building owners has already been mentioned. Through a continuous exchange, the bank intends to inform the lessors about the cost-benefit effect and thus obtain improvements.



EU TAXONOMY



TAXONOMY-ELIGIBLE ASSETS

The EU Taxonomy for environmentally sustainable economic activities provides a binding definition of the term sustainability. Starting from the financial year 2021, major banks⁵¹ are required to review their assets for conformity with the Taxonomy. For the first time, the EU Taxonomy creates a standardised classification system for environmentally sustainable economic activities, and thus a shared understanding of sustainability in the EU. Non-financial undertakings must disclose the proportion of environmentally sustainable economic activities in their turnover, capital expenditures (CapEx) and operational expenditures. Financial undertakings in turn must report the extent to which they finance economic activities which are environmentally sustainable within the meaning of the EU Taxonomy. In this way the European Union wants to increase the transparency in the market and ensure that in future, investments are directed increasingly into sustainable economic activities.

Economic activities deemed environmentally sustainable within the meaning of the EU Taxonomy are those which make a substantial contribution to one of the following environmental goals, and do not significantly harm any of the stated environmental goals ("Do No Significant Harm", or DNSH):

- Climate change mitigation
- Climate change adaptation
- The sustainable use and protection of water and marine resources
- The transition to a circular economy
- Pollution prevention and control
- The protection and restoration of biodiversity and ecosystems

These economic activities must also be exercised in compliance with the minimum social safeguards, in other words the measures which a company must take to ensure that certain fundamental labour and human rights standards are followed.

In the transition phase of the EU Taxonomy from 1 January 2022 to 31 December 2023, financial undertakings must disclose the proportion of their taxonomy-eligible assets to their total assets. This includes their exposure in relation to economic activities that are described in the EU Taxonomy.

When the main application phase commences on 1 January 2024, the KPIs specifically defined for financial undertakings must be provided. The most significant performance indicator for credit institutions is the Green Asset Ratio (GAR), which represents the ratio of taxonomy-eligible assets to total assets. For alignment with the Taxonomy, financial undertakings must check whether the underlying economic activity corresponds to the evaluation criteria defined in the EU Taxonomy.

LEGAL BASIS

Regulation (EU) 2020/852 (hereinafter referred to as the Taxonomy Regulation) contains, among other things, material definitions of terms and the obligations of the reporting companies. Art. 8 of the Taxonomy Regulation is of particular importance, as it specifies the reporting obligations for financial and non-financial undertakings. The disclosure requirements described in Art. 8 of the Taxonomy Regulation are elaborated in the Delegated Regulation (Del. Reg. for short) (EU) 2021/2178 as well as more detailed information on the content and presentation of the information to be published. Together with Del. Reg. (EU) 2021/2139, which contains the technical screening criteria for environmentally sustainable

economic activities, Del. Reg. (EU) 2021/2178 forms the basis for the Taxonomy disclosure in 2022 and 2023. To date, only the technical screening criteria for the environmental goals of climate change mitigation and climate change adaptation have been published.

The EU Taxonomy will also be continuously developed during the coming years. Thus just a few days after the publication of the technical screening criteria, the EU Commission presented its proposal for the integration of nuclear energy and fossil gas into the EU Taxonomy. This proposal was implemented in mid-July 2022 in the supplementary delegated act Del. Reg. (EU) 2022/1214 of the EU Commission. The legal act for the remaining four environmental goals is currently being finalised and is likely to be published in the second quarter of 2023.

IMPLEMENTATION AT HYPO VORARLBERG

As in the reporting year 2021, ascertaining the proportion of taxonomy-eligible assets to total assets commenced with the evaluation of all loans and advances, debt securities, equity holdings and repossessed collaterals as at the reference date of 31 December 2022 in respect of private households, public authorities, and financial and non-financial undertakings which are obliged to publish non-financial information pursuant to Art. 19a or 29a of Directive 2013/34/EU (hereinafter: NFRD, short for Non Financial Reporting Directive).

The use of proceeds and the taxonomy-eligible and non-eligible KPIs of the counterparties were used to classify the taxonomy-eligibility of all relevant assets and calculate the shares of taxonomy-eligible and taxonomy non-eligible assets in the total assets. Non-financial undertakings show their taxonomy-eligible or taxonomy non-eligible proportions on the basis of both their turnover and their capital expenditure. For the evaluation of the taxonomy-eligible assets compared to non-financial undertakings, two different quotas were used so that the taxonomy-eligible and taxonomy non-eligible proportion at Hypo Vorarlberg is likewise shown based on turnover and based on CapEx.

RESULTS

The turnover-based proportion of taxonomy-eligible assets calculated for the financial year 2022 was 17.53% as at the reference date of 31 December 2022, and the CapEx-based proportion was 17.62%. This corresponds to a financial volume of TEUR 2,445,272 (turnover-based) or TEUR 2,457,623 (CapEx-based). As at the reference date the turnover-based proportion of taxonomy non-eligible assets was 9.37%, and the CapEx-based share was 9.28%. As pursuant to Del. Reg. (EU) 2021/2178 many assets are excluded from the numerator for this ratio, but not from the denominator, the total proportion of taxonomy-eligible and taxonomy non-eligible assets cannot be 100%.

