Sustainability-related disclosures

(in accordance with Regulation (EU) 2019/2088 on sustainability-related disclosure requirements in the financial services sector)

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TABLE OF CONTENTS

TABLE OF CONTENTS 1
Introduction 2
Information on strategies for dealing with sustainability risks (Art. 3 SFDR) 2
Information on addressing the main adverse impacts on sustainability factors (Art. 4 SFDR) 3
No consideration of adverse impacts of investment decisions on sustainability factors . 3
No consideration of adverse impacts of investment advice on sustainability factors 3
Remuneration policy and sustainability risks 4
Measures for implementation and management 4
Change history 5

INTRODUCTION

With the entry into force of Regulation (EU) 2019/2088 on sustainability-related disclosure requirements in the financial services sector (in short: Disclosure Regulation), there are now, for the first time, harmonized European Union rules on sustainability-related disclosure requirements vis-à-vis end investors. In order to comply with this regulation, Wiener Privatbank SE will provide information and publish ongoing disclosures, particularly with regard to its strategies for incorporating sustainability risks.

According to the Disclosure Regulation, a sustainability risk is defined as *an event or condition in the environmental, social, or corporate governance areas that, if it occurs, could have an actual or potential material negative impact on the value of the investment*.[1]

Due to the increasing change in climatic habitats, climate risks in particular are coming into focus alongside other sustainability risks. Climate risks *include all risks that arise from climate change or are exacerbated as a result of climate change*.[2] Climate risks are divided into physical risks, which result directly from the consequences of climate change, and transition risks, which arise from the transition to a climate-neutral and resilient economy and society and can thus lead to a devaluation of assets. Examples of (climatic) sustainability risks include: increased occurrence of natural disasters, loss of biodiversity, decline in snow cover, or extreme drought. Sustainability risks in this context can manifest themselves in a variety of ways in investments in banking products and can, for example, have an impact on the creditworthiness of the issuer or lead to increased price fluctuations.

In addition to sustainability risks, adverse effects on sustainability factors can also play a role in investment decisions. The Disclosure Regulation defines sustainability factors as *environmental, social, and labor issues, respect for human rights, and the fight against corruption and bribery.* These include, for example, climate protection, the protection of biodiversity, compliance with recognized labor law standards, appropriate remuneration, and measures to prevent corruption.

As Wiener Privatbank SE, we fall under both the term "financial market participant" and the term "financial advisor" within the meaning of the Disclosure Regulation due to the services we offer (portfolio management and investment advice). The Disclosure Regulation stipulates certain disclosure requirements for both service providers.

[1] See Art. 2(22) Disclosure Regulation
[2] See FMA guidelines on dealing with sustainability risks (01/2020)

INFORMATION ON STRATEGIES FOR DEALING WITH SUSTAINABILITY RISKS (ART. 3 SFDR)

INVESTMENT ADVICE

We incorporate sustainability risks into our investment advice on financial products within the meaning of the Disclosure Regulation (e.g., investment funds or alternative investment funds) in the following manner:

The identification of sustainability risks for relevant financial products is carried out by the product manufacturer (financial market participant). Investment advice is based on the information provided by the product manufacturer.

During the advisory meeting, all sustainability aspects of the financial instrument are explained to the customer and, where applicable, sustainability risks are pointed out. Both sustainable and non-sustainable financial instruments are offered in investment advice.

Furthermore, the customer is informed about the expected impact of sustainability risks on the return on his/her managed portfolio, if an impact has been identified.

PORTFOLIO MANAGEMENT

The assessment of sustainability risks in asset management at Wiener Privatbank led to the conclusion that, due to diversification through the selection and weighting of individual funds, there are currently no sustainability risks considered relevant for this financial product. Depending on the investment strategy chosen for portfolio management, sustainability risks may vary. A separate sustainable investment strategy is not currently offered.

The customer is informed about the expected impact of sustainability risks on the return on his/her managed portfolio, provided that an impact has been identified.

