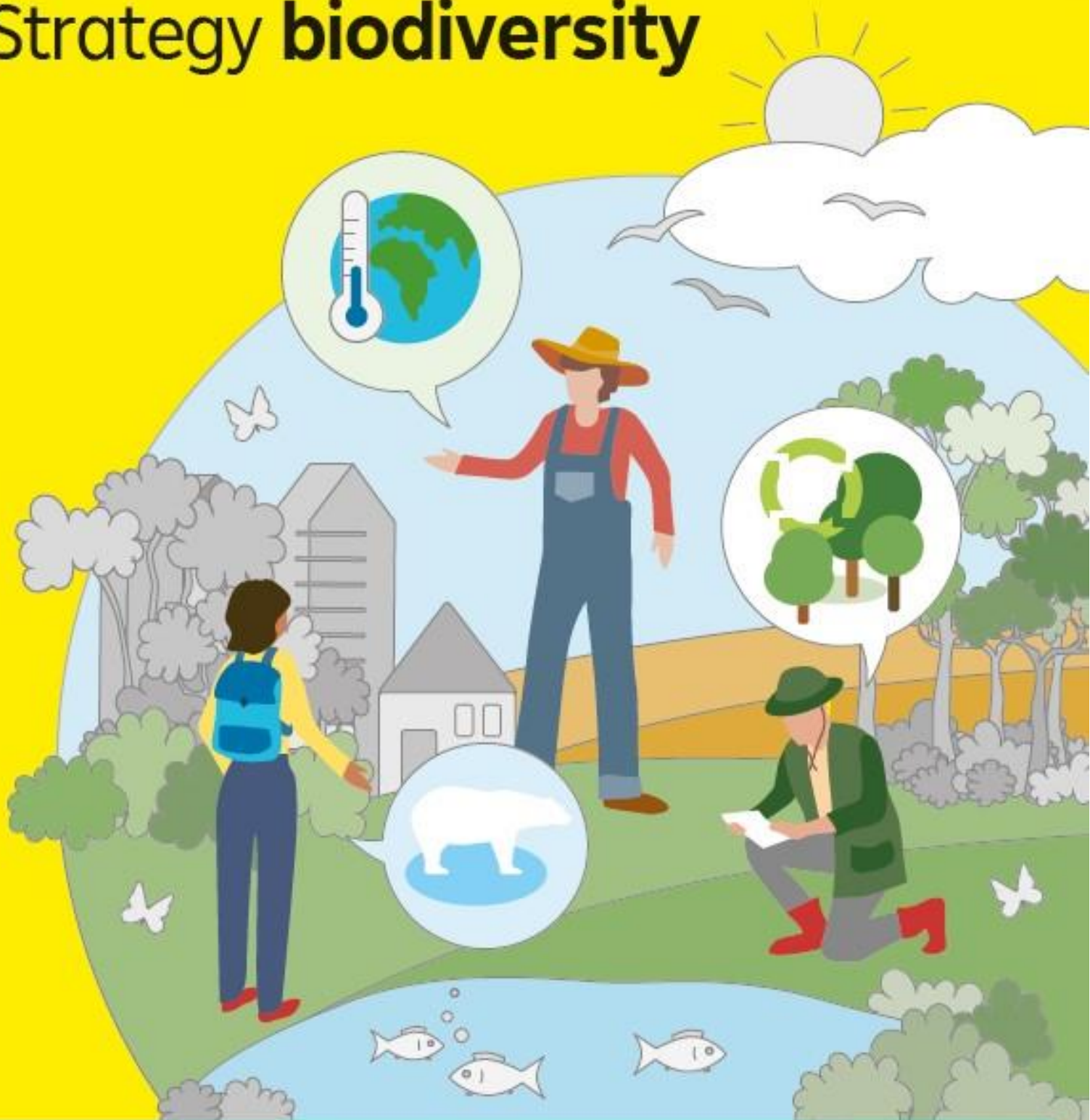


# Strategy **biodiversity**



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Raiffeisen Capital Management stands for Raiffeisen Kapitalanlage GmbH or short Raiffeisen KAG.

## 1 | Vision and strategy

We create lasting value for the future

As the asset manager of RBI<sup>1</sup> group, Raiffeisen Kapitalanlage-Gesellschaft m.b.H. (Raiffeisen KAG) is embedded in the sustainability strategy of the RBI Group. For us, sustainability means responsible corporate action for long-term business success, in harmony with environmental and social goals. Sustainability is a core component of our business policy. Our actions are based on the commitment to being a responsible fund manager, fair partner, and good corporate citizen.

Raiffeisen KAG integrates the topic of sustainability at all levels:

- in the (further) development of products,
- in all areas of our investment process, and
- in the ongoing development of our enterprise;

The loss of biodiversity and natural capital has far-reaching consequences for the environment, the economy and society. Raiffeisen KAG recognises its responsibility to make an adequate contribution to the protection of biodiversity and, as a financial market participant, to support the necessary transformation. With this policy, Raiffeisen KAG is continuing its efforts towards addressing biodiversity and natural capital in greater depth within a framework that goes beyond a holistic approach in terms of sustainability and is in line with responsible behaviour as a financial market participant and member of our society.

## 2 | Biodiversity and natural capital

Biodiversity describes the variety of life on earth, including the diversity within species, between species and the diversity of ecosystems<sup>2</sup>. Biodiversity is not only aimed at the protection of animal and plant species, but also at the functioning of ecosystems and the provision of ecosystem services<sup>3</sup>, known as natural capital. Ecosystems are in constant interaction with socio-economic systems and are therefore an essential component of sustainable economic development. On the other hand, the loss of biodiversity and, in particular, natural capital is a threat to human health, food security and economic development.

The World Biodiversity Council IPBES (Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services) has identified five direct drivers of biodiversity loss. On the one hand these factors influence biodiversity and ecosystem processes directly, while on the other they often interact with each other and therefore also have an indirect effect.