Due to the customer structure of Hypo Vorarlberg as a regional bank focusing on medium-sized corporations, many assets did not qualify for the calculation of the Taxonomy KPIs. Thus 51.96% of the total assets are ascribable to dealings with companies which themselves are not subject to the NFRD, and thus do not have to be taken into account. A further 8.94% of the total assets relate to central governments, central banks and supranational issuers, which are also excluded from the EU Taxonomy. The majority of the taxonomy-eligible assets at Hypo Vorarlberg consist of loans and advances to private households. The majority of exposures to financial and non-financial undertakings are

⁵¹ Banks which are obliged to undertake non-financial reporting pursuant to Art. 19a or 29a of Directive 2013/34/EU (in Austria transposed as Section 243b and Section 267a UGB).

general purpose loans. Where there is non-specific use of proceeds of this kind, the counterparty's KPIs are used for the classification.

As at the reference date 31 December 2022 Hypo Vorarlberg had no stock of equity holdings and repossessed collaterals.

Disclosure pursuant to Art. 8 of the EU Taxonomy Regulation

as % of total assets	Turnover -based	CapEx-based
Exposure to taxonomy-eligible economic activities	17.53	17.62
Exposure to taxonomy non-eligible economic activities	9.37	9.28
Other assets		
Exposure to central governments, central banks and supranational issuers		8.94
Exposure from derivatives		3.90
Exposure to non-NFRD corporations		51.96
Exposure via the trading book		0.00
Exposure from on demand interbank loans		5.51

EXPLANATIONS

(1) GENERAL INFORMATION

In accordance with the legal requirements, Hypo Vorarlberg's disclosure is based on the use of proceeds (for loans and advances as well as debt securities) and the Taxonomy KPIs disclosed by the counterparties on turnover and capital expenditures.

Financial and non-financial undertakings which are subject to the NFRD disclosed information on their taxonomy eligibility for the first time in 2022 as part of the first mandatory Taxonomy report. Compared to the previous year, in which Taxonomy KPIs were hardly available for any of the relevant financial and non-financial corporations, these data were available for the majority of companies in 2022. The improvement in the data availability is evident in the increase of the taxonomy-eligible and taxonomy non-eligible assets. It should be noted that very large differences can be observed in the disclosed KPIs even within the same sector, and that in most cases these can be explained by the underlying methodologies used in reporting. It is expected that the legislator will provide clarifications on the permissible methods in the coming years, so that the heterogeneity of the methodologies used will decrease.

No estimates are allowed in the mandatory disclosures under the Taxonomy Regulation, therefore no data have been used which were based on estimates or were published in a voluntary Taxonomy report.

In 2022, the EU Commission included economic activities in the sector of nuclear energy and fossil gas in the EU Taxonomy as transitional activities. Separate evaluation criteria and separate reporting requirements were defined for these activities. For the reporting year 2022, no information was available from the counterparties to evaluate the taxonomy eligibility of these economic activities. For this reason, the 2022 Taxonomy Disclosure does not include the disclosure forms from the delegated legal act. It is expected that the data basis for the reporting year 2023 will improve with the entry into force of Del. Reg. (EU) 2022/1214 on 1 January 2023.

In the reporting year 2022, the taxonomy-eligible assets are not disclosed separately for the environmental goals of climate change mitigation and climate change adaptation. In accordance with the legal requirements, the remaining environmental goals listed in the Taxonomy Regulation are not included in the consideration. No voluntary use was made of the disclosure forms in Annex VI to Del. Reg. (EU) 2021/2178 in the reporting year 2022.

The assets of the St. Gallen branch in Switzerland were also excluded from the classification of the taxonomy eligibility in 2022 because the legal interpretation was only clarified shortly before the calculation of the taxonomy-eligible assets in the financial year 2022 was concluded. From the financial year 2023, the St. Gallen branch will be taken into account when determining the taxonomy

alignment. An initial analysis of the assets of the St. Gallen branch showed that taking them into account would not lead to any material change. The taxonomy-eligible and taxonomy non-eligible quotas would increase marginally.

(2) TOTAL ASSETS

In accordance with Art. 10 Para. 3 of Del. Reg. (EU) 2021/2178, the denominator of all the published Taxonomy KPIs during the transition phase from 1 January 2022 to 31 December 2023 should be the total on-balance sheet assets of Hypo Vorarlberg. Art. 7 Para. 3 of Del. Reg. (EU) 2021/2178 also stipulates that exposure to central governments, central banks and supranational issuers are not to be included in the calculation of numerators and denominators of the major KPIs of financial undertakings. In the reporting year 2021, the aforementioned exposure was not deducted from the denominator of the major KPIs. In accordance with the current status of the legal interpretation, however, the denominator of the major KPIs should already be adjusted for exposure to central governments, central banks and supranational issuers. This was undertaken for the reporting year 2022.

The scope of consolidation applied corresponds to the supervisory scope of consolidation pursuant to Title II Chapter 2 Section 2 of Regulation (EU) 575/2013.

(3) RELEVANT ASSETS

The assets listed in item 1.1.2. of Annex V to Del. Reg. (EU) 2021/2178 count as relevant for the analysis, including loans and advances, debt securities, equity holdings and repossessed collaterals, namely:

- financial assets at amortised cost
- financial assets at fair value through other comprehensive income
- investments in subsidiaries
- joint ventures and associates
- financial assets designated at fair value through profit or loss and non-trading financial assets mandatorily at fair value through profit or loss
- real estate collaterals obtained by Hypo Vorarlberg by taking possession in exchange for the cancellation of debts.

