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# Industry Guidelines

Banking for a better tomorrow.

# WE THINK AHEAD.

## **Raiffeisenlandesbank NÖ-Wien AG**

As Raiffeisenlandesbank NÖ-Wien, we operate as a cooperative bank, commercial bank and retail bank, and we are the central institution for 42 Raiffeisen banks in Lower Austria. The Raiffeisen banks in Lower Austria rely on the systems and services provided by us and our owner, Raiffeisen-Holding NÖ-Wien, for their core business.

As a cooperative bank, we fulfill our founding mission, which is to support the Raiffeisen banks in Lower Austria in all areas of banking and strengthen their position in the market. Through active management of our cooperation with the Raiffeisen banks in Lower Austria, we leverage synergies to increase the efficiency and quality of banking.

As a commercial bank in eastern Austria, we serve Austrian companies and institutions and also provide our customers with nationwide support. We are a reliable partner for the regional economy and act dynamically and solution-oriented in the interests of our customers.

As a retail bank, we are the largest regional bank in Vienna and offer a comprehensive range of services for private and business customers as well as freelancers. We focus on providing the optimal mix of personal support and digital services.

Within the group, we make decisions based on long-term economic profitability, giving high priority to our investments. The consideration of environmental and social aspects in line with our understanding of sustainability applies equally to the business activities of Raiffeisen Holding NÖ-Wien and Raiffeisenlandesbank NÖ-Wien.

## **Purpose of the document**

We are aware that our business activities have an impact on society and the environment. As a responsible company, we strive to minimize the negative effects of our business activities - particularly in the lending business - on society and the environment and to actively contribute to their improvement.

This document is seen as a supplement to our sustainable positioning.

## **Industry guidelines**

In line with the values set out in its sustainable positioning, Raiffeisenlandesbank NÖ-Wien has defined positive and negative criteria that provide a framework for business relationships and lending. Positive criteria are particularly desirable activities that we believe bring positive added value to the environment or society. We support such activities with our sustainable finance product range, which we are continuously developing. In contrast, negatively rated activities include industries or governance practices that we consider problematic based on our understanding of sustainability and therefore do not wish to support. These include certain economic activities in which we are not currently involved, but also those in which we wish to make it clear that we do not intend to become involved in the future.

In addition to our general positioning, we have developed specific guidelines for certain industries that are tailored to the individual needs and requirements of these industries. These guidelines set clear requirements for dealing with companies within the respective industries and address critical practices and aspects in particular in order to promote responsible and sustainable industry leadership and ensure compliance with relevant legal and ethical standards. In these specific guidelines, we have committed to phasing out lending for coal mining and processing, as well as nuclear power generation, by 2030.

These additional internal guidelines ensure that all our projects and business relationships strictly adhere to our sustainability standards. We refrain from projects or business relationships that are not compatible with our values. In addition to the established AML and compliance functions, our sales department, as the "first line of defense" in credit decisions, takes into account not only economic risks but also ESG (environmental, social, and governance) risks. Such risks are also analyzed and evaluated by risk management (second line of defense) above the risk relevance threshold. If the review result is clearly negative, the transaction in question is rejected immediately. In the event of differing opinions between sales units and risk management, the transaction can be escalated in accordance with the power of attorney regulations. Specially trained specialists and product experts are available to the sales department to deal with such cases of doubt.

We see ourselves as a partner and active companion to our customers on their journey toward a more sustainable future, and we finance measures for this transition, as specified in the EU Green Deal, for example, that contribute to raising environmental standards, as well as social projects that are essential to society.

## ACTIVITIES TO BE REVIEWED.

In our positioning statements, we also specify in greater detail how we deal with companies and activities in the areas of energy, renewable energy, forestry and timber industry, pulp and paper, agriculture, mining, defense industry, and gambling.

The following guidelines define how we deal with companies in the respective industries, especially regarding critical practices and aspects. The guidelines apply to companies (sole proprietorships, partnerships, and corporations). Private individuals are excluded regardless of their type of income.

## ENERGY

Energy is a core element of the economy and a key sector for achieving the goals of the Paris Agreement. RLB NÖ-Wien is aware of its role in the transition to a sustainable economy and will support its customers with appropriate sustainable finance instruments during the transition phase.

### **NUCLEAR POWER**

**Raiffeisenlandesbank NÖ-Wien AG takes a critical stance toward projects related to nuclear power.**

Both the mining and processing of nuclear fuels and the disposal of nuclear waste pose significant risks to people and the environment. We therefore consider this industry to be problematic.