1 | RBI stands for Raiffeisen Bank International AG.

2 | see definition of the European Environment Agency, Biodiversity - Ecosystems – European Environment Agency (europa.eu)

3 | The term ecosystem services refers to services provided by nature to humans through habitats and living organisms such as animals and plants, for example food, medicine, or climate regulation..



The table below describes the influencing factors according to the IPBES definition.:

Drivers	Description
Land- use change	<p>Most important human influence on habitats:</p> <ul style="list-style-type: none"><li>➤ Conversion of land cover (e.g. through mining or agriculture))</li><li>➤ Changes in the management of the ecosystem or agro ecosystem (e.g. intensification of forest harvesting))</li><li>➤ Changes in the spatial configuration of the landscape (e.g. fragments of habitats)</li></ul>
Climate change	<p>Changes in climate and weather patterns impacting in situ ecosystem functioning and causing the migration of species and entire ecosystems.</p>
Pollution	<p>Causes changes to biodiversity and ecosystems through all biomes, with particularly devastating direct effects on freshwater and marine habitats.</p> <p>At a global level, atmospheric deposition of nitrogen is recognised as one of the most important threats to the integrity of global diversity.</p>
Natural resource use and exploitation	<p>Antropogenic exploitation of wildlife. The most overexploited species include marine fish and trees.</p>
Invasive species	<p>Invasive species can be indigenous and/or exotic/alien, occur mainly in terrestrial and aquatic ecosystems (marine and freshwater) and disrupt the ecological functioning of natural systems. Invasive species compete with local and indigenous species for natural resources, which has a negative impact on biodiversity.</p>



### 3 | Nature related risks and opportunities

The loss of biodiversity represents a systemic risk that can have far-reaching implications for the stability and resilience of global economic and financial systems<sup>4</sup>. Biodiversity forms the foundation of numerous ecosystem services, from pollinating crops to ensuring water quality and stabilising the climate. These services are essential for maintaining productivity in agriculture, fisheries and other economic sectors that directly or indirectly require natural resources. According to estimates by the World Economic Forum, around half of global GDP (gross domestic product) is dependent on ecosystem services<sup>5</sup>.

Ecosystem services<sup>6</sup>:

Supply services:

- Crops, soil fertility
- Livestock farming
- Timber industry
- Fishing
- Drinking water
- Clean air
- and much more

Regulatory services:

- Pollination
- Temperature regulation
- Carbon sequestration and storage
- Pest control
- Erosion prevention
- Flood protection
- and much more

Cultural services:

- Recreation (e.g. swimming, hiking)
- Aesthetics (e.g. landscapes)
- Cultural identity
- and much more

It is important to recognise the risk of the destruction of nature and ecosystems and the associated loss of biodiversity as a potential source of economic and financial risk, both at a macroeconomic level and at the level of financial stability and thus the capital markets. This risk is considered systemic, i.e. it can develop the potential to impair or destabilise the economic system or the financial market beyond a specific risk.

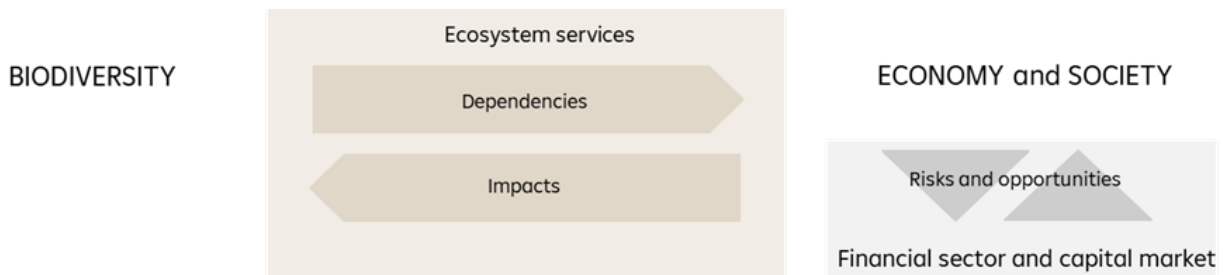
4 | See European Central Bank: Living in a world of disappearing nature: physical risks and the implications for financial stability (ECB Occasional Paper Series No. 333)

5 | See World Economic Forum: Nature Risk Rising: Why the Crisis Engulfing Nature Matters for Business and the Economy (2020)

6 | See ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure), <https://encorenature.org/en/data-and-methodology/services>

The risk of biodiversity loss can be broken down into physical risks and transition risks. Physical risks can be acute (e.g. severe natural disasters) or chronic (e.g. deterioration of ecosystems). Direct consequences of a decline in biodiversity and the subsequent destabilisation of ecosystem services manifest themselves, among other things, as declining crop yields due to a lack of pollinating insects, as degradation of agricultural land or reduced protection against flooding due to deforestation. This in turn affects the supply chains and production bases of companies and can lead to supply-side shocks, for example in the pharmaceutical industry (drug production) or in tourism. Transition risks result from changes that involve the protection and restoration of nature and biodiversity, whether through political or legal changes, technological developments or changes in consumer and investment behaviour, and can thus influence companies' business models.

The transformation towards the protection and restoration of nature and biodiversity can also create opportunities. The necessary change in the real economy offers opportunities to support and benefit from this transition, whether through demand for new products or services, investments or the development of new business areas.



Consequently, the financial sector and the capital market also interact indirectly with biodiversity and natural capital. This relationship manifests itself through asset allocation and investment decisions. Therefore, numerous economic activities – including the valuation of assets – depend directly or indirectly on ecosystem services; on the other hand, these can reinforce the human-induced drivers of biodiversity loss. In this sense, investors and financial market participants can play a crucial role in channelling capital flows so that nature-related negative impacts are reduced, and positive impacts are supported, thereby contributing to the protection and restoration of biodiversity.

