

## **Explanation of the main adverse impacts of investment decisions on sustainability factors**

Status: 30 June 2024 / August 2024

**Financial market participant:** Volksbank Westmünsterland eG

The LEI of the product provider is 5299006FYIV16TSUGS88.

The information provided applies exclusively to the investment strategies of INVVESTMünsterland financial portfolio management (Strategy I, Strategy II and Strategy III).

### **Summary**

Volksbank Westmünsterland eG has systematically taken into account the main adverse impacts of its investment decisions on sustainability factors as part of its activities as a financial market participant for fund financial portfolio management since July 2022. This statement on the main adverse impacts on sustainability factors relates to the reference period from 1 January 2023 to 31 December 2023.

Adverse impacts on sustainability factors ("Principal Adverse Impact" or "PAI") resulting from investment decisions in the context of fund asset management are taken into account for the categories of greenhouse gas emissions, biodiversity, water, waste, social issues and employee concerns. The adverse effects are measured using sustainability indicators. Volksbank Westmünsterland uses data from the external data provider MSCI ESG Research LLC for this purpose. A relative approach is taken when determining and weighting the adverse effects. In addition, the application of so-called minimum exclusions is essential for a large number of financial products. This means that individual financial products may not contain certain securities that are not sufficiently sustainable or may only contain them up to a specified limit. This ensures that these financial products only (co-)finance a small proportion of activities that are not sufficiently sustainable. This further minimises sustainability risks and negative effects on sustainability factors. When defining the exclusion criteria, Volksbank Westmünsterland is guided at overall portfolio level by the minimum exclusion standard of the Bundesverband Investment und Asset Management e. V. (German Investment and Asset Management Association). V. The strategies for determining and weighting are continuously reviewed on the basis of the available data. Volksbank does not pursue an active participation policy, as it is purely a fund asset management company and the scope for influencing company policy is correspondingly limited. Volksbank bases its investment

decisions on internationally recognised standards such as the UN Global Compact and the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises.

### **Description of the main adverse impacts on sustainability factors**

The description of the main adverse impacts on sustainability factors is based on the currently available standardised data points from the external data provider (MSCI ESG Research LLC) in the table below. In the column "Impact [2023]" of this table in the section "Description of the main adverse impacts on sustainability factors", the average value of the impacts on 31 March, 30 June, 30 September and 31 December of the period from 1 January to 31 December is given and is disclosed as of 30 June of each subsequent year. In future, the "Impact [2022]" column of the specified Table 1 will show the average value of the impact on 31 March, 30 June, 30 September and 31 December of the previous period from 1 January to 31 December, i.e. the values for the previous year. Data coverage is provided as a percentage of the portfolio for which data is currently available for the respective metrics. Due to the exclusive investment in investment assets, it is not possible to directly influence companies and countries with regard to sustainability risks. The aim is to improve the individual indicators through the concretisation and further development of the investment process, taking into account the available data.

## Indicators for investments in companies in which investments are made (Strategy I)

Sustainability indicator for adverse impacts	Measured variable	Effects [2023]	Effects [2022]	Explanation	Seized and planned Measures and Goals for the next Reference period
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### CLIMATE INDICATORS AND OTHER ENVIRONMENTAL INDICATORS

Greenhouse gas	1. GHG emissions	Scope 1 greenhouse gas emissions	26.309,70	42.438,57	Data coverage in the reporting year 60,78%	Concretisation and further development of the investment process
		Scope 2 greenhouse gas emissions	6.307,37	8.902,95	Data coverage in the reporting year 60,78%	
		Scope 3 greenhouse gas emissions	156.184,36	229.577,22	Data coverage in the reporting year 60,78%	
		Total GHG emissions	183.748,84	281.060,84	Data coverage in the reporting year 60,78%	
	2. CO <sub>2</sub> footprint	CO <sub>2</sub> footprint	282,66	455,71	Data coverage in the reporting year 60,78%	
3. GHG emission intensity of the companies in which investments are made	GHG emission intensity of the companies in which investments are made	664,15	1.039,98	Data coverage in the reporting year 68,68%		
4. involvement in companies operating in the fossil fuel sector	Share of investments in companies operating in the are active in the fossil fuel sector	8,32%	11,77%	Data coverage in the reporting year 73,20%		
5. share of energy consumption and energy production from non-renewable energy sources	Share of energy consumption and energy generation of the companies in which is invested from non-renewable energy sources compared to renewable	67,27%	73,89%	Data coverage in the reporting year 53,58%		