Due to these risks, we avoid business relationships related to nuclear power. This includes financing, banking services, investments, and investment products with a focus on nuclear power.

In particular, cooperation with companies operating in the following areas and their key partners is excluded:

- Production of and trade in electricity from nuclear energy as the main business area
- Construction, operation, infrastructure of/for nuclear power plants, including suppliers of core components, uranium enrichment, and processing
- Mining, processing, storage, and trade in nuclear fuels
- Disposal infrastructure and storage of nuclear waste

This position applies to both energy producers and holding companies or legal economic owners of such companies, and also applies to transactions with energy suppliers. Energy suppliers that also generate their income from nuclear power will be reviewed on a case-by-case basis for financing requests and all other services. Cooperation with energy producers and energy suppliers or holding companies or owners of such companies will only take place if there is a strict separation of activities related to nuclear power plants and associated activities.

## **COAL**

The extraction, processing, and combustion of fossil fuels, as well as the disposal of waste generated in the production process, pose significant risks to people and the environment. The Paris Climate Agreement provides for a gradual phase-out of fossil fuels. We therefore also feel obliged not to enter into any new business relationships in the following activities and to withdraw from existing business relationships by 2030:

- Mining and processing of coal
- Generation of energy based on coal
- Supply of machinery and equipment, spare parts, and engineering services for power plants and industrial companies that burn or process coal

An exception to these requirements is relevant energy producers and mining companies that are in transition. This means pursuing a clear and ambitious strategy/commitment/plan to reduce dependence on coal and/or associated CO<sub>2</sub> emissions, including a fixed date for phasing out coal by the end of 2030 at the latest. These energy producers and mining companies must avoid any expansion of the coal business (e.g., by expanding existing coal capacities or acquiring or building new production facilities). Such energy producers and mining companies can only be provided with banking products whose intended use contributes to the transition, e.g., by increasing the share of revenue from renewable energies or from non-thermal coal activities. Banking products that directly or indirectly support the coal business of existing customers may not be concluded.

## **PETROLEUM / NATURAL GAS**

We are fundamentally striving for an orderly withdrawal from the oil and natural gas business (phasing out) from active and passive transactions by 2030 for existing customers and no new business if

- the company cannot present a credible transition plan, or
- the financing project does not contribute to the transition to climate neutrality/climate compatibility of the company, or
- the intended corporate purpose or the financing project cannot be classified as a transition activity.

We then carry out a separate case-by-case assessment if, for example, the manufactured product or the service offered cannot be substituted in a climate-neutral manner at the time of consideration.

Controversial hydrocarbon extraction practices (petroleum, natural gas) such as oil/tar sands mining, Arctic drilling, fracking, deep-sea drilling, as well as the financing of maintenance or supply chains directly related to oil and gas activities in the Arctic, are considered critical and are generally excluded.

New financing for eligible activities in the oil/natural gas sector will only be offered and accepted if the customer's projects:

- No significant negative impact on natural habitats, freshwater sources, or marine protected areas
- Include an environmental action plan covering all areas of the environmental impact assessment and, in particular, but not limited to, a plan to prevent oil pollution and eliminate continuous gas emissions into the atmosphere
- Not predominantly carried out in high-risk areas (such as conflict regions in accordance with AML/financial sanctions regulations or geological or ecological hazard zones)
- Comply with applicable sanctions or embargo requirements

Projects that violate one or more of these requirements will be excluded from financing and banking services. Our position on fossil fuels such as oil and natural gas also applies to energy suppliers. Energy suppliers that generate their income exclusively from fossil fuels will be excluded from financing and services.

We finance investments by companies, municipalities, (local) regional and special-purpose associations, and private customers in renewable energies and measures to increase energy efficiency. The integration of relevant subsidies into the financing structure and support in obtaining and accounting for such subsidies is intended to encourage our customers on their path to ecologically responsible energy production and use.

# RENEWABLE ENERGY

## **PHOTOVOLTAICS AND WIND POWER**

We consider photovoltaics and wind power to be sustainable, renewable energy sources. However, large projects can sometimes have critical impacts on the environment and the local population. We examine such projects with particular care and, when deciding on loans to finance photovoltaic and wind power plants, we take into account not only

- the results of the environmental impact assessment, but also
- other possible negative social or ecological aspects, such as land sealing or forced resettlement.

## **DAMS AND HYDROPOWER**

We consider hydropower to be an important renewable energy source in our core area and therefore regard it as a desirable activity in principle. Alongside wind power and photovoltaics, hydropower makes an important contribution to CO<sub>2</sub>-neutral energy supply in Austria and is therefore considered essential for a stable energy supply.