Nature-related risks and opportunities can affect a company's impact on natural capital, either negatively or positively. This can occur directly through the company's business activities or indirectly through the use of its products or services. The effects can be seen throughout the entire value chain, from resource extraction to sales. Conversely, risks and opportunities can manifest themselves as dependencies, influencing the company externally. Many companies are often directly or indirectly dependent on ecosystem services, such as resource provision or regulatory functions<sup>7</sup>, either directly or indirectly in their operations.

### 3.1 | Net Zero

Climate change and biodiversity loss are strongly interlinked. Climate change, fuelled by rising greenhouse gas emissions, is one of the greatest threats to biodiversity. It alters habitats, influences

7 | See Natural Capital Coalition: Natural Capital Protocol.



the distribution of species and disrupts ecological processes. At the same time, rich biodiversity is essential for climate resilience. Ecosystems such as forests, wetlands and oceans act as natural carbon sinks and thus contribute to climate change mitigation. It is crucial that measures to protect biodiversity and natural capital are aligned with Net Zero targets. These efforts should support each other to effectively address the twin crises of global warming and biodiversity loss. The Finance for Biodiversity framework implemented by Raiffeisen KAG (Nature Target Setting Framework<sup>8</sup>) is compatible with key Net Zero frameworks, including the Net Zero Asset Management Initiative, which Raiffeisen KAG has joined.

As the pathway to climate neutrality and net zero targets have been defined in a separate company-wide policy (see Raiffeisen KAG's climate strategy<sup>9</sup>), the pathway to protect biodiversity and natural capital is focused on other key drivers of species loss.

## 4 | Regulations and frameworks

Natural capital and biodiversity are increasingly finding their way into regulatory requirements at international and national level, whether in terms of legislation or voluntary frameworks. They aim to improve disclosure and increase transparency but also act to initiate measures that will ultimately accompany a transformation of the real economy. It can be assumed that the relevant requirements will continue to evolve over time.

### 4.1 | European Union

At EU level, non-financial reporting and the EU taxonomy are key building blocks that are outlined below. However, biodiversity and natural capital are also reflected in other elements of the European Green Deal, such as the EU deforestation regulation<sup>10</sup> or the Supply Chain Act<sup>11</sup>.

The European Union's non-financial reporting (CSRD: Corporate Sustainability Reporting Directive<sup>12</sup>) came into force on 1 January 2024. It formulates requirements for the disclosure and external review of information on the sustainability of the business activities of companies subject to reporting requirements, presenting uniform mandatory European reporting standards (ESRS: European Sustainability Reporting Standards) for this purpose. Natural capital and biodiversity are primarily dealt with in the environmental standard ESRS E4 "Biodiversity and Ecosystems".

8 | See <https://www.financeforbiodiversity.org/ffb-foundation-launched-the-nature-target-setting-framework-for-asset-managers-and-asset-owners-2/>

9 | See <https://www.rcm.at/at-en/retail/topics/sustainability/#policies-reports>

10 | EU Deforestation Regulation (EUDR), see regulation (EU) 2023/1115 of the European Parliament and of the Council of 31 May 2023

11 | Corporate Sustainability Due Diligence Directive (CSDDD), see Directive (EU) 2024/1760 of the European Parliament and of the Council of 13 June 2024

12 | Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014 and Directives 2004/109/EC, 2006/43/EC and 2013/34/EU as regards corporate sustainability reporting



The EU taxonomy<sup>13</sup> came into force for the first time on 1 January 2022 and provides for a science-based classification of sustainable economic activities. It contains six environmental targets, of which target 6 is dedicated to the protection and restoration of biodiversity and ecosystems. However, the current status of the regulatory technical standards within this objective is currently limited to two economic activities.<sup>14</sup>

## 4.2 | International frameworks

### 4.2.1 | Convention on Biological Diversity

The Convention on Biological Diversity (CBD) was adopted by the international community in 1992 and is supported by 196 signatory states (including the European Union). The aim of the Convention is to promote the conservation of biological diversity at a global level, to support the sustainable use of the components of biological diversity and to ensure access to and the fair and equitable sharing of the benefits arising out of the utilisation of genetic resources.

### 4.2.2 | Global Biodiversity Framework

The Kunming-Montréal Global Biodiversity Framework (GBF) is an international action plan aimed at halting the loss of biodiversity worldwide and conserving ecosystems for future generations. It was developed under the auspices of the Convention on Biological Diversity and adopted by the international community in December 2022. The GBF represents a strategic plan at global level that includes targets and measures for the conservation and sustainable use of biodiversity and the equitable sharing of the benefits arising from the use of genetic resources. It is intended as a guide for governments, private sectors and other stakeholders to join efforts to halt biodiversity loss and empower positive impact. In its vision, the GBF describes four long-term goals for 2050, which relate to the protection and restoration of biodiversity, its sustainable and equitable use and the provision of sufficient resources to implement the GBF. To realise the vision, 23 action-oriented targets have been defined, which aim to conserve at least 30% of the world's land and marine areas, restore at least 20% of degraded ecosystems and reduce pollution by 2030. The GBF is intended to make a significant contribution to limiting the loss of biodiversity and protecting the Earth's ecosystems in order to ensure a sustainable future for all.

The GBF also addresses the financing of the necessary measures to preserve biodiversity. The financial sector plays a key role here. Its importance is addressed in particular in Targets 14 and 15 of the GBF, whereby:

- Target 14 of the GBF calls for the full integration of biodiversity and its multiple values into policy and business, at all levels of government and in all sectors, especially those with significant impacts on biodiversity. The aim is to gradually align public and private activities as well as fiscal and financial flows with the goals and targets of the framework,
- Target 15 of the GBF is aimed at measures that enable large and international companies and financial institutions in particular to regularly monitor, assess and transparently disclose their risks, dependencies and impacts on biodiversity. The entire value chain should be taken into account in this context

13 | Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088

14 | See Annex IV of Commission Delegated Regulation (EU) 2023/2486 of 27 June 2023



### 4.2.3 | TNFD and SBTN

TNFD stands for Taskforce on Nature-related Financial Disclosures. This initiative is analogous to the Taskforce on Climate-related Financial Disclosures (TCFD) and aims to create a framework for companies and financial institutions to assess, manage and disclose their nature-related risks and opportunities. The TNFD is intended to help create transparency about the impact of business activities on nature and enable investors and decision-makers to make informed decisions that take biodiversity and natural ecosystems into account.

