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EXECUTIVE SUMMARY

- This FMA Market Study on Sustainability Aspects of Austrian Retail Funds is addressed towards the interested public and should contribute towards obtaining a better understanding about various aspects of funds that take sustainability- or ESG-related features into account in investment.
- As of 30.09.2025, 493 Austrian retail funds take sustainability or ESG-related features into account in their investment (net asset value of € 76.03 bn), with some 169 retail funds also using such terms in the name of the fund (net asset value of € 34.87 bn). Following an increase in the proportion of such funds in recent years, the level has now stabilised at a level of 60 % of total net asset value of retail funds (61.4 % as of 30.09.2025). Consideration of sustainability- or ESG-based features in investment therefore represents a prevalent market share of the Austrian retail fund sector. In so doing, such funds do not have higher fee structures compared against the market overall.
- Net growth of funds in this market segment is a significant reason for the increase in the net asset volume of retail funds that take into account sustainability- or ESG-related features in both relative and absolute terms, especially until 2023 and again from 2024. In 2025, the momentum of net flows reduced, and slight net outflows of funds were observed in Q3 2025.
- Where there is a growing market for funds that consider and advertise using sustainability- and ESG related features, the risk of greenwashing also increases. To prevent “greenwashing”, the FMA conducts targeted supervisory activities for checking disclosures as well as for checking actual compliance with the disclosed investment strategy. To do so, the FMA is using a greenwashing analysis framework for retail funds that also uses automated text analysis and artificial intelligence methods.
- The results of the FMA’s analysis show that the degree of sustainability in the investment of funds is also reflected in their disclosure. The more sustainable a fund is declared to be and described as such in disclosure, the more sustainable the fund’s investments also are. Special analysis was conducted about of the exposure to the weapons and defence segments, which appears to be low overall in the Austrian retail fund market. The more sustainable a fund is declared to be, the lower the invested exposure in the weapons and defence segments.
- However, a broad range of sustainable funds exist, which underpins the focus of the FMA’s analysis for potential greenwashing, while also shows the necessity for investors to consider this issue about whether the fund’s specific sustainability aspects also match their own sustainability preferences in greater depth prior to investing in a fund.

1 INTRODUCTION

This FMA Market Study on Sustainability Aspects of Austrian Retail Funds¹ is addressed towards the interested public and should contribute towards obtaining a better understanding about various facets of funds that take sustainability- or ESG-related features into account in investment. It contributes towards improving market transparency regarding retail funds in the interests of collective consumer protection.

As of 30.09.2025, 14 management companies (KAGs; Kapitalanlagegesellschaften), four real estate investment fund management companies (ImmoKAGs) as well as one foreign KAG by means of management company passporting managed 1,003 Austrian retail funds with an combined net asset value of € 123.7 bn. Of these, 493 retail funds take sustainability or ESG-related features into account in their investment (net asset value of € 76.03 bn), with 169 retail funds also using such terms in the fund name (net asset value of € 34.87 bn). The consideration of sustainability or ESG-related features in investment now represents a major market share in the Austrian retail fund sector, making up 61.4 % of net asset value managed by retail funds.

The various aspects and developments in the consideration of sustainability aspects in retail funds are covered in Chapter 2. Chapter 3 focuses on the FMA's greenwashing analysis of retail funds. Finally, statistical analyses regarding the consideration of sustainability based on data obtained from a text-based and portfolio analysis are presented in Chapter 4.

2 OVERVIEW ABOUT THE CONSIDERATION OF SUSTAINABILITY IN RETAIL FUNDS

As at 30.09.2025 there were 493 Austrian retail funds in accordance with the Investment Funds Act 2011 (InvFG 2011; Investmentfondsgesetz 2011) and under the Real Estate Investment Fund Act (ImmoInvFG; Immobilien-Investmentfondsgesetz) with a total managed net asset value of € 76.03 bn that consider sustainability- or ESG-related features in their investment (funds in accordance with Articles 8 and 9 SFDR²), a market share of 61.4 % of all retail funds in terms of managed net asset value. 13 management companies (KAGs; Kapitalanlagegesellschaften), two real estate management companies (ImmoKAGs; Immobilien-Kapitalanlagegesellschaften) and one foreign KAG operating under a management company passport currently manage Austrian retail

¹ This FMA Market Study classifies the following legal fund categories as retail funds: UCITS under the InvFG 2011, pension investment funds pursuant to Article 48 AIFMG in conjunction with Article 168 InvFG 2011, other assets (where approved for distribution to retail clients) pursuant to Article 48 AIFMG in conjunction with Article 166 InvFG 2011, and real estate retail funds pursuant to Article 48 AIFMG in conjunction with the ImmoInvFG.

² Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector.

funds. A large proportion are funds in accordance with Article 8 SFDR (479 retail funds, total managed net asset value of € 73.6 bn), which consider ecological or social features, but which do not pursue sustainable investment as defined in Article 9 SFDR (14 retail funds with managed net asset value of € 2.4 bn). Of these, 105 retail funds (with managed net asset value of approx. € 25.4 bn) invest in accordance with the Austrian Ecolabel 49 for Sustainable Investment Products (UZ49)³.