The analysis did not take account of:

- exposure to central governments, central banks and supranational issuers
- exposure to corporations which are not obliged to publish non-financial information in accordance with Art. 19a or 29a of Directive 2013/34/EU
- on demand interbank loans
- financial assets held for trading
- derivatives
- off-balance sheet exposure.

(4) FINANCIAL AND NON-FINANCIAL CORPORATIONS

The categorisation as an NFRD corporation took place in 2022 by means of the following criteria:

- the corporation must either be classifiable in the bank/insurance sector or issue securities that are tradeable on a stock exchange in the EU (criterion “public-interest enterprise”) and
- it must employ more than 500 employees on average during the year (criterion “number of employees”).

While during the reporting year 2021 the “look-through” at group subsidiary level – as required in particular in the Commission’s FAQs – was not possible, the 2022 analysis was also extended to include fully consolidated subsidiaries of a group. The respective exposures were assessed in respect of their taxonomy eligibility by means of the stated use of proceeds, or if there was no unambiguous use of proceeds, by means of the parent company’s Taxonomy KPIs.

The share of the assets held against non-NFRD corporations is derived from the result of the total assets against corporations minus the assets against the identified NFRD corporations.

(5) PUBLIC AUTHORITIES

Up to the date of disclosure about the reporting year 2022 no official list of public authorities was available, therefore in 2022 (as in the reporting year 2021) only towns and municipalities were taken into consideration. The taxonomy eligibility of the loans and advances to public authorities was assessed on the basis of the stated purpose. In contrast to the reporting year 2021, a more in-depth analysis was possible in 2022, so that the taxonomy-eligible portion could also be determined and included for most of the financing with multiple use of proceeds.

(6) PRIVATE HOUSEHOLDS

To date, among the loans and advances to private households only mortgage-secured residential real-estate loans and house renovations can be classified as taxonomy eligible. Pursuant to Del. Reg. (EU) 2021/2178 and the current legal interpretation, in the reporting year 2022 car loans to private households were also included for the first time. The legal text does not indicate unambiguously how joint financing of a property with a plot should be evaluated. In the reporting year 2021, it was not possible to conclusively clarify this question, therefore such financing was classified as partly taxonomy-eligible and was excluded from the share of taxonomy-eligible assets. Agreement has now been reached on a legal interpretation, so with the reporting year 2022 financing for a plot combined with a property was classified as taxonomy-eligible. No modification is planned of the evaluation of

the historic stock that has already been classified and disclosed. The acquisition solely of a plot is not classed as taxonomy-eligible. In the case of finance for multiple use of proceeds, it was not possible to unambiguously ascertain the taxonomy-eligible share, and for this reason such assets were not included in the taxonomy-eligible quotas.

(7) DETAILS OF THE TRADING BOOK

Hypo Vorarlberg maintains only a small trading book pursuant to the CRR (Capital Requirements Regulation – Regulation (EU) No 575/2013). As at 31 December 2022, the trading book contains assets in the amount of TEUR 143. This item is an investment fund undergoing liquidation. The fund assets are credits with Hypo Vorarlberg as the custodian of the fund, and as such these holdings are not affected by Regulation (EU) 2020/852. There are also no plans to resume trading activities in the future.

(8) SUSTAINABILITY STRATEGY

In future, Hypo Vorarlberg’s sustainability strategy will constantly be compliant with the criteria of the EU Taxonomy. The aim is to successively increase the proportion of taxonomy-eligible or taxonomy-aligned assets in the coming years. For this purpose, in 2021 the Managing Board instructed the specialist departments to prepare concrete proposals on how the EU Taxonomy can be taken into account particularly in the design of products, but also in internal processes. The first implementations of this have already taken place in the creation of new products – the Hypo-Klima-Kredit and the Hypo-Klima-Schnellkredit. One of the requirements for granting either of these two products is a taxonomy-eligible use of proceeds. They will be used to support financing of energy-related renovations such as photovoltaic installations, solar installations, new heating systems and heat insulation, as well as investments in eMobility. The topic of the EU Taxonomy is also highly relevant for the use of proceeds of the Hypo Vorarlberg Green Bonds. In the next few years, Hypo Vorarlberg will successively adapt its Green Asset Portfolio to the criteria of the EU Taxonomy in the aim of being in conformity with this. In the transition phase, the energy efficiency of a building – defined via the respective threshold value for the heat need and/or compliance with the criteria of the EU Taxonomy – will be used as selection criterion for suitable energy-efficient buildings in Austria. With its Austrian Green Asset Portfolio, Hypo Vorarlberg intends to align itself with the criteria described in the EU Taxonomy for the EU first environmental goal, climate change mitigation. The aim is to contribute to climate protection by funding energy-efficient buildings, without significantly harming any of the other five EU environmental goals of the Taxonomy.