SBTN stands for Science Based Targets Network. This initiative is an extension of the Science Based Targets Initiative (SBTi), which originally focussed on climate-related targets. SBTN provides a methodology for companies to set science-based targets for the conservation and restoration of biodiversity.

The two initiatives are designed to complement each other. While TNFD targets the disclosure and reporting of nature-related financial risks and opportunities, SBTN focusses on the development and implementation of science-based targets for the conservation and restoration of biodiversity.

### 4.2.4 | Finance for Biodiversity

Finance for Biodiversity is an investor initiative committed to limiting the loss and contributing to the responsible use of biodiversity. The aim is to protect and restore biodiversity through financial activities and investments and to raise awareness of biodiversity-related risks and opportunities in politics and business. Finance for Biodiversity is instrumental in establishing industry standards to increase the transparency of nature-related risks and opportunities, working on science-based target setting frameworks and facilitating knowledge sharing within the financial sector. Finance for Biodiversity is in constant dialogue with international partner organisations such as TNFD, EU Business & Biodiversity Platform, PBAF<sup>15</sup>, SBTN, UNEP FI<sup>16</sup> and many more. Through its work, the initiative supports GBF targets 14 and 15. The Nature Target Setting Framework developed by Finance for Biodiversity is based on the requirements of GBF, TNFD, SBTN and leading Net Zero frameworks.

As part of the Finance for Biodiversity Pledge, signatories commit to five points:

1. Collaborating and sharing knowledge
2. Engaging with companies
3. Impact Assessment
4. Setting targets
5. Disclosures

The Finance for Biodiversity Foundation provides a platform for collaborating and sharing knowledge between members. Various working groups are currently active in the development of target setting standards and guidelines in order to support the call of action and collaboration among financial institutions to reverse nature loss.

<sup>15</sup> | PBAF stands for Partnership for Biodiversity Accounting Financials: a standard for assessing and disclosing impacts and dependencies related to biodiversity loss.

<sup>16</sup> | UNEP FI stands for United Nations Environment Programme Finance Initiative: a global partnership between the United Nations Environment Programme and the financial sector.



In 2023, Raiffeisen KAG joined the Finance for Biodiversity Foundation and signed the Finance for Biodiversity Pledge. The targets outlined within the pledge as well as the achievement of the initiation targets are described in chapter "targets".

## 5 | Materiality assessment

In 2025, Raiffeisen KAG conducted a materiality assessment in the field of biodiversity and natural capital. The materiality assessment serves as a key instrument for identifying and evaluating the most significant impacts and dependencies in this context, which are presented below. On the one hand, the findings can be used to assess the dependencies of the assets in scope on changes in ecosystems. On the other hand, the materiality assessment enhances the understanding of the portfolio's impact on biodiversity and nature.

The data source was ENCORE<sup>17</sup> and the portfolio in scope included all equities and corporate bonds in the management company's self-managed public funds. The impacts and dependencies were measured on a five-point scale (from 1: very low to 5: very high). For the assessment, ratings of 4 (high) and 5 (very high) were considered material. For clarity, the graphs shown below are limited to these values (4 and 5).

It should be noted that ENCORE captures impacts and dependencies from the perspective of economic activities. In the subsequent analysis, these are attributed to individual companies based on a simplifying assumption. Due to the nature of large datasets, there is a small subset that could not be clearly assigned. Furthermore, the interpretation of impacts and dependencies is limited to corporate issuers. As a result, sovereign and quasi-sovereign issuers are not covered.

### Impacts

The indicators identified by ENCORE for capturing impacts cover 13 areas:

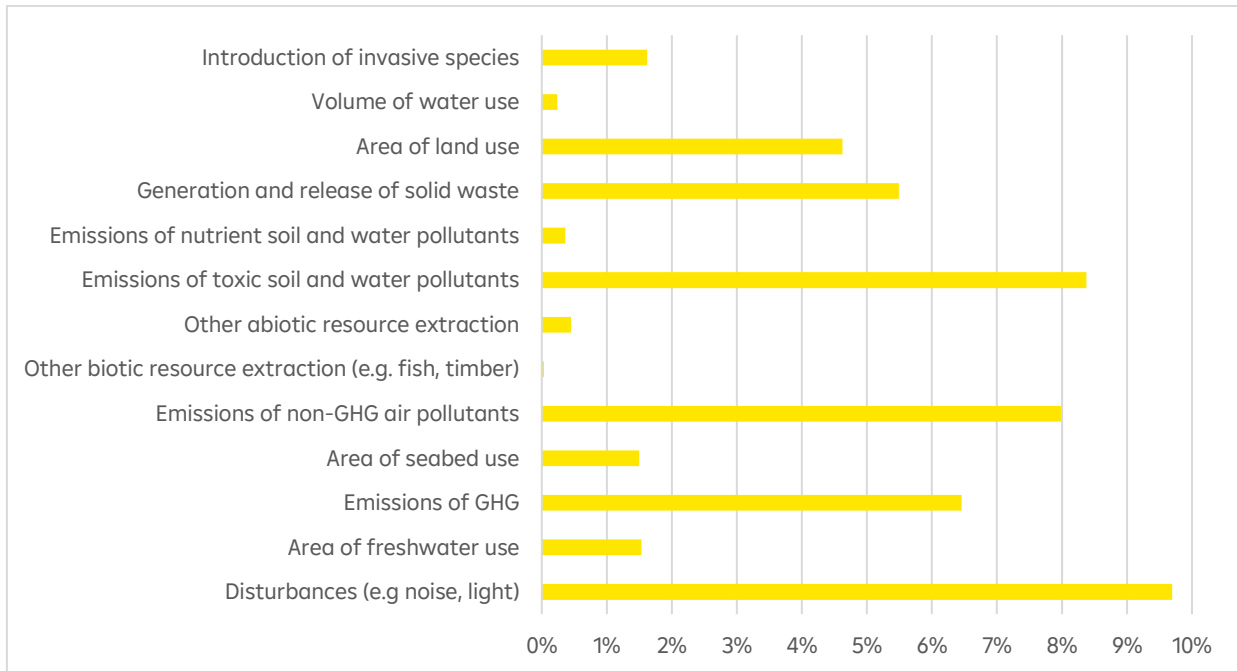
- disturbances (e.g. noise, light)
- area of freshwater use
- emissions of GHG
- area of seabed use
- emissions of non-GHG air pollutants
- other biotic resource extraction (e.g. fish, timber)
- other abiotic resource extraction
- emissions of toxic soil and water pollutants
- emissions of nutrient soil and water pollutants
- generation and release of solid waste
- area of land use
- volume of water use
- introduction of invasive species