		Energy sources, expressed as a percentage of total energy sources			
	6. intensity of energy consumption by climate-intensive sectors	Energy consumption in GWh per EUR 1 million turnover of the companies in which investments are made, broken down by climate-intensive sectors	Code A: 1.99 Code B: 1.58 Code C: 0.52 Code D: 4,00 Code E: 19.43 Code F: 0.25 Code G: 0.38 Code H: 2.25 Code L: 0.45	Code A: 2.83 Code B: 1.97 Code C: 0.64 Code D: 5,73 Code E: 1.88 Code F: 0.19 Code G: 0.24 Code H: 1.43 Code L: 1.21	The sectors are differentiated on the basis of the European classification of economic activities (Nomenclature statistique des activités économiques dans la Communauté européenne, NACE for short). More information at: <a href="https://ec.europa.eu/eurostat/web/nace/overview">https://ec.europa.eu/eurostat/web/nace/overview</a>  Data coverage in the reporting year 61,03%
Biodiversity	7. activities that have a negative impact on areas with biodiversity in need of protection	Proportion of investments in investee companies with sites/operations in or near areas of biodiversity conservation concern where the activities of those companies adversely affect those areas	0,13%	0,04%	Data coverage in the reporting year 73.29%
Water	8. emissions to water	tonnes of water emissions generated by the investee companies per million EUR invested, expressed as a weighted average	7,97	130,43	Data coverage in the reporting year 0.63%
Waste	9. proportion of hazardous and radioactive Waste	tonnes of hazardous and radioactive waste generated by the investee companies per million EUR invested, expressed as a weighted average	2,50	26,41	Data coverage in the reporting year 22.44

**INDICATORS IN THE AREAS OF SOCIAL AFFAIRS AND EMPLOYMENT, RESPECT FOR HUMAN RIGHTS AND  
COMBATING CORRUPTION AND BRIBERY**

Social and Employment	10. violations of the UNGC-principles and against the guiding principles co-operation and Development (OECD) for multinational companies	Share of investments in companies in which that a re involved in violations of the UNGC principles or against the OECD Guidelines for multinational enterprises were involved	0,22%	0,27%	Data coverage in the reporting year 73.53%	Concretisation and further development of the investment process
	11. lack of processes and compliance mechanisms for monitoring compliance with the UNGC principles and the OECD guidelines for multinational companies	Proportion of investments in companies in which investments are made that do not comply with Monitoring compliance with the UNGC principles and the OECD Guidelines for multinational companies or none Procedure for handling complaints for violations of the UNGC principles and OECD Guidelines for Multinational Enterprises companies have set up	39,12%	45,37%	Data coverage in the reporting year 73.19%	
	12. unadjusted gender-specific earnings gap	Average unadjusted Gender pay gap in the labour market Companies in which investments are made	14,42%	14,05%	Data coverage in the reporting year 20.55%	
	13. gender diversity in the lei and control bodies	Average ratio of women to men in the management and supervisory bodies of the companies in which investments are made, expressed as a percentage of all members of the management and supervisory bodies	36,23%	33,80%	Data coverage in the reporting year 70.64%	
	14. engagement in controversial weapons (anti-personnel mines, cluster munitions, chemical and biological weapons)	Share of investments in companies involved in the production or sale of controversial weapons	0,00%	0,00%	Data coverage in the reporting year 73.37%	

### Indicators for investments in states and supranational organisations

Sustainability indicator for adverse impacts		Measured variable	Effects [2023]	Effects [2022]	Explanation	Seized and planned Measures and Goals for the next Reference period
Environment	15 GHG emission intensity	GHG emission intensity of the countries in which investments are made	358,29	307,80	Data coverage in the reporting year 56.90%	Concretisation and further development of the investment process
Social affairs	16. countries in which investments are made that violate social regulations	Number of countries invested in according to in accordance with international treaties and Convention, the principles of the United nations or, if applicable, national Legislation against social provisions (absolute number and relative number, divided by all countries in which is invested)	Absolute: 1 Relative: 3.19%	Absolute: 0 Relative: 1.52%	Data coverage in the reporting year: 56.90%	