ANNEX



SUSTAINABILITY PROGRAMME

Sustainability programme

Chapter	Target area	Status 2022	Further steps
Sustainability at Hypo Vorarlberg			
Understanding of sustainability/initiatives	Implementation of EU Action Plan "Financing sustainable growth"	Ongoing project	Ongoing project
	Member of respACT – austrian business council for sustainable development, Austria's leading company platform for corporate social responsibility	Member since 2022	
	Implementation of the goals of the "turn to zero" community (formerly "Klimaneutralitätsbündnis 2025")	Done	Ongoing
	Review joining further initiatives		2023
Sustainability management	Ongoing sustainability stocktaking in accordance with GRI including NaDiVeG criteria	Adaptation of GRI Standards completed in 2021	Ongoing
	Switch in sustainability reporting pursuant to CSRD		2023/2024
	Further implementation of sustainability in the governance structures	Started	Completion
	Integration of sustainability in the business strategy – update the sustainability functional strategy	Project has started with external partner	Completion of functional strategy in 2023
Human rights	Training courses for employees		2023
Material topics	Carry out stakeholder survey on material sustainability topics and perception of Hypo Vorarlberg	Done in 2020	Next survey in 2023 pursuant to CSRD requirements
Economy			
Stability and growth in the region	-	-	-
Sustainable proprietary investment	Ethics and sustainability criteria – further development in respect of proprietary investments	Done	Ongoing
Sustainable engagement	Awarding funds from the Hypo Vorarlberg charitable fund to support projects (social matters, education, culture and science)	Done	Ongoing
Governance			
Dealing with opportunities and risks due to climate change	First measurements and assessment of greenhouse gas intensity and flood risks	Done	Further development and improvement of data quality
Information about the highest governance body	-	-	-
Compliance	Publication of Code of Conduct, and information to employees and external stakeholders (via website)	Done	Human rights 2023
	Training for employees	Done	Regularly
Data protection	Training for employees	Done	Regularly

Sustainability programme

Chapter	Target area	Status 2022	Further steps
Customers and products			
Customer focus/satisfaction	Elite Report award, including for excellent advice service	2022	-
Sustainable financial products	SRI Transparency Seal: audit of current and other Hypo Vorarlberg funds	Done	Ongoing (annual review)
	EUR Green Bonds 2017	Expired	
	Issuance of a CZK Green Bond 2020	Done 2020	Reporting ongoing
	Issuance of a CHF Green Bond 2020	Done 2020	Reporting ongoing
	Issuance of a Retail Green Bond 2022	Done 2022	Reporting ongoing
	Introduction of green lending products	Done	Ongoing
	Ethics and sustainability criteria – further development in investment business	Done	Ongoing
	ESG investment approach	Further development	Ongoing
Digitalisation and innovation	Adaptation of systems for recording sustainability data	-	2023
Employees			
Secure employer	Stable headcount corresponding to strategic goals	Approx. 2% increase through prioritisation	-
	Pursuit of sustainable business development	-	Ongoing
Diversity and equal opportunity	Invitation to annual result presentation (replaces parental leave breakfast)	Parental leave breakfast discontinued; employee event for 125 years Hypo Vorarlberg instead	2023 invitation to result presentation
	Definition of goal for reduction of gender pay gap		2023
	Increase in proportion of women on Supervisory Board/Managing Board and 2 nd -level management		Work is underway on fulfilling the target quota
Employee health	Continuance of "Hypo Vital" subsidy	Done	2023
Training and development	ESG training for Sales	Extensive training took place in 2022	Continuous
	Talent management	Done	Ongoing
Representation of interests	Organisation of employee events		Ongoing

Sustainability programme

Chapter	Target area	Status 2022	Further steps
Environment, energy and climate protection			
Operational environmental management	Adaptation of energy management system used (Illwerke VKW AG – Energiecockpit)	Done	Ongoing adjustments
Emissions by Hypo Vorarlberg	Annual reduction in own CO ₂ emissions	Done	Ongoing
Energy	Optimisation in terms of energy efficiency – control techniques	Done	Ongoing
	Switch to 100% renewable energy at all major locations	Done	
Mobility	Campaigns around Vorarlberg cycling competition "RADIUS"	Done	Annually
	Increase user-friendliness of cycle parking areas	Done	Ongoing
	Transferable annual season ticket for public transport in Vorarlberg for business travel	Done	Ongoing
Creating awareness	Presentation on "The climate and nutrition – why healthy eating also helps against global warming"	Done	
	Film presentation "We CARE for your shirts ... and our rights!" CARE documentary about textile workers in Bangladesh	Not held, in favour of other events	
	Presentation on workplace ergonomics	Not done	
	Employee survey on travel to workplace	Done	Next survey in 2024
	Contributions in the employee newspaper "INSIDE"	Done	Ongoing (twice a year)
	Contributions for message board	Done	Ongoing
	Contributions on Intranet/Hypopedia	Done	Ongoing
EU Taxonomy Regulation			
	Screening of taxonomy-eligible assets	Done	Fully applicable from 01.01.2023; extended with further environmental goals

GRI INDEX

Hypo Vorarlberg seeks to continuously measure and evaluate its own services in accordance with sustainability criteria. To ensure that the data are comparable and transparent, the company adheres to the stipulations of the Global Reporting Initiative. Hypo Vorarlberg has reported for the period 1 January 2022 to 31 December 2022 in accordance with the GRI Standards 2021. The report was externally audited in 2022 by Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H. – see “Audit certificate”.