17 | ENCORE stands for "Exploring Natural Capital Opportunities, Risks and Exposure", see <https://encorenature.org/en>



The portfolio in scope shows a limited share of positions with high or very high impacts, with the highest exposure identified in the areas of pollution (e.g., noise, light), emissions of toxic soil and water pollutants, and emissions of non-GHG air pollutants.

Graph 1: Overview of the impacts



Source: Raiffeisen KAG, own calculations based on data of ENCORE, November 2025

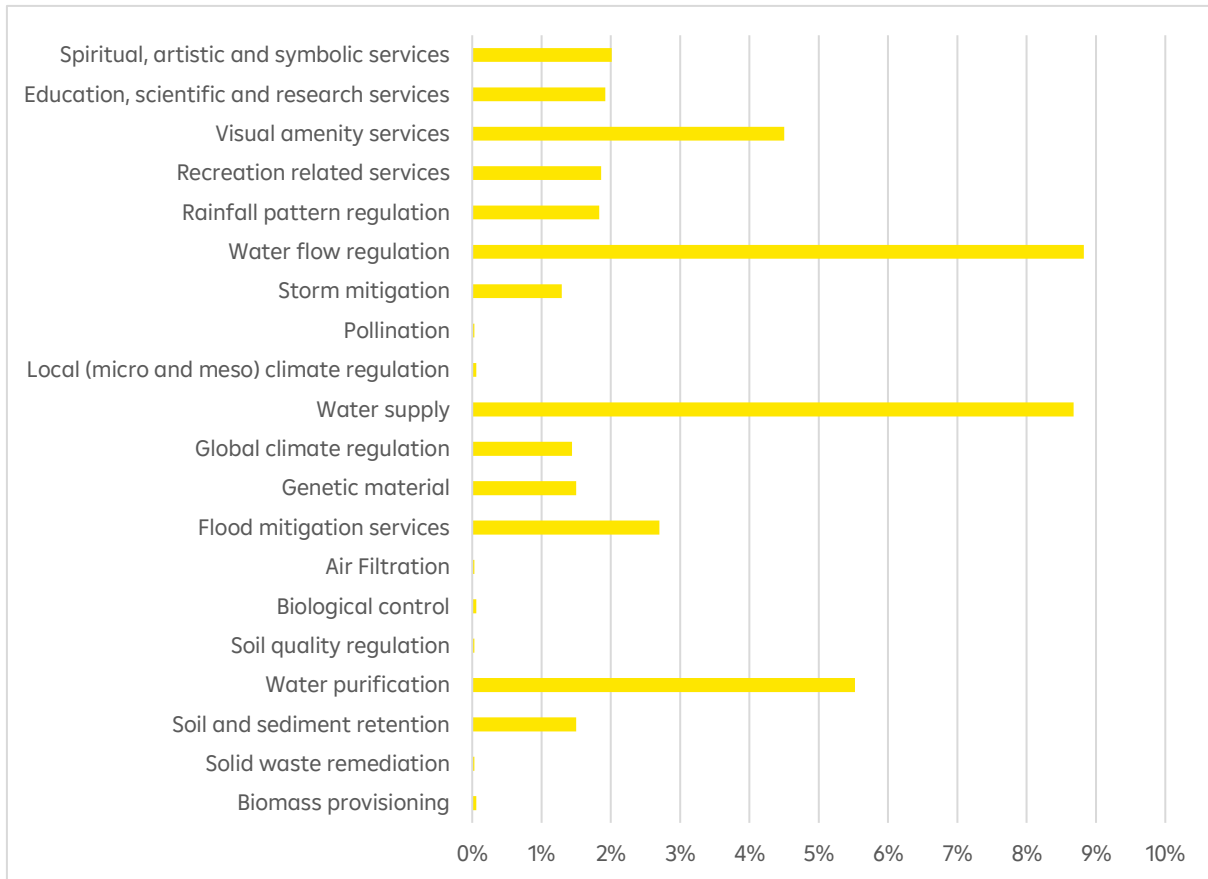
### Dependencies

Dependencies were determined in ENCORE on the basis of 20 different factors:

- > biomass provisioning
- > solid waste remediation
- > soil and sediment retention
- > water purification
- > soil quality regulation
- > biological control
- > air filtration
- > flood mitigation services
- > genetic material
- > global climate regulation
- > water supply
- > local (micro and meso) climate regulation
- > pollination
- > storm mitigation
- > water flow regulation
- > rainfall pattern regulation
- > recreation related services
- > visual amenity services
- > education, scientific and research services
- > spiritual, artistic and symbolic services

Similar to the impact analysis, the portfolio in scope shows a limited share of positions with high or very high materiality, with the strongest exposure recorded in the areas of water flow regulation, water supply, and water purification.