### Indicators for property investments

Sustainability indicator for adverse impacts		Measured variable	Effects [2023]	Effects [2022]	Explanation	Measures taken and planned and targets for the next reference period
Fossil fuels	17. exposure to fossil fuels through investment in real estate	Share of investments in real estate related to the extraction, storage, transport or production of fossil fuels	N/A	N/A	Indicator not relevant as no investments are made in property	
Energy efficiency	18. exposure to properties with poor energy efficiency	Proportion of investments in properties with poor energy efficiency	N/A	N/A	Indicator not relevant as no investments are made in property	

### Additional climate indicators and other environmental indicators

Sustainability indicator for adverse impacts	Measured variable	Effects [2023]	Effects [2022]	Explanation	Measures taken and planned and targets for the next reference period	
Water, waste and material emissions	9. investments in companies that manufacture chemicals	Share of investments in companies whose activities fall under Division 20.2 of Annex I to Regulation (EC) No 1893/2006	0,00%	0,00%	Data coverage in the reporting year: 74.99%	Concretisation and further development of the investment process



Additional indicators for the areas of social affairs and employment, respect for human rights and combating corruption and bribery

Sustainability indicator for adverse impacts		Measured variable	Effects [2023]	Effects [2022]	Explanation	Measures taken and planned and targets for the next reference period
Social affairs and employment	6 Insufficient protection of whistleblowers	Proportion of investments in companies with no whistleblower protection measures in place	6,42%	9,34%	Data coverage in the reporting year: 73.23%	Concretisation and further development of the investment process

## Indicators for investments in companies in which investments are made (Strategy II)

Sustainability indicator for adverse impacts	Measured variable	Effects [2023]	Effects [2022]	Explanation	Seized and planned Measures and Goals for the next Reference period
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### CLIMATE INDICATORS AND OTHER ENVIRONMENTAL INDICATORS

Greenhouse gas	1. GHG emissions	Scope 1 greenhouse gas emissions	26.710,96	44.019,58	Data coverage in the reporting year: 68.88%	Concretisation and further development of the investment process
		Scope 2 greenhouse gas emissions	9.241,15	11.852,26	Data coverage in the reporting year: 68.88%	
		Scope 3 greenhouse gas emissions	147.558,04	226.431,29	Data coverage in the reporting year: 66.92%	
		Total GHG emissions	179.676,19	282.560,17	Data coverage in the reporting year: 66.81%	
	2. CO <sub>2</sub> footprint	CO <sub>2</sub> footprint	260,25	431,87	Data coverage in the reporting year: 66.81%	
	3. GHG emission intensity of the companies in which investments are made	GHG emission intensity of the companies in which investments are made	589,33	1.026,58	Data coverage in the reporting year: 93.87%	
	4. involvement in companies operating in the fossil fuel sector	Share of investments in companies operating in the are active in the fossil fuel sector	6,94%	11,39%	Data coverage in the reporting year: 96.70%	
	5. share of energy consumption and energy production from non-renewable energy sources	Share of energy consumption and energy generation of the companies in which is invested from non-renewable energy sources compared to renewable Energy sources, expressed as a percentage of total energy sources	70,07%	77,78%	Data coverage in the reporting year: 69.64%	

	6. intensity of energy consumption by climate-intensive sectors	Energy consumption in GWh per EUR 1 million turnover of the companies in which investments are made, broken down by climate-intensive sectors	Code A: 1.99 Code B: 1.64 Code C: 0.47 Code D: 3,56 Code E: 8.86 Code F: 0.30 Code G: 0.21 Code H: 2.54 Code L: 0.46	Code A: 0.77 Code B: 71.86 Code C: 0.66 Code D: 6,32 Code E: 1.31 Code F: 0.24 Code G: 0.23 Code H: 1.62 Code L: 2.38	The sectors are differentiated on the basis of the European classification of economic activities (Nomenclature statistique des activités économiques dans la Communauté européenne, NACE for short). More information at: <a href="https://ec.europa.eu/eurostat/web/nace/overview">https://ec.europa.eu/eurostat/web/nace/overview</a>  Data coverage in the reporting year: 56.76%
Biodiversity	7. activities that have a negative impact on areas with biodiversity in need of protection	Proportion of investments in investee companies with sites/operations in or near areas of biodiversity conservation concern where the activities of those companies adversely affect those areas	0,08%	0,02%	Data coverage in the reporting year: 72.94%
Water	8. emissions to water	tonnes of water emissions generated by the investee companies per million EUR invested, expressed as a weighted average	5,27	197,22	Data coverage in the reporting year: 0.64%
Waste	9. proportion of hazardous and radioactive waste	tonnes of hazardous and radioactive waste generated by the investee companies per million EUR invested, expressed as a weighted average	6,12	37,29	Data coverage in the reporting year: 23.88%

