

Volksbank Wien AG

Regional Banks Austria

ESG Risk Rating

10.2

Last Full Update Jun 14, 2023

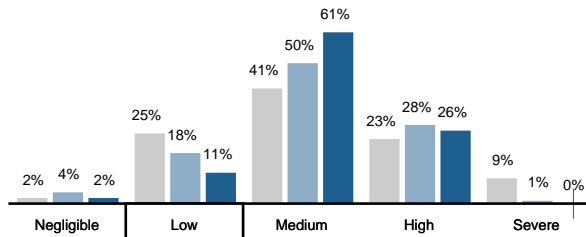
-7.2

Momentum

Low Risk



ESG Risk Rating Distribution



ESG Risk Rating Ranking

UNIVERSE	RANK	PERCENTILE
	(1 st = lowest risk)	(1 st = Top Score)
Global Universe	281/15519	3rd
Banks INDUSTRY	39/1000	5th
Regional Banks SUBINDUSTRY	10/426	3rd

Peers Table

Peers (Market cap \$0.0 - \$0.0bn)

Peers (Market cap \$0.0 - \$0.0bn)	Exposure	Management	ESG Risk Rating
1. Deutsche Bank SAE	39.8 Medium	80.9 Strong	9.5 Negligible
2. Caja Rural de Navarra SCC	34.8 Low	75.5 Strong	9.8 Negligible
3. Volksbank Wien AG	35.6 Medium	75.0 Strong	10.2 Low
4. Argenta Spaarbank NV (Netherlands)	35.5 Medium	72.2 Strong	11.3 Low
5. First West Credit Union	34.5 Low	70.8 Strong	11.3 Low

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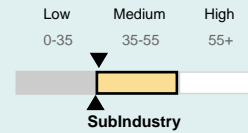
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ESG Risk Analysis

Exposure refers to the extent to which a company is exposed to different material ESG Issues. The exposure score takes into consideration subindustry and company-specific factors such as its business model.

ESG Risk Exposure

35.6 **+1.6**
Medium Momentum
 Beta = 1.02



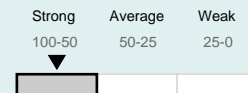
As a regional bank with a concentrated geographical focus, VBW strives to provide financial services to retail customers, SMEs and commercial clients. Headquartered in Vienna, the bank operates in a highly regulated environment monitored by the European Central Bank. Any misconduct found, such as misleading product information, could lead to lawsuits, fines and reputational damage. At the same time, inability to provide tailored services to large corporates could result in loss of market share. A strategic focus of the bank is to accelerate its digital offerings. The combination of new technology and collection of sensitive customer data increases the exposure of data privacy and security risk. Financing controversial industries or projects that may adversely impact the environment or communities, through loans or investments, could expose the company to increased stakeholder scrutiny.

The company's overall exposure is medium and is similar to subindustry average. Data Privacy and Security, Product Governance and ESG Integration -Financials are notable material ESG issues.

Management refers to how well a company is managing its relevant ESG issues. The management score assesses the robustness of a company's ESG programs, practices, and policies.

ESG Risk Management

75.0 **+23.7**
Strong Momentum



VBW manages its ESG risks well, with the company scoring strongly for all material ESG themes. The banks' strict regulatory landscape is reflected in the banks programmes and policies; VBW has a rigorous responsible product offering, in order to improve the satisfaction of its customers, with impact and risk assessments embedded in product development. VBW has strong management of ESG Integration Financials, with strict guidelines regarding controversial industries, and exhibits best practices with regard to the integration of ESG in its corporate financing. The bank possesses robust policies and programmes for data privacy and cybersecurity. One area for improvement is the lack of privacy risk assessments or audits on the company's technologies. It is important to note that the company does not have any controversies, which sets it apart from the majority of its peers.

The company's overall management of material ESG issues is strong.

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Material ESG Issues

These are the Material ESG Issues driving the ESG Risk Rating.

Issue Name	ESG Risk Exposure	ESG Risk Management	ESG Risk Rating	Contribution to ESG Risk Rating
	Score Category	Score Category	Score Category	
Data Privacy and Security	6.0 Medium	70.0 Strong	2.6 Low	25.9%
Product Governance	8.0 High	70.0 Strong	2.4 Low	23.5%
ESG Integration -Financials	5.0 Medium	59.9 Strong	2.0 Low	19.7%
Human Capital	5.3 Medium	80.0 Strong	1.3 Negligible	12.3%
Corporate Governance	5.0 Medium	75.0 Strong	1.3 Negligible	12.2%
Business Ethics	6.3 Medium	94.4 Strong	0.7 Negligible	6.4%
Overall	35.6 Medium	75.0 Strong	10.2 Low	100.0%

Events Overview

Identify events that may negatively impact stakeholders, the environment, or the company's operations.