**Graph 2: Overview of the dependencies**



Source: Raiffeisen KAG, own calculations based on data of ENCORE, November 2025

## 6 | Collaborative engagement

As one of Austria’s leading asset managers, Raiffeisen KAG is aware of its fiduciary duties towards its clients. As part of these obligations, it actively engages with companies to protect the interests of its clients in the best feasible way. The conducted engagement activities include, among others, collaborative engagement initiatives, with initiatives specifically focused on biodiversity and natural capital listed below.

### Nature Action 100

The loss of biodiversity and species extinction represent a fundamental financial risk. This will result in substantial operational costs for companies and put the supply of critical resources at risk in the near future. More than half of the world’s gross domestic product (GDP) is affected by the loss of biodiversity. Raiffeisen KAG is participating in Nature Action 100, a global investor initiative that aims to promote the necessary actions by companies to stop and reverse the loss of biodiversity. At



present, Nature Action 100 is assisting 230 initiative members in engagement activities with 100 global companies in key sectors.

### **FAIRR**

The FAIRR Initiative, which Raiffeisen KAG supports, believes industrial livestock farming to be a material risk for financial investors and to be incompatible with the principles of sustainable food production and development. FAIRR sees itself as the coordinator of an international network of investors aiming to minimise the medium- and long-term risks to ensuring an adequate food supply for the population. The animal suffering associated with industrial farming is to be reduced at the same time.

### **Spring**

Spring is a PRI<sup>18</sup> initiative for the responsible stewardship of nature that addresses the systemic risks of biodiversity loss to protect the long-term interests of investors. In doing so, the initiative aims to contribute to the global goal of halting and reversing biodiversity loss by 2030. Spring aims to improve corporate practices and ultimately deliver positive, real results while protecting and enhancing investment returns. In the first phase, Spring focuses on combating forest loss and land degradation in priority regions and promotes responsible practices in corporate policy engagement.

### **Finance for Biodiversity FABRIC**

Finance for Biodiversity FABRIC<sup>19</sup> is a collaborative engagement initiative by Finance for Biodiversity that addresses the impact of the textile industry on biodiversity and natural capital. It focuses on clothing companies, particularly those in the luxury, sportswear, footwear and retail sectors. The aim is to reduce negative biodiversity impacts along the entire supply chain, from raw material sourcing to disposal, and to align the industry with the global biodiversity targets for 2030. This includes promoting transparency, sustainability and concrete actions such as avoiding fossil raw materials, preventing deforestation, promoting the circular economy and science-based targets for nature-friendly production.

18 | PRI stands for the Principles for Responsible Investment, a United Nations-backed initiative that aims to integrate environmental, social and governance (ESG) factors into investment decisions and promote sustainable investment practices.

19 | FABRIC stands for Fostering Action on Biodiversity through Responsible Investment in Clothing



## 7 | Targets

### 7.1 | Interim targets 2026

As a signatory of the Finance for Biodiversity Pledge, Raiffeisen KAG has set the following interim targets, which are based on the Finance for Biodiversity target setting framework<sup>20</sup>:

Collaborating and sharing knowledge	By December 31, 2026, employees responsible for the development and implementation of the investment process will be trained on the consideration of biodiversity and natural capital in the context of asset management.
Engagement with companies	By December 31, 2026, Raiffeisen KAG aims to integrate biodiversity and natural capital into engagement dialogues. To this end, a questionnaire will be developed for sectors material to Raiffeisen KAG in this context and made available within the company and as part of the investment process.
Impact assessment	Raiffeisen KAG commits to preparing the implementation of a metric by December 31, 2026, which addresses key drivers of biodiversity loss and can be used within the framework of portfolio objectives.
Target setting and disclosure	<ul style="list-style-type: none"><li>➤ The KAG commits to reporting on the achievement of the interim targets by December 31, 2026.</li><li>➤ Based on the Finance for Biodiversity Target Setting Framework, the KAG commits to formulating and disclosing appropriate portfolio targets by December 31, 2026.</li></ul>

20 | See Finance for Biodiversity Nature Target Setting Framework



## 7.2 | Achievement of targets 2025

The following section reports on measures and progress made towards achieving the initial targets for 2025, which are based on the Finance for Biodiversity framework:

### Collaborating and sharing knowledge

- By 31 December 2025, a comprehensive training program will be developed and implemented to ensure the targeted and efficient knowledge building within the fund management organisation. The program defines specific learning objectives, methods and schedules for the training of employees responsible for the development and implementation of the investment process. The training plan is designed to increase awareness and competences in relation to the consideration of biodiversity and natural capital in the context of asset management.
- By 31 December 2025, the biodiversity working group, which is anchored in the Corporate Responsibility department, will be strengthened in terms of personnel.
- By 31 December 2025, employees of the Sustainability Office will be trained in the consideration of biodiversity and natural capital in the context of asset management.

#### Target achievement:

- During 2025, a training program was developed in accordance with the target requirements and prepared for rollout in the subsequent year.
- During 2025, the biodiversity working group was expanded by 20% to five employees.
- During 2025, all employees of the Sustainability Office completed training on the consideration of biodiversity and natural capital in the context of asset management.

### Engagement with companies

By 31 December 2025, biodiversity will be included in the annual engagement process with regard to principal adverse impacts on sustainability factors, with the aim of increasing transparency and raising awareness among companies to consider biodiversity and natural capital in their organisational activities.

#### Target achievement:

In the annual engagement process regarding principal adverse impacts on sustainability factors, the PAI Indicator 7 (activities negatively affecting biodiversity sensitive areas) was included in 2025. In this context, three companies in Raiffeisen KAG's portfolio were identified as significant in terms of biodiversity. Consequently, a focused dialogue was initiated with those companies.