Statement of use	Hypo Vorarlberg Bank AG has reported in accordance with the GRI Standards for the period 1 January 2022 to 31 December 2022.
GRI 1 used	GRI 1: Foundation 2021
Applicable® GRI Sector Standard(s)	None available

Foreword

Topic (GRI)	Disclosure (GRI)	Reference/comments
The organisation and its reporting practices	2-1 Organisational details	P. 3
	2-3 Reporting period, frequency and contact point	P. 3
Strategy, policies and practices	2-22 Statement on sustainable development strategy	P. 3

About this Report

Topic (GRI)	Disclosure (GRI)	Reference/comments
Material topics	3-1 Process to determine material topics	P. 4
	3-2 List of material topics	P. 4
The organisation and its reporting practices	2-1 Organisational details	P. 4
	2-2 Entities included in the organisation’s sustainability reporting	P. 4
	2-3 Reporting period, frequency and contact point	P. 4
	2-4 Restatements of information	P. 4
	2-5 External assurance	P. 4
Activities and workers	2-6 Activities, value chain and other business relationships	P. 4
Governance	2-14 Role of the highest governance body in sustainability reporting	P. 4

Business model and values

Topic (GRI)	Disclosure (GRI)	Reference/comments
The organisation and its reporting practices	2-1 Organisational details	P. 6-7
Activities and workers	2-6 Activities, value chain and other business relationships	P. 5-7
Governance	2-9 Governance structure and composition	P. 7
	2-15 Conflicts of interest	P. 7
Strategy, policies and practices	2-23 Policy commitments	P. 5

Understanding of sustainability

Topic (GRI)	Disclosure (GRI)	Reference/comments
Strategy, policies and practices	2-23 Policy commitments	P. 11-12
Economic performance	201-2 Financial implications and other risks and opportunities due to climate change	P. 10-11

Sustainability management

Topic (GRI)	Disclosure (GRI)	Reference/comments
Management approach	3-3 Management of material topics	P. 15
Governance	2-5 External assurance	P. 15
	2-9 Governance structure and composition	P. 15, 17
Governance structure and composition	2-12 Role of the highest governance body in overseeing the management of impacts	P. 15
	2-13 Delegation of responsibility for managing impacts	P. 15
	2-14 Role of the highest governance body in sustainability reporting	P. 15
	Own KPI Exposure to taxonomy-eligible economic activities	P. 70, 17.53% / 17.62%
	Own KPI ISS ESG – Prime Status	P. 15, Prime Status 2022
	Own KPI DZ Bank Seal of Quality	P. 16, renewed confirmation 2022/23

Human rights

Topic (GRI)	Disclosure (GRI)	Reference/comments
Management approach	3-3 Management of material topics	P. 18
Organisational profile	2-6 Activities, value chain and other business relationships	P. 19
Strategy, policies and practices	2-23 Policy commitments	P. 18
	2-24 Embedding policy commitments	P. 18-19
	2-28 Membership associations	P. 18
	FS14 Initiatives to improve access to financial services for disadvantaged people	P. 19

Material topics

Topic (GRI)	Disclosure (GRI)	Reference/comments
Details of material topics	3-1 Process to determine material topics	P. 20, 22
	3-2 List of material topics	P. 20-21
Governance structure and composition	2-12 Role of the highest governance body	P. 20
Strategy, policies and practices	2-28 Membership associations	P. 22
Stakeholder engagement	2-29 Approach to stakeholder engagement	P. 20-22

Stability and growth in the region

Topic (GRI)	Disclosure (GRI)	Reference/comments
Management approach	3-3 Management of material topics	P. 24
Organisational profile	2-6 Activities, value chain and other business relationships	P. 26
Economic performance	201-1 Direct economic value generated and distributed	P. 25
Procurement	204-1 Proportion of spending on local suppliers	P. 26

Sustainable proprietary investment

Topic (GRI)	Disclosure (GRI)	Reference/comments
Management approach	3-3 Management of material topics	P. 27
Strategy, policies and practices	2-23 Policy commitments	P. 27
	2-24 Embedding policy commitments	P. 27
	Own KPI Total volume of all sustainability-related bonds	P. 28, TEUR 156,195
	Own KPI Percentage share of sustainability-related bonds in the total portfolio	P. 28, 5.78%

Sustainable engagement

Topic (GRI)	Disclosure (GRI)	Reference/comments
Management approach	3-3 Management of material topics	P. 29
	Own KPI Total amount of donations and sponsorship	P. 29, TEUR 1,280

Dealing with opportunities and risks due to climate change

Topic (GRI)	Disclosure (GRI)	Reference/comments
Management approach	3-3 Management of material topics	P. 33, 36
Strategy, policies and practices	2-23 Policy commitments	P. 33, 36
	2-24 Embedding policy commitments	P. 33-36
	201-2 Financial implications and other risks and opportunities due to climate change	P. 33
Economic performance	FS11 Percentage of assets subject to positive and negative environmental or social screening	P. 33
	Own KPI Greenhouse gas intensity financing	P. 34, 38 t CO ₂ e/million EUR
	Own KPI Greenhouse gas intensity assets under management	P. 36, 104.01 t CO ₂ e/million EUR
	Own KPI Proportion of Art. 8 & 9 products in assets under management	P. 36, just under 83%

Information about the highest governance body

Topic (GRI)	Disclosure (GRI)	Reference/comments
Governance	2-9 Governance structure and composition	P. 37
Governance structure and composition	2-10 Nomination and selection of the highest governance body	P. 37
	2-17 Collective knowledge of the highest governance body	P. 37
	2-18 Evaluation of the performance of the highest governance body	P. 37
	2-19 Remuneration policies	P. 37
	2-20 Process to determine remuneration	P. 37