**INDICATORS IN THE AREAS OF SOCIAL AFFAIRS AND EMPLOYMENT, RESPECT FOR HUMAN RIGHTS AND  
COMBATING CORRUPTION AND BRIBERY**

Social and Employment	10. violations of the UNGC-principles and against the guiding principles co-operation and Development (OECD) for multinational companies	Share of investments in companies in which that a re involved in violations of the UNGC principles or against the OECD Guidelines for multinational enterprises were involved	0,31%	0,39%	Data coverage in the reporting year: 73.31%	Concretisation and further development of the investment process
	11. lack of processes and compliance mechanisms for monitoring compliance with the UNGC principles and the OECD guidelines for multinational companies	Proportion of investments in companies in which investments are made that do not comply with Monitoring compliance with the UNGC principles and the OECD Guidelines for multinational companies or none Procedure for handling complaints for violations of the UNGC principles and OECD Guidelines for Multinational Enterprises companies have set up	49,69%	56,81%	Data coverage in the reporting year: 72.81%	
	12. unadjusted gender-specific earnings gap	Average unadjusted Gender pay gap in the labour market Companies in which investments are made	12,95%	12,91%	Data coverage in the reporting year: 16.27%	
	13. gender diversity in the lei and control bodies	Average ratio of women to men in the management and supervisory bodies of the companies in which investments are made, expressed as a percentage of all members of the management and supervisory bodies	34,94%	32,15%	Data coverage in the reporting year: 71.97%	
	14. involvement in controversial weapons (anti-personnel mines, cluster munitions, chemical and biological weapons)	Share of investments in companies involved in the production or sale of controversial weapons	0,00%	0,00%	Data coverage in the reporting year: 73.12%	

### Indicators for investments in states and supranational organisations

Sustainability indicator for adverse impacts		Measured variable	Effects [2023]	Effects [2022]	Explanation	Seized and planned Measures and Goals for the next Reference period
Environment	15 GHG emission intensity	GHG emission intensity of the countries in which investments are made	402,12	222,56	Data coverage in the reporting year: 64.17%	Concretisation and further development of the investment process
Social affairs	16. countries in which investments are made that violate social regulations	Number of countries invested in according to in accordance with international treaties and Convention, the principles of the United Nations or, if applicable, national Legislation against social provisions (absolute number and relative number, divided by all countries in which is invested)	Absolute: 1 Relative: 3.19%	Absolute: 0 Relative: 0.00%	Data coverage in the reporting year: 64.17%	

### Indicators for property investments

Sustainability indicator for adverse impacts		Measured variable	Effects [2023]	Effects [2022]	Explanation	Measures taken and planned and targets for the next reference period
Fossil fuels	17. exposure to fossil fuels through investment in real estate	Share of investments in real estate related to the extraction, storage, transport or production of fossil fuels	N/A	N/A	Indicator not relevant as no investments are made in property	
Energy efficiency	18. exposure to properties with poor energy efficiency	Proportion of investments in properties with poor energy efficiency	N/A	N/A	Indicator not relevant as no investments are made in property	

### Additional climate indicators and other environmental indicators

Sustainability indicator for adverse impacts	Measured variable	Effects [2023]	Effects [2022]	Explanation	Measures taken and planned and targets for the next reference period	
Water, waste and material emissions	9. investments in companies that manufacture chemicals	Share of investments in companies whose activities fall under Division 20.2 of Annex I to Regulation (EC) No 1893/2006	0,00%	0,00%	Data coverage in the reporting year: 74.99%	Concretisation and further development of the investment process