### Impact assessment

Raiffeisen KAG carries out a materiality assessment to account for the impacts and dependencies of its own portfolio<sup>21</sup> in connection with biodiversity and natural capital by 31 December 2025, in order to identify the main drivers of relevant negative impacts within the portfolio.

#### Target achievement:

During the course of 2025, a materiality assessment was conducted, the key data and results of which are described in the chapter "materiality assessment".



## Target setting and disclosure

Raiffeisen KAG commits to report on the progress within its initiation targets by 31 December 2025 and to adopt and disclose a biodiversity policy. By 31 December 2025, interim targets will be developed and disclosed that enable the implementation of relevant key performance figures to track the main drivers of biodiversity loss.

### Target achievement:

Reporting on the achievement of the initiation targets is carried out within the framework of the biodiversity and natural capital policy published in this document, which also discloses the interim targets valid for the year 2026.

## 8 | Limitations

Biodiversity and natural capital are multidimensional issues that incorporate different areas communicating with each other. Accordingly, a precise quantification of impacts, risks and dependencies proves to be challenging. A limitation to a standardised universal metric (similar to greenhouse gas emissions in the area of climate targets) is currently not feasible without substantial compromises. Geospatial information on biodiversity is often complex and multifaceted; its processing is very demanding and requires large amounts of data. In addition, the disclosure of biodiversity-relevant data by issuers is sometimes limited or not available across the entire value chain, necessitating the use of (sometimes sector-based) estimates and/or modelling. As a result, the actual impact of a company on biodiversity may differ from the modelled potential impact. International frameworks and reporting standards are still largely under development. Often, not all asset classes are covered. Additionally, only selected drivers and impacts or ecosystems are modelled to a comparable extent. Examples include invasive species or impacts on the marine environment, which are much more difficult to capture.

The reporting standards and measurement methods are subject to constant further development. Raiffeisen KAG assumes that data quality will improve over time and that there will be an increasing standardisation of target setting and disclosure. Raiffeisen KAG will adapt our strategy and the underlying objectives accordingly in the event of significant changes to the framework conditions described.

## 9 | Governance

### 9.1 | Organisation

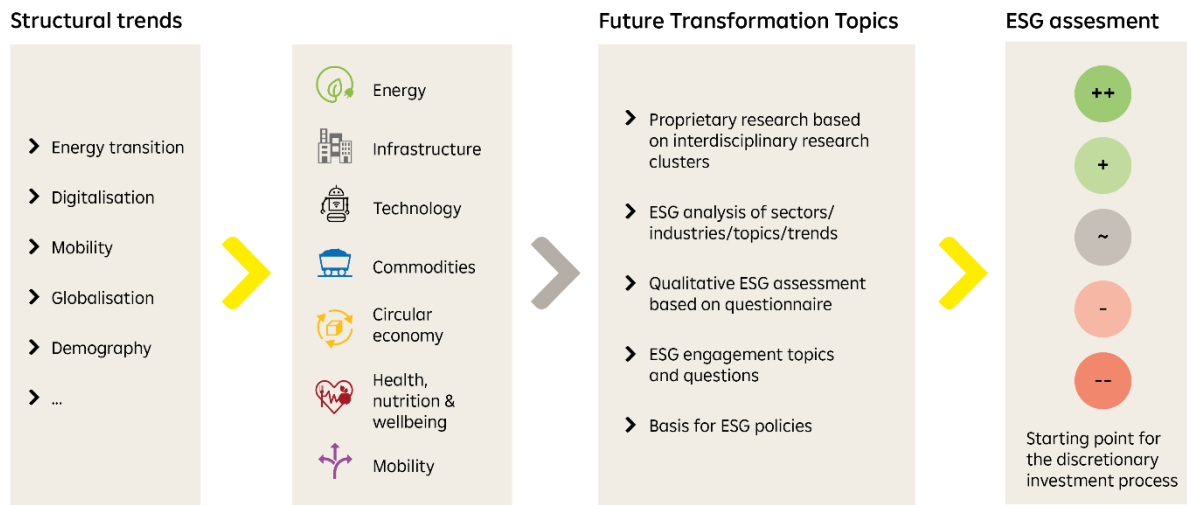
The organisation of Raiffeisen KAG reflects its focus on sustainability - and therefore also biodiversity and natural capital. The areas of Corporate Responsibility (consisting of the Sustainability Office (SO) and Product Management) and Fund Management are reporting to the Chief Sustainability Investment Officer (CSIO) at executive management level. The SO defines the sustainability philosophy, manages the policies and Future Transformation Topics as well as the engagement process. It also ensures the implementation of strategies and methods in the investment process in terms of sustainable product positioning. Key elements include the further development of the sustainability databases and the management of certifications and partnerships. The Corporate Responsibility division also includes the Product Management department, which plays a central role in the development of the sustainable product range.

An advisory board supports the sustainability strategy and criteria of Raiffeisen KAG in an consultative capacity. This advisory board consists of a number of external experts who bring the perspectives of various stakeholder groups into the discussion.

Similar to Raiffeisen KAG's climate pathway, the pathway on biodiversity and natural capital, which is currently under development, is organisationally assigned to the Corporate Responsibility division - in line with a core principle of the sustainability philosophy. In this context, a crucial step involves creating a basis for assessing and disclosing relevant drivers, impacts and dependencies, while taking into account regulatory and voluntary standards and frameworks. Meanwhile, the Future Transformation Topics described in the following chapter are primarily dedicated to analysing structural trends from a holistic sustainability perspective and are thus represented in Raiffeisen KAG's responsible discretionary investment process. In this sense, aspects of the broad topic of biodiversity can also be examined as part of proprietary research into Future Transformation Topics. A regular exchange between the Future Transformation Topics and the biodiversity working group is essential for the effective development and integration of this subject and is reflected in the operational structure of the organisation.