Nevertheless, we are aware of the environmental sensitivity of hydroelectric power plants and dams and therefore do not participate in projects outside the EU for business policy reasons.

We view projects in the EU as less critical, as particular attention is paid to the preservation and protection of ecologically valuable waterways and habitats, especially in the context of environmental impact assessments. Nevertheless, we also examine dam and hydropower projects in the EU with particular care and, in addition to

- compliance with the guidelines in the EAG (Renewable Energy Expansion Act) for projects in Austria and
- the results of the environmental impact assessment, we also take into account
- other possible negative social or ecological aspects, such as land sealing or forced resettlement.

## FORESTRY AND TIMBER INDUSTRY, WHOLESALE OF TIMBER, BIOMASS FROM TIMBER

Forests bind the carbon contained in CO<sub>2</sub> in tree wood and forest soil. We therefore consider sustainable forest management and use of wood as a raw material to be important.

We therefore assess companies in the forestry and timber industry and companies that source wood as their primary raw material according to the following criteria:

- No illegal logging, trade in, or processing of illegally sourced wood
- No activities in or with direct impact on areas that are officially protected for conservation purposes (tropical rainforests, IUCN I-IV protected areas, and areas listed in the Ramsar Convention or Natura 2000)
- Companies that engage in illegal deforestation or take measures that contribute to deforestation are also undesirable, as are companies that own tropical timber or palm oil plantations, produce palm oil or trade in it, unless they are RSPO members
- With regard to raw materials for the production of renewable energy from wood-based biomass, we always ensure that the raw materials used comply with the cascade principle.

As a matter of principle, our customer relationships are based on the relevant European and national legislation. New and existing customers who are involved in the production or trade of wood outside the EU or who source wood from outside the EU as their primary raw material must prove that their companies or products are certified by the Forest Stewardship Council (FSC) or the Programme for the Endorsement of Forest Certification (PEFC) or are subject to comparable, acceptable standards.

## PULP AND PAPER

The pulp and paper industry is considered to be particularly energy-, water-, and raw material-intensive. Nevertheless, the production of fibers from cellulose, for example, represents a valuable alternative to petroleum-based fibers or cotton products produced under problematic conditions. That is why we pay particular attention to the following aspects of companies in these industries:

- Initiatives to reduce energy consumption, choice of energy sources
- Promotion of the circular economy, e.g., use of recycled or highly recyclable raw materials, improvement of recyclability
- Initiatives to reduce water consumption
- Use of responsible sources when purchasing wood-based raw materials (see also "Forestry and Wood Industry")

When establishing new business relationships with companies in the pulp and paper industry, we also pay attention to the following certifications:

- Forest Stewardship Council (FSC)
- Programme for the Endorsement of Forest Certification (PEFC)
- ECF (Elemental Chlorine Free)
- TCF (Totally Chlorine Free)
- Blauer Engel Umweltzeichen
- EU-Ecolabel
- Österreichisches Umweltzeichen

In addition, with regard to wood as a raw material, reference is made to the specifications for "Wood and Forestry."

## AGRICULTURE

Supporting the production of healthy and affordable food and contributing to sustainable value creation and consumer well-being while preserving biodiversity and protecting natural habitats as much as possible are key levers for us in ensuring a livable future. It is important to us to maintain stable partnerships with farms in our business area and to contribute to the positive development of agriculture and rural regions through our commitment and networking with research institutions and industry representatives.

We therefore offer advice and support to agricultural businesses and finance primary agricultural production and the first stage of processing within our business area, with a particular focus on business continuity, farm-gate marketing, conversion to organic production methods, and energy- and resource-efficient business management in general.

(Industry) exclusions generally apply to:

- Production of palm oil, cotton, tobacco, and cultivation of soybeans outside the EU
- Ethically questionable activities, e.g., trade in protected animals, animal skins, and furs
- Activities related to genetically modified animals and activities that promote or require animal testing (except where required by law)

## MINING

The mining sector supplies mineral resources that are essential to most sectors of the economy. However, ESG criteria also play an important role in the extraction of mineral resources due to their environmental and social impact. Therefore, particular care is taken in this industry, which is why Raiffeisenlandesbank NÖ-Wien AG has developed a consistent position with regard to its financial services and activities related to mining as part of its commitment to sustainable corporate responsibility.