Additional indicators for the areas of social affairs and employment, respect for human rights and combating corruption and bribery

Sustainability indicator for adverse impacts	Measured variable	Effects [2023]	Effects [2022]	Explanation	Measures taken and planned and targets for the next reference period	
Social affairs and employment	6 Insufficient protection of whistleblowers	Proportion of investments in companies with no whistleblower protection measures in place	5,21%	8,93%	Data coverage in the reporting year: 72.90%	Concretisation and further development of the investment process



### Indicators for investments in companies in which investments are made (Strategy III)

Sustainability indicator for adverse impacts	Measured variable	Effects [2023]	Effects [2022]	Explanation	Seized and planned Measures and Goals for the next Reference period
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### CLIMATE INDICATORS AND OTHER ENVIRONMENTAL INDICATORS

Greenhouse gas						
Greenhouse gas	1. GHG emissions	Scope 1 greenhouse gas emissions	31.080,66	44,790.56	Data coverage in the reporting year: 71.53%	Concretisation and further development of the investment process
		Scope 2 greenhouse gas emissions	10.989,40	13,501.03	Data coverage in the reporting year: 71.53%	
		Scope 3 greenhouse gas emissions	191.288,10	237,883.06	Data coverage in the reporting year: 71.12%	
		Total GHG emissions	228.199,28	296,438.37	Data coverage in the reporting year: 71.03%	
	2. CO <sub>2</sub> footprint	CO <sub>2</sub> footprint	270,65	378.66	Data coverage in the reporting year: 71.03%	
	3. GHG emission intensity of the companies in which investments are made	GHG emission intensity of the companies in which investments are made	514,48	936.21	Data coverage in the reporting year: 71.11%	
	4. involvement in companies operating in the fossil fuel sector	Share of investments in companies operating in the are active in the fossil fuel sector	5,65%	9.33%	Data coverage in the reporting year: 71.66%	
	5. share of energy consumption and energy production from non-renewable energy sources	Share of energy consumption and energy generation of the companies in which is invested from non-renewable energy sources compared to renewable Energy sources, expressed as a percentage of total energy sources	69,20%	79.41%	Data coverage in the reporting year: 48.61%	

	6. intensity of energy consumption by climate-intensive sectors	Energy consumption in GWh per EUR 1 million turnover of the companies in which investments are made, broken down by climate-intensive sectors	Code A: 0.35 Code B: 1.54 Code C: 0.51 Code D: 3,50 Code E: 8.01 Code F: 0.26 Code G: 0.14 Code H: 2.70 Code L: 1.44	Code A: 33.71 Code B: 81.84 Code C: 0.83 Code D: 7,33 Code E: 1.07 Code F: 0.33 Code G: 0.25 Code H: 1.25 Code L: 2.73	The sectors are differentiated on the basis of the European classification of economic activities (Nomenclature statistique des activités économiques dans la Communauté européenne, NACE for short). More information at: <a href="https://ec.europa.eu/eurostat/web/nace/overview">https://ec.europa.eu/eurostat/web/nace/overview</a>  Data coverage in the reporting year: 55.37%
Biodiversity	7. activities that have a negative impact on areas with biodiversity in need of protection	Proportion of investments in investee companies with sites/operations in or near areas of biodiversity conservation concern where the activities of those companies adversely affect those areas	0,35%	0,03%	Data coverage in the reporting year: 71.79%
Water	8. emissions to water	tonnes of water emissions generated by the investee companies per million EUR invested, expressed as a weighted average	3,35	200,96	Data coverage in the reporting year: 1.02%
Waste	9. proportion of hazardous and radioactive waste	tonnes of hazardous and radioactive waste generated by the investee companies per million EUR invested, expressed as a weighted average	6,67	34,43	Data coverage in the reporting year: 25.97%

**INDICATORS IN THE AREAS OF SOCIAL AFFAIRS AND EMPLOYMENT, RESPECT FOR HUMAN RIGHTS AND  
COMBATING CORRUPTION AND BRIBERY**