### 9.2 | Future Transformation Topics (Zukunfts-Themen)

As part of the so-called Future Transformation Topics, the internal formal and informal exchange in form of cross-team research groups within the fund management is being intensified. The list of Future Transformation Topics is based on major geopolitical and global economic developments and can be expanded on an ongoing basis. This approach addresses structural trends like the energy transition, digitalization, mobility, demographics, and other developments that could significantly impact the transformation of the global economy and society, both now and in the future, from a sustainability perspective.



Proprietary research is used to develop key trends and topics within and across individual Future Transformation Topics working groups, and ESG analyses of sectors, industries, topics and trends are carried out. In addition, qualitative ESG assessments are performed and ESG engagement topics and questions are derived. The interdisciplinary and interlinked Future Transformation Topics working groups provide a central reference for ESG policies and key information for the investment and engagement process of fund management. In addition, the ESG assessment generated by the Future Transformation Topics represents the starting point for the discretionary investment process. For more information on Future Transformation Topics, see the sustainability policy<sup>22</sup>.

## 10 | Collaboration, initiatives, certifications, awards

### 10.1 | Voluntary commitments

#### Principles for Responsible Investment (PRI)

The United Nations' Principles for Responsible Investment (PRI), which were developed by a group of institutional investors at the initiative of the UN, consist of six principles for responsible investing. They form the core of a voluntary commitment that can be undertaken by asset managers, asset owners, and service providers. The goal is to support the signatories in integrating ESG topics into their investment decision-making processes. By doing so, the signatories contribute to a more sustainable global financial system.

<sup>22</sup> | See <https://www.rcm.at/at-en/retail/topics/sustainability/#policies-reports>

On November 21st, 2013, Raiffeisen KAG became one of the first Austrian asset management companies to sign the principles and thus commits itself to the following (where consistent with its fiduciary responsibilities):

- to incorporate ESG issues into the investment analysis and decision-making processes;
- to be active owners and incorporate ESG issues into its ownership policies and practices;
- to seek appropriate disclosure on ESG issues by the entities in which it invests in;
- to promote acceptance and implementation of the principles within the investment industry;
- to work together to enhance its effectiveness in implementing the principles;
- to report on its activities and progress towards implementing the principles;

### **Montréal Carbon Pledge**

The Montréal Carbon Pledge was launched in 2014 and is supported by the PRI (Principles for Responsible Investment) and the UNEP FI (United Nations Environment Programme Finance Initiative). The goal of the Montréal Carbon Pledge is to create more transparency about the carbon footprint of equity portfolios and to help to reduce this footprint over the long-term. By signing the agreement, investors agree to measure their portfolio's carbon footprint annually and to publish the relevant data.

### **Net Zero Asset Managers Initiative**

The Net Zero Asset Managers Initiative (NZAM) is an international group of asset managers committed to supporting the goal of net zero emissions by 2050. NZAM was launched in December 2020 and is part of the Glasgow Financial Alliance for Net Zero (GFANZ) and the United Nations' campaign „Race to Net Zero“. Raiffeisen KAG joined NZAM in December 2022.

### **Finance for Biodiversity**

Finance for Biodiversity is a voluntary commitment by financial institutions that aims to halt the loss of biodiversity and contribute to the responsible use of biological diversity. The goal is to protect and restore biodiversity through financial activities and investments and to raise awareness among policymakers and business leaders of biodiversity-related risks and opportunities. Finance for Biodiversity is instrumental in establishing industry standards to increase transparency of biodiversity risks and opportunities, working towards science-based target setting and facilitating topic-related knowledge sharing within the financial industry. In 2023, Raiffeisen KAG signed the Finance for Biodiversity Pledge and joined the Finance for Biodiversity Foundation.

### **Raiffeisen Nachhaltigkeits-Initiative**

The Raiffeisen Nachhaltigkeits-Initiative (RNI) is a platform, service and representation body for its members' activities in the field of sustainability. Raiffeisen KAG is a founding member.



## 10.2 | Collaborative engagement initiatives

Raiffeisen KAG is a member of the following collaborative engagement initiatives:

- Climate Action 100+
- FAIRR
- Nature Action 100
- RPI
- Finance for Biodiversity Textiles Engagement Initiative

Please note: Only topics related to the engagement strategy and implementation are the subject of working groups within the framework of collaborative engagement initiatives. Agreements regarding investment decisions (purchase/sale) or voting behaviour are not carried out without exception and are prohibited by the respective initiatives.

## 10.3 | Additional memberships and initiatives

**Forum Nachhaltige Geldanlagen (FNG)** is a professional association for sustainable financial investments in Germany, Austria, Liechtenstein, and Switzerland. Its more than 170 members include banks, asset management companies, insurers, rating agencies, investment firms, asset managers, financial consultants, and NGOs. Raiffeisen KAG has been an active member of FNG since 2009.

The objectives and responsibilities of FNG are:

- to actively promote the development, transparency, and quality of sustainable financial products,
- to help shape the political, legal, and economic frameworks,
- to demonstrate the positive influence of sustainable investments, and
- to ensure quality control in sustainable investments.

**Forum per la Finanza Sostenibile (FFS)** is a multi-stakeholder organisation with the goal of promoting socially responsible investments in Italy. Its more than 60 members include asset managers, banks, insurers, foundations, and NGOs. Raiffeisen KAG has been an active member since 2016.

**Ökofinanz-21** is a network of socially responsible consultants, which was founded in 2003. For many years, this association has been calling for ethical, ecological, and social criteria to be integrated as obligatory parts of the consulting process. This pertains to all forms of investment: banking products, funds, equity investments, and insurance. Implementing these important demands not only requires a complete re-think of fiduciary responsibilities, it also requires different education and advanced training for actors in the asset management and savings industries.

**Raiffeisen Capital Management is the umbrella  
brand name for the following companies:**

Raiffeisen Kapitalanlage-Gesellschaft m.b.H.  
Raiffeisen Immobilien Kapitalanlage-Gesellschaft m.b.H.

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