Category (Events)

5 Severe (0)

4 High (0)

3 Significant (0)

2 Moderate (0)

1 Low (0)

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Events Overview

Identify events that may negatively impact stakeholders, the environment, or the company's operations.

Category (Events)

⚠ None (15)

Access to Basic Services

Accounting and Taxation

Anti-Competitive Practices

Bribery and Corruption

Business Ethics

Carbon Impact of Products

Data Privacy and Security

Environmental Impact of Products

Labour Relations

Lobbying and Public Policy

Marketing Practices

Quality and Safety

Sanctions

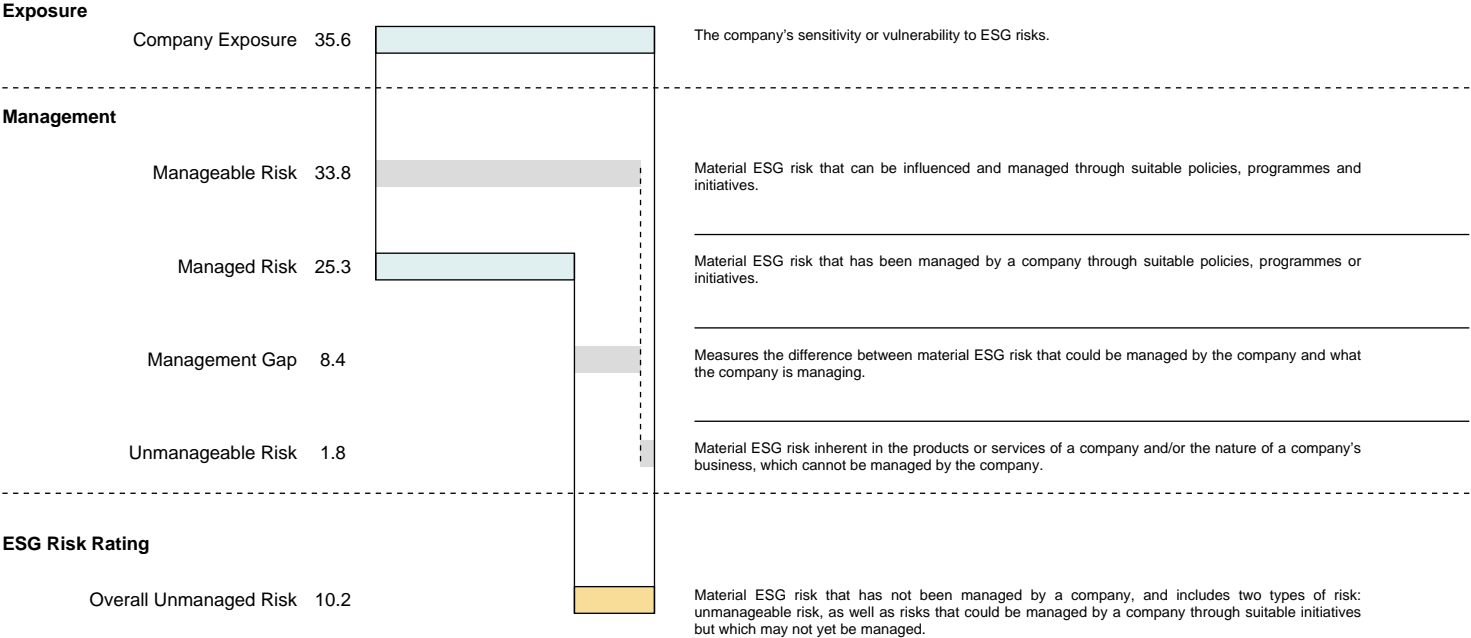
Social Impact of Products

Society - Human Rights

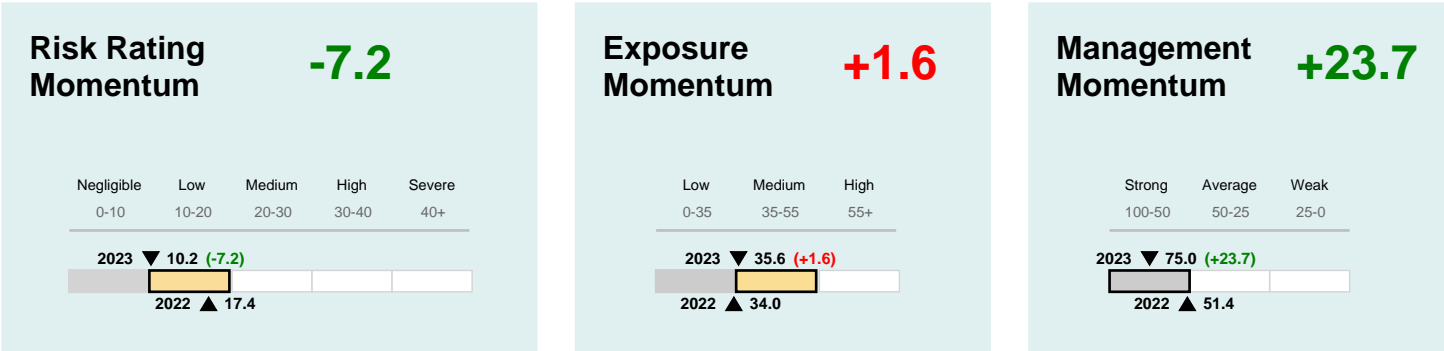
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Risk Decomposition



Momentum Details



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GLOSSARY OF TERMS

Beta (Beta, β)






A factor that assesses the degree to which a company's exposure deviates from its **subindustry's** exposure on a **material ESG issue**. It is used to derive a company-specific issue exposure score for a material ESG issue. It ranges from 0 to 10, with 0 indicating no exposure, 1 indicating the subindustry average, and 10 indicating exposure that is ten times the subindustry average.

Corporate Governance Pillar

A pillar provides a signal about a company's management of a specific Corporate Governance issue.

ESG Risk Category

Companies' **ESG Risk Rating scores** are assigned to five ESG risk categories in the **ESG Risk Rating**:

-  **Negligible risk:** enterprise value is considered to have a negligible risk of material financial impacts driven by ESG factors
-  **Low risk:** enterprise value is considered to have a low risk of material financial impacts driven by ESG factors
-  **Medium risk:** enterprise value is considered to have a medium risk of material financial impacts driven by ESG factors
-  **High risk:** enterprise value is considered to have a high risk of material financial impacts driven by ESG factors
-  **Severe risk:** enterprise value is considered to have a severe risk of material financial impacts driven by ESG factors

Note that because ESG risks materialize at an unknown time in the future and depend on a variety of unpredictable conditions, no predictions on financial or share price impacts, or on the time horizon of such impacts, are intended or implied by these risk categories.

ESG Risk Rating Score (Unmanaged Risk Score)