Social and Employment	10. violations of the UNGC-principles and against the guiding principles co-operation and Development (OECD) for multinational companies	Share of investments in companies in which that a re involved in violations of the UNGC principles or against the OECD Guidelines for multinational enterprises were involved	0,46%	0,48%	Data coverage in the reporting year: 72.12%	Concretisation and further development of the investment process
	11. lack of processes and compliance mechanisms for monitoring compliance with the UNGC principles and the OECD guidelines for multinational companies	Proportion of investments in companies in which investments are made that do not comply with Monitoring compliance with the UNGC principles and the OECD Guidelines for multinational companies or none Procedure for handling complaints for violations of the UNGC principles and OECD Guidelines for Multinational Enterprises companies have set up	49,55%	56,85%	Data coverage in the reporting year: 71.64%	
	12. unadjusted gender-specific earnings gap	Average unadjusted Gender pay gap in the labour market Companies in which investments are made	12,48%	11,97%	Data coverage in the reporting year: 14.11%	
	13. Gender diversity in management and supervisory bodies	Average ratio of women to men in the management and supervisory bodies of the companies in which investments are made, expressed as a percentage of all members of the management and supervisory bodies	34,94%	31,68%	Data coverage in the reporting year: 72.09%	
	14. involvement in controversial weapons (anti-personnel mines, cluster munitions, chemical and biological weapons)	Share of investments in companies involved in the production or sale of controversial weapons	0,00%	0,00%	Data coverage in the reporting year: 72.01%	

## Indicators for investments in states and supranational organisations

Sustainability indicator for adverse impacts		Measured variable	Effects [2023]	Effects [2022]	Explanation	Seized and planned Measures and Goals for the next Reference period
Environment	15 GHG emission intensity	GHG emission intensity of the countries in which investments are made	195.00	211,22	Data coverage in the reporting year: 41.96%	Concretisation and further development of the investment process
Social affairs	16. countries in which investments are made that violate social regulations	Number of countries invested in according to in accordance with international treaties and Convention, the principles of the United nations or, if applicable, national Legislation against social provisions (absolute number and relative number, divided by all countries in which is invested)	Absolute: 0 Relative: 0.00%	Absolute: 0 Relative: 0.00%	Data coverage in the reporting year: 41.96%	

### Indicators for property investments

Sustainability indicator for adverse impacts		Measured variable	Effects [2023]	Effects [2022]	Explanation	Measures taken and planned and targets for the next reference period
Fossil fuels	17. exposure to fossil fuels through investment in real estate	Share of investments in real estate related to the extraction, storage, transport or production of fossil fuels	N/A	N/A	Indicator not relevant as no investments are made in property	
Energy efficiency	18. exposure to properties with poor energy efficiency	Proportion of investments in properties with poor energy efficiency	N/A	N/A	Indicator not relevant as no investments are made in property	

### Additional climate indicators and other environmental indicators

Sustainability indicator for adverse impacts		Measured variable	Effects [2023]	Effects [2022]	Explanation	Measures taken and planned and targets for the next reference period
Water, waste and material emissions	9. investments in companies that manufacture chemicals	Share of investments in companies whose activities fall under Division 20.2 of Annex I to Regulation (EC) No 1893/2006	0,01%	0,08%	Data coverage in the reporting year: 73.20%	Concretisation and further development of the investment process

### Additional indicators for the areas of social affairs and employment, respect for human rights and combating corruption and bribery

Sustainability indicator for adverse impacts		Measured variable	Effects [2023]	Effects [2022]	Explanation	Measures taken and planned and targets for the next reference period
Social affairs and employment	6 Insufficient protection of whistleblowers	Proportion of investments in companies with no whistleblower protection measures in place	5,69%	7,23%	Data coverage in the reporting year: 71.75%	Concretisation and further development of the investment process

### Description of the strategies for identifying and prioritising the main adverse impacts on sustainability factors

Volksbank Westmünsterland uses data from the external data provider MSCI ESG Research LLC to determine and weight the principal adverse impact on sustainability factors ("Principal Adverse Impact" or "PAI"). The relevant indicators in the categories of greenhouse gas emissions, biodiversity, water, waste, social issues and employee concerns are reviewed at the time of investment decisions, but at least once a month. The analysis of adverse impacts on sustainability factors is based on a relative approach. The PAI of the individual securities in the portfolio are compared with the adverse impact of a general market index (MSCI All Country World Index). Manufacturer data can also be included in the analysis.