Compliance

Topic (GRI)	Disclosure (GRI)	Reference/comments
Management approach	3-3 Management of material topics	P. 38
Governance structure and composition	2-9 Governance structure and composition	P. 41
	2-11 Chair of the highest governance body	P. 41
	2-15 Conflicts of interest	P. 41
	2-16 Communication of critical concerns	P. 40
	2-23 Policy commitments	P. 38
Strategy, policies and practices	2-24 Embedding policy commitments	P. 38
	2-25 Processes to remediate negative impacts	P. 40
	2-26 Mechanisms for seeking advice and raising concerns	P. 40, no reporting of number of complaints as incomplete information in form of lack of legal definitions/restrictions
	2-27 Compliance with laws and regulations	No violations
Anti-corruption	205-1 Operations assessed for risks related to corruption	P. 40
	205-3 Confirmed incidents of corruption and actions taken	P. 38
Anti-competitive behaviour	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	P. 38
Labelling of products and services	417-2 Incidents of non-compliance concerning product and service information and labelling	None known
	417-3 Incidents of non-compliance concerning marketing communications	None known

Data protection

Topic (GRI)	Disclosure (GRI)	Reference/comments
Management approach	3-3 Management of material topics	P. 42
Governance structure and composition	2-16 Communication of critical concerns	P. 42
Customer privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	P. 42

Customer focus and customer satisfaction

Topic (GRI)	Disclosure (GRI)	Reference/comments
Management approach	3-3 Management of material topics	P. 44
Organisational profile	2-6 Activities, value chain and other business relationships	P. 44
Governance structure and composition	2-16 Communication of critical concerns	P. 44
Strategy, policies and practices	2-26 Mechanisms for seeking advice and raising concerns	P. 44

Sustainable financial products

Topic (GRI)	Disclosure (GRI)	Reference/comments
Management approach	3-3 Management of material topics	P. 45
Organisational profile	2-6 Activities, value chain and other business relationships	P. 45-48
Strategy, policies and practices	2-23 Policy commitments	P. 45-48
	2-24 Embedding policy commitments	P. 45-48
	2-28 Membership associations	P. 47
Economic performance	201-2 Financial implications and other risks and opportunities due to climate change	P. 45-48
	FS11 Percentage of assets subject to positive and negative environmental or social screening	P. 46-48

Digitalisation and innovation

Topic (GRI)	Disclosure (GRI)	Reference/comments
Management approach	3-3 Management of material topics	P. 49
Organisational profile	2-6 Activities, value chain and other business relationships	P. 49-50
	Own KPI Proportion of IT equipment with internationally recognised standards	P. 62, approx. 86%

Secure employer

Topic (GRI)	Disclosure (GRI)	Reference/comments
Activities and workers	2-6 Activities, value chain and other business relationships	P. 52-53
	2-7 Employees	P. 52-53
	2-8 Workers who are not salaried employees	P. 52, immaterial, low number, no reporting due to data protection
Governance structure and composition	2-20 Process to determine remuneration	P. 52
Stakeholder engagement	2-30 Collective bargaining agreements	P. 52
Employment	401-1 New employee hires and employee turnover	P. 53
	401-3 Parental leave NB: In 2021 first collected in this form – for 2020 no data collection. Point a.) The total number of employees entitled to parental leave is not collected by gender due to different legal requirements at the different locations.	P. 53

Diversity and equal opportunity

Topic (GRI)	Disclosure (GRI)	Reference/comments
Management approach	3-3 Management of material topics	P. 54
Governance structure and composition	2-9 Governance structure and composition	P. 54
	2-19 Remuneration policies	P. 54
	2-20 Process to determine remuneration	P. 54
	2-21 Annual total compensation ratio	P. 54
Strategy, policies and practices	2-24 Embedding policy commitments	P. 54
Diversity and equal opportunity	405-1 Diversity of governance bodies and employees NB: In 2021 first collected in this form – for 2020 no data collection	P. 54
Non-discrimination	406-1 Incidents of discrimination and corrective actions taken	No instances known

Employee health

Topic (GRI)	Disclosure (GRI)	Reference/comments
Management approach	3-3 Management of material topics	P. 56
Occupational health and safety	403-1 Occupational health and safety management system	P. 56
	403-2 Hazard identification, risk assessment, and incident investigation	P. 56-57
	403-3 Occupational health services	P. 56
	403-4 Worker participation, consultation, and communication on occupational health and safety	P. 56-57
	403-5 Worker training on occupational health and safety	P. 56-57
	403-6 Promotion of worker health	P. 56-57
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	P. 56-57
	403-8 Workers covered by an occupational health and safety management system	P. 56 Hypo Vorarlberg does not employ any temporary workers; over 99.7% of all employees are salaried employees

Training and education

Topic (GRI)	Disclosure (GRI)	Reference/comments
Management approach	3-3 Management of material topics	P. 58
Training and education	404-1 Average hours of training per year per employee NB: In 2021 first collected in this form – no data collection for 2020	P. 59
	404-2 Programs for upgrading employee skills and transition assistance programs	P. 58