The company's final score in the **ESG Risk Rating**; it applies the concept of **risk decomposition** to derive the level of **unmanaged risk** for a company.

Event Category

Sustainalytics categorizes events that have resulted in negative ESG impacts into five event categories: Category 1 (low impact); Category 2 (moderate impact); Category 3 (significant impact); Category 4 (high impact); and Category 5 (severe impact).

Event Indicator

An indicator that provides a signal about a potential failure of management through involvement in controversies.

Excess Exposure

The difference between the company's **exposure** and its **subindustry** exposure.

Exposure

A company or **subindustry's** sensitivity or vulnerability to ESG risks.

Idiosyncratic Issue

An issue that was not deemed material at the **subindustry** level during the **consultation process** but becomes a **material ESG issue** for a company based on the occurrence of a Category 4 or 5 event.

Manageable Risk

Material ESG risk that can be influenced and managed through suitable policies, programmes and initiatives.

Managed Risk

Material ESG Risk that has been managed by a company through suitable policies, programmes and initiatives.

Management

A company's handling of ESG risks.

Management Gap

Refers to the difference between what a company has managed and what a company could possibly manage. It indicates how far the company's performance is from best practice.

Management Indicator

An indicator that provides a signal about a company's management of an ESG issue through policies, programmes or quantitative performance.

Material ESG Issue

A core building block of the **ESG Risk Rating**. An ESG issue is considered to be material within the rating if it is likely to have a significant effect on the enterprise value of a typical company within a given **subindustry**.

Subindustry

Subindustries are defined as part of Sustainalytics' own classification system.

Unmanageable Risk

Material ESG Risk inherent from the intrinsic nature of the products or services of a company and/or the nature of a company's business, which cannot be managed by the company if the company continues to offer the same type of products or services and remains in the same line of business.

Unmanaged Risk

Material ESG risk that has not been managed by a company, and includes two types of risk: **unmanageable risk**, as well as risks that could be managed by a company through suitable initiatives, but which may not yet be managed (**management gap**).

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