In addition, the application of so-called minimum exclusions is essential for a large number of financial products. This means that individual financial products may not contain certain insufficiently sustainable securities or may only contain them up to a specified limit. This ensures that these financial products only (co-)finance a small proportion of activities that are not sufficiently sustainable. This further minimises sustainability risks and negative effects on sustainability factors. When defining the exclusion criteria, Volksbank Westmünsterland is guided at overall portfolio level by the minimum exclusion standard of the Bundesverband Investment und Asset Management e. V. (German Investment and Asset Management Association). V. The concept explained above ensures that negative effects on sustainability factors are taken into account in all investment decisions and thus minimised. A quantitative statement on how the probability of occurrence and the severity of these main adverse impacts, including their potentially irreversible nature, are taken into account cannot be made on the basis of the data currently available. This is due, among other things, to the fact that the external data provider's assessments are sometimes subject to estimates and assumptions in order to estimate the adverse effects of the companies to the best of their ability. A certain margin of error is therefore currently unavoidable. In the case of currencies and commodities, it is currently not possible or appropriate

to take adverse effects into account on a consistent basis. Either because the instrument is not directly linked to adverse impacts or because there is no recognised methodology for measuring and assessing impacts.

Good data availability is an important prerequisite when taking PAI into account. Here, the Bank is dependent on the availability of this data on the market. A prerequisite for the selection of the above-mentioned additional indicators in the environmental and social areas is therefore good data coverage so that accurate statements on the impact on the sustainability factors can be derived.

The strategies for determining and weighting are reviewed on an ongoing basis, taking into account the available data, and are therefore always kept up to date and applied.

The Bank's Executive Board approved these strategies on 22 July 2022. The Bank's portfolio management team has been tasked with the operational implementation of the internal sustainability policy. It reports regularly to the Asset Allocation Committee, which is responsible for the strategic direction of the investment strategies. The internal sustainability policy was last reviewed and adjusted in October 2023.

### **Participation policy**

The Bank does not currently pursue an active participation policy. As part of its financial portfolio management, the Bank invests exclusively in investment funds and ETFs and not directly in companies. The Bank's ability to influence the respective corporate policy is therefore limited. Nevertheless, the Bank indirectly supports sustainable action through its investment policy and liaises with the capital management companies in which it invests.

### **Reference to internationally recognised standards**

When acquiring investment units, it is ensured that the proportion of sustainable investments complies with the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights. As part of the standards-based screening, it is checked whether the investment fund invests in companies that violate these standards. When purchasing investment units, it is assumed that the investment funds apply good corporate governance practices in their investment decisions. To ensure this, exclusion criteria are defined that are based on the ten principles of the United Nations Global Compact.

The ten principles of the Global Compact include guidelines for dealing with human rights, labour rights, corruption and environmental violations. Companies should respect the protection of international human rights and ensure that they are not complicit in human rights violations.

Specifically, violations of the UNGC principles and the Organisation for Economic Co-operation and Development's (OECD) Guidelines for Multinational Enterprises are monitored as well as the lack of processes and compliance mechanisms for monitoring adherence to the UNGC principles and the OECD Guidelines for Multinational Enterprises on the basis of data from the service provider MSCI.



Volksbank Westmünsterland eG does not currently use a standardised future-oriented climate scenario as part of its INVVESTMünsterland financial portfolio management, as the investment funds to be invested and the available investment universe use provider-specific calculation models in some cases, which, however, aim to minimise the carbon footprint to varying degrees in their respective characteristics.

### **Historical comparison**

The historical comparison in this report, which was published for the first time, provides a detailed comparison of the sustainability indicators for the current reporting period with the previous year's data.

This data shows the progress made by Volksbank Westmünsterland in its strategy and in promoting sustainable investments. The reduction in greenhouse gas emissions, the decrease in the carbon footprint and the reduced dependence on fossil fuels and non-renewable energy sources emphasise the efforts towards sustainability and climate protection.

Future objectives include the further concretisation and development of the investment process in order to further improve the sustainability indicators and increase transparency and data coverage.

### **List of changes**

August 2024: Change of the bank name due to legal merger, no substantive amendments

30.06.2024: republication in accordance with Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 with data from the current reporting period

30.06.2023: Initial publication in accordance with Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022