Representation of interests

Topic (GRI)	Disclosure (GRI)	Reference/comments
Governance structure and composition	2-20 Process to determine remuneration	P. 60
Occupational health and safety	403-6 Promotion of worker health	P. 60
Freedom of association and collective bargaining	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	P. 60, no corresponding risk

Operational environmental management

Topic (GRI)	Disclosure (GRI)	Reference/comments
Management approach	3-3 Management of material topics	P. 62
Activities and workers	2-6 Activities, value chain and other business relationships	P. 67
Energy and emissions	302-1 Energy consumption within the organisation (Scope 1 and 2)	P. 62, 64
	305-1 Direct (Scope 1) GHG emissions	P. 63
	305-2 Energy indirect (Scope 2) GHG emissions	P. 63
	305-3 Other indirect (Scope 3) GHG emissions	P. 63, 65

No allocation to a material topic

Topic (GRI)	Disclosure (GRI)	Reference/comments
Political contributions	415-1 Total monetary value of donations	No donations to parties or politicians

Annex

Topic (GRI)	Disclosure (GRI)	Reference/comments
The organisation and its reporting practices	2-1 Organisational details	P. 85
	2-3 Reporting period, frequency and contact point	P. 85
	2-5 External assurance Name of auditor of non-financial reporting: Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H. Audit period: 01.01.2022 – 31.12.2022 Level of assurance: limited assurance	



Annex to chapter Opportunities and risks due to climate change, legend for NACE sectors

NACE Code	Sector description
A	Agriculture, forestry and fishing
B	Mining and quarrying
C	Manufacturing
D	Electricity, gas, steam and air conditioning supply
E	Water supply; sewerage; waste management and remediation activities
F	Construction
G	Wholesale and retail trade; repair of motor vehicles and motorcycles
H	Transporting and storage
I	Accommodation and food service activities
J	Information and communication
K	Financial and insurance activities
L	Real estate activities
M	Professional, scientific and technical activities
N	Administrative and support service activities
O	Public administration and defence; compulsory social security
P	Education
Q	Human health and social work activities
R	Arts, entertainment and recreation
S	Other services activities
U	Activities of extraterritorial organisations and bodies



INFORMATION

ON NADIVEG CONFORMITY

Since the financial year 2017, NaDiVeG (the Austrian Sustainability and Diversity Improvement Act) has extended the reporting obligation in respect of non-financial matters (environment and social matters, employee matters, human rights, corruption, diversity) in the Management Report. Hypo Vorarlberg makes use of the option of submitting a separate non-financial report together with the Sustainability Report (Section 267a and Section 243b UGB).

The following table provides an overview of where the NaDiVeG requirements can be found in the Report

NaDiVeG requirement	Reference to Sustainability Report (chapter/page)
1 Short description of the company's business model	Business model and values, from P. 5
2/3/4/6 Description of the concepts pursued by the company (2), results of these concepts (3) and due diligence processes applied (4)	Sustainability strategy, from P. 10 Sustainability management, from P. 15 Ethics and sustainability criteria, from P. 27, 45 Sustainability programme, from P. 73
Environmental matters performance indicators (6)	Environment, energy and climate protection, from P. 62
Social and employee matters (including diversity) (6)	Employees, from P. 51 Sustainable engagement, from P. 29
Respect for human rights (6)	Human rights, from P. 18 Ethics and sustainability criteria, from P. 27, 45 Mitarbeiter, from P. 51
Combating corruption and bribery (6)	Compliance, from P. 38
5 Material risks which are likely to have negative impacts on these matters, and the handling of these risks by the Group, namely	Dealing with opportunities and risks due to climate change, from P. 33 Ethics and sustainability criteria, from P. 27, 45 Sustainability management, risks and impacts, table P. 17
a) from its own business activity	
b) from business relationships, products or services (if relevant)	

THE MANAGING BOARD

Bregenz, 30 March 2023
Hypo Vorarlberg Bank AG, Hypo-Passage 1
6900 Bregenz, Austria

Mag. Michel Haller
Chairman of the Managing Board

Dr. Wilfried Amann
Member of the Managing Board

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Legal notice:

The information and data have been compiled and reviewed with the utmost care. Nonetheless, data might have changed in the meantime. No liability can therefore be assumed for the topicality, completeness or correctness of the data and information provided. Hypo Vorarlberg reserves the right to modify and supplement data and information at any time. We wish to point out that the entire content of the Hypo Vorarlberg Sustainability Report is protected by copyright.

GRI: 2-1, 2-3

Please note:

The present report is the English translation of the German sustainability report of the Hypo Vorarlberg. It serves to provide all stakeholders access to our sustainability information. In case of any discrepancy between the meanings of the two versions due to translation, the German version is the original version. Moreover, the limited assurance of the sustainability report has been performed for the German version. Therefore, the German sustainability report is the legally binding version with a signed assurance statement by the Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H and was authorized by the management board of the Hypo Vorarlberg.

To the Management of
Hypo Vorarlberg Bank AG
Bregenz

Report about the Independent Assurance of the non-financial Reporting 2022

Attention: This letter has been translated from German to English for referencing purposes only. Please refer to the officially legally binding version as written and signed in German. Only the German version is the legally binding version.

We have performed a limited assurance engagement regarding of the non-financial Reporting 2022 in accordance with the requirements of the § 243b and § 267a UGB (NaDiVeG) incl. the information according the EU Taxonomy regulation and GRI Standards Update 2021 (hereafter "assurance engagement") of Hypo Vorarlberg Bank AG, Bregenz.