Raiffeisenlandesbank NÖ-Wien AG examines projects within the mining industry with particular care. In particular, cooperation with companies operating in the following areas is excluded:

- Operation of uranium mines and the mining, trading, and processing of uranium
- Mining, trading, and processing of diamonds without explicit proof of origin and the existence of Kimberly-Certificates
- Mining, trading, and processing of asbestos

Business relationships with other companies in the mining sector are subject to detailed scrutiny due to their potential negative impact on environmental protection and human rights compliance. The following aspects are examined in particular:

- The way in which the company operates the respective mine (e.g., no pollution of the environment through the discharge of toxic chemicals, no further processing of waste rock)
- The protection of areas designated as "High Conservation Value Areas" or "UNESCO specialists or NGOs" must be ensured
- Human rights, in particular the rights of local communities and indigenous peoples, as well as minimum standards for occupational safety and working conditions in accordance with ILO standards, must be upheld.

Activities such as new lending or loan renewals are subject to detailed review to ensure compliance with sustainable positioning. The review of the activity is conducted in addition to the review at the customer level. The intended use of the activity is reviewed by means of a desktop audit for indications of the following requirements (see above):

- Engaging in the mining, trading, and processing of uranium
- Engaging in the mining, trading, and processing of diamonds without explicit proof of origin and the existence of Kimberley Process Certification Scheme (KPCS) and Responsible Jewelry Council (RJC) practices
- Engaging in the mining, trading, and processing of asbestos
- Polluting the environment by discharging toxic chemicals
- Depositing mining waste in rivers or seas
- Violating human rights, in particular the rights of local communities and indigenous peoples, as well as minimum standards for occupational safety and working conditions in accordance with ILO, IFC12 Social and Environmental Performance, and ICMM (International Council on Metals and Mining)

## ARMS INDUSTRY

### **Raiffeisenlandesbank NÖ-Wien AG takes a critical stance toward projects related to the arms industry.**

We are committed to respecting human rights and reject business relationships that could contribute to human rights violations. This applies in particular to business in or for the benefit of regions/states/governments affected by armed conflict or human rights violations, the manufacture of and trade in controversial weapons (nuclear, biological, chemical weapons, blinding laser weapons, landmines, cluster munitions, depleted uranium munitions, incendiary weapons, undetectable fragments), as well as war material and wholesale trade in weapons within the meaning of the War Material Act.

We avoid business relationships connected with the arms industry. This includes financing, banking services, and investments or investment products with a focus on arms.

In particular, cooperation with companies operating in the following areas and their key partners is excluded:

- Companies that manufacture, maintain, or trade in weapons for military purposes and their suppliers (auxiliary services, technologies, R&D)
- Wholesale trade in weapons within the meaning of the War Material Act

Business relationships in the form of financing, banking services, investment products for or investments in companies operating in the fields of protective weapons, sporting/hunting weapons, and drones will be considered and decided on a case-by-case basis.

This position applies to companies that manufacture or trade in such goods, as well as to holding companies and owners. Existing business relationships with affected companies will only be continued if it is possible to strictly separate military-related activities from the company's other, non-related activities.

# GAMBLING

## **Raiffeisenlandesbank NÖ-Wien AG takes a critical view of projects related to gambling.**

On the one hand, the gambling industry poses a risk of crime and money laundering. On the other hand, gambling carries a risk of addiction, which can lead to poverty and crime. The gambling industry is not regulated uniformly across the EU. Most European countries therefore rely on national guidelines that allow legal gambling and prevent illegal activities. Such licensed companies are required to act responsibly, protect consumers, and implement measures against illegal activities (money laundering, corruption, terrorist financing, etc.).

### **Positioning of Raiffeisenlandesbank NÖ-Wien:**

We strictly exclude business relationships involving illegal gambling. In the betting and gambling sector, we only enter into or maintain business relationships with companies if they

- have an official license,
- have relevant certifications such as EU Lotteries or G4.

# REVIEW OF THE EXISTING PORTFOLIO.

We refrain from projects or business relationships that are incompatible with our values. In the following critical industries, certain exclusion criteria have been identified as described above: nuclear power, mining, oil and natural gas, fishing and aquaculture, gambling, timber and forestry, coal, agriculture, dams and hydropower, defense industry, pulp and paper. Our entire portfolio was reviewed based on ÖNACE industry codes for compliance with our sustainable positioning and industry policies.

An initial review of the relevant business transactions was conducted in 2023. A new review is required in the event of significant changes to the business model.

If, in the course of an existing business relationship, for example during the update process or a planned transaction, it becomes apparent that the business model, management, or ownership structure has fundamentally changed and is not compatible with our sustainability strategy, a new review will take place. This will be carried out in the same way as the review and documentation for new customers.



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