INFORMATION ON DEALING WITH THE MOST SIGNIFICANT ADVERSE IMPACTS ON SUSTAINABILITY FACTORS (ART. 4 SFDR)

Due to its size and business model focusing on brokerage, capital markets, and private banking, Wiener Privatbank SE makes use of the opt-out option in accordance with the provisions of Disclosure Regulation (EU) 2019/2088 Art. 4 (1) (b) and Art. 4 (5) (b).

NO CONSIDERATION OF ADVERSE IMPACTS OF INVESTMENT DECISIONS ON SUSTAINABILITY FACTORS

Due to the size and specific business model of Wiener Privatbank SE as a niche player and the associated limited business activities, adverse impacts of investment decisions on sustainability factors are not currently taken into account.

, the collection, monitoring, and quantitative presentation of the consideration of adverse impacts of investment decisions on sustainability factors would entail a disproportionately high administrative burden given the small number of employees. As soon as this burden demonstrably decreases, adverse impacts on sustainability factors will be taken into account in investment decisions and disclosed in accordance with the format of Annex I DelVO 2022/1288.

NO CONSIDERATION OF ADVERSE IMPACTS OF INVESTMENT ADVICE ON SUSTAINABILITY FACTORS

Due to the size and specific business model of Wiener Privatbank SE as a niche player and the associated limited business activities, adverse impacts on sustainability factors are currently not taken into account in investment advice.

Wiener Privatbank SE's investment advice is highly individualized and tailored to the specific wishes of each client, which is only possible thanks to a very extensive product range. The mandatory consideration of adverse impacts on sustainability factors when creating the product range or making investment recommendations would severely limit the flexibility of investment advice and is therefore not currently an option for Wiener Privatbank SE.

Wiener Privatbank SE has nevertheless decided to inform customers about the sustainability component of its products. For every transaction, regardless of whether it is carried out as part of investment advice or without advice, customers are shown the following ESG information on the securities traded, insofar as this is available.

- Relative share of the following "sustainability categories" in the investments in the customer portfolio:

  7a) Taxonomy-compliant investments,
  7b) Sustainable investments according to SFDR, and
  7c) Consideration of PAIs – investments that take into account adverse impacts on sustainability factors.

- The ESG focus of the financial instrument (E=environment, S=social, G=good corporate governance)
- The environmental objectives under the Taxonomy Regulation to which the product contributes
- PAIs – which specific adverse impacts on sustainability factors the product takes into account in its investments

Wiener Privatbank SE is also working on providing clients with an annual overview of the sustainability share of their overall portfolio.

REMUNERATION POLICY AND SUSTAINABILITY RISKS

The criterion of sustainability is established as an independent goal in the remuneration policy and is ensured through long-term, risk-adjusted performance assessments. In addition, variable remuneration is linked to the achievement of performance targets that include sustainability and ESG criteria. The remuneration policy does not offer any incentives to take sustainability risks.

IMPLEMENTATION AND CONTROL MEASURES

Knowledge of sustainability risks and factors is essential. For this reason, training on this topic has been developed and incorporated into the regular training program for our employees.

In order to raise awareness and a sense of responsibility in this area, regular internal updates are held for the departments concerned. Customer advisors completed a comprehensive training course in 2021 and are kept informed about current topics in this area as part of the ongoing training and development program.

The "sustainability-related disclosure" described here was gradually implemented in 2021 and will be reviewed annually and adjusted if necessary.

Developments at European and national level with regard to sustainability risks and factors and the associated requirements for the financial industry are monitored on an ongoing basis. Changes in the legal framework, improvements in the information available, and advances in the methods used may lead to adjustments to this "sustainability-related disclosure."

CHANGE HISTORY

Version	Date of change	Change	Made by
1	March 10, 2021	Initial creation	DB & AS
2	July 31, 2022	Insert "No consideration of the adverse effects of investment decisions & investment advice on sustainability factors"	AS
3	03	Change history inserted	DB
4	07/05/2023	Reason for opting out of disclosure on sustainability factors	AS & DB
5	September 19, 2023	Revision of sustainability risks in portfolio management	AS & DB
6	12.10.2023	Revision of sustainability risks in portfolio management	AS & DB
7	November 9, 2023 11/08/2024	On page 4 Purchase replaced by transaction, as the securities ESG data is also displayed for sales. No changes	AS & DB DB