The assurance engagement covers of the non-financial Reporting 2022:

"Sustainability Report 2022" concerning information in and references linked from the GRI Content Index to sustainability disclosures and data for the reporting year 2022.

Responsibilities of the Legal Representatives

Hypo Vorarlberg's legal representatives are responsible for the proper compilation of the non-financial Reporting 2022 in accordance with the requirements of the § 243b and § 267a¹ UGB, the information according the EU Taxonomy regulation² and GRI Standards³.

The legal representatives have signed the Letter of Representation, which we have added to our files.

Responsibilities of the Assurance Providers

Based on our assurance procedures deemed necessary and our evidence we have obtained, it is our responsibility to assess whether any matters have come to our attention that cause us to believe, that in all material matters the of the non-financial Reporting 2022 is not in accordance with the requirements of the § 243b and § 267a UGB and the EU Taxonomy regulation and GRI Standards.

Our assurance engagement has been conducted in accordance with the "International Federation of Accountants' ISAE 3000 (Revised)" Standards.

Our professional duties include requirements in relation to our independence as well as planning our assurance engagement based on the materiality considerations in order to allow us to obtain a limited level of assurance.

According to the "General Conditions of Contract for the Public Accounting Professions" our liability is limited. An accountant is only liable for violating intentionally or by gross negligence the contractual duties and obligations entered into. In cases of gross negligence, the maximum liability towards the client and any third party together is EUR 726,730 in the aggregate.

Our procedures have been designed to obtain a limited level of assurance on which to base our conclusions. The extent of evidence gathering procedures performed is less than for that of a reasonable assurance engagement (such as a financial audit) and therefore a lower level of assurance is provided.

We have performed all the procedures deemed necessary to obtain the evidence that is sufficient and appropriate to provide a basis for our conclusions. Our main procedures were:

- ▶ Obtain an overview over the industry as well as the operational and organizational structure of the organization;
- ▶ Interview a selection of senior managers and executives to understand systems, processes and internal control procedures related to the content of the non-financial Reporting assured, which support the data collection;

¹ <https://www.ris.bka.gv.at/Dokumente/Bundesnormen/NOR40189009/NOR40189009.pdf>

² <https://eur-lex.europa.eu/eli/reg/2020/852/>

³ <https://www.globalreporting.org/standards>

- ▶ Review relevant group level, board and executive documents to assess awareness and priority of issues in the non-financial Reporting and to understand how progress is tracked and internal controls are implemented;
- ▶ Examine risk management and governance processes related to sustainability and critical evaluation of the disclosure in the non-financial Reporting;
- ▶ Perform analytical procedures at group level;
- ▶ Perform site visits in Bregenz (Hypo-Passage 1) to obtain evidence on performance indicators. In addition, we reviewed data samples of the selected disclosures in the Sustainability Reporting / non-financial Reporting at site level for completeness, reliability, accuracy and timeliness;
- ▶ Review data and processes on a sample basis to assess whether they have been collected, consolidated and reported appropriately at group level. This included obtaining an opinion whether the data had been reported in an accurate, reliable and complete manner;
- ▶ Review the coverage of material issues which have been raised in stakeholder dialogues, in media reports and environmental and social reports of peers;
- ▶ Evaluate the materiality assessment, including sector specific megatrends and aspects of GRI;
- ▶ Assessment whether the Requirements according to § 243b and §267a UGB have been adequately addressed;
- ▶ Assess completeness of UNGC reporting against the links with the „10 principles“ of the UNGC as outlined in the GRI Standards;⁴
- ▶ Challenge a sample of statements and claims of the non-financial Reporting against our work steps and the GRI Standards principles;
- ▶ Review whether the GRI Standards were consistently applied;
- ▶ Review whether the requirements of the EU Taxonomy regulation have been adequately addressed.

The objective of our engagement was neither a financial audit nor a financial audit review of past-oriented financial information. We did not perform any further assurance procedures on data, which were subject of the annual financial audit, the corporate governance report and the risk reporting. We merely checked this data was presented in accordance with the GRI Standards. Neither the detection and investigation of criminal offenses, such as embezzlement or other fraudulent actions, nor the assessment of effectiveness and efficiency of management were subject to our engagement. We did not test data derived from external surveys or prospective information. Our assurance engagement solely covers references directly specified in the GRI Content Index. It does not cover any further web references.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

We submit this report based on our assurance engagement for which, also regarding third parties, the "General Conditions of Contract for the Public Accounting Professions"⁵, are binding.

⁴<https://www.globalreporting.org/resourcelibrary/UNGC-G4-linkage-publication.pdf>

⁵ Fassung vom 18. April 2018, herausgegeben von der Kammer der Wirtschaftstreuhänder, Kapitel 7, http://www.kwt.or.at/PortalData/1/Resources/aab/AAB_2018_de.pdf

Conclusion

Based on our assurance procedures and our evidence we have obtained no matters have come to our attention that cause us to believe that in all material matters the non-financial Reporting 2022 is not in accordance with the requirements of the § 243b and § 267a UGB (NaDiVeG) and the EU Taxonomy regulation and GRI Standards (Update 2021).

Vienna, 30. March 2023

Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H.

Mag. Ernst Schönhuber

i.V. DI Georg Rogl

TRANSLATION