2.1 DEVELOPMENT OF NET ASSET VALUE OF RETAIL FUNDS THAT TAKE ESG OR SUSTAINABILITY FEATURES INTO ACCOUNT

Following the lateral movement of the total net asset value of Austrian retail funds between 2022 (net asset value of € 120.6 bn as of 31.01.2022) until 30.06.2024 (net asset value of € 116.8 bn), a new high was reached of € 123.7 bn as of 30.09.2025. In recent years the distribution of fund assets of funds that take sustainability or ESG-related characteristics into account in their investment (Articles 8 and 9 SFDR) has changed significantly. While the net asset value of such funds in relation to all retail funds stood at just under 40 % as of 31.01.2022, by the end of H1 2024 it exceeded 60 % and has subsequently stabilised around this level (61.4 % as of 30.09.2025). Consideration of sustainability- or ESG-based features in investment has therefore established itself in the mainstream of the Austrian retail fund sector. In the meantime, the largest Austrian fund, with a managed net asset value exceeding € 5 bn as of 30.09.2025, is a retail fund that takes sustainability- or ESG-related features into account in investment (and also has a sustainability-related fund name).

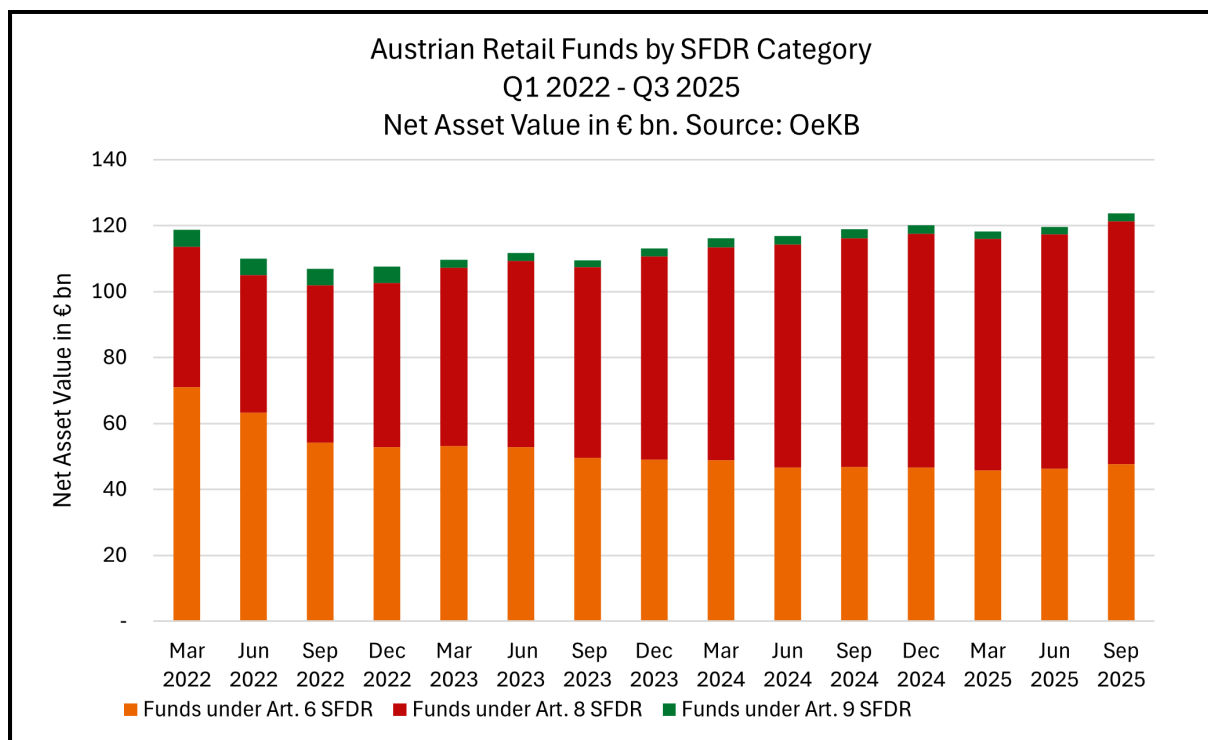


Figure 1: Development of net asset value in € bn of Austrian retail funds by SFDR categorisation, March 2022 - Sept. 2025

³ For details about Ecolabel 49 for sustainable financial products: <https://www.umweltzeichen.at/en/products/sustainable-finance>.

2.2 DEVELOPMENT OF NET FLOWS OF FUNDS OF RETAIL FUNDS THAT CONSIDER ESG OR SUSTAINABILITY FEATURES

Net growth of funds in this market segment is the significant reason for the increase in the net asset volume of retail funds that take into account sustainability- or ESG-related features in both relative and absolute terms in comparison with the market as a whole, especially until 2023 and again from 2024. In 2025, the momentum of net flows reduced, and slight net outflows of funds were observed in Q3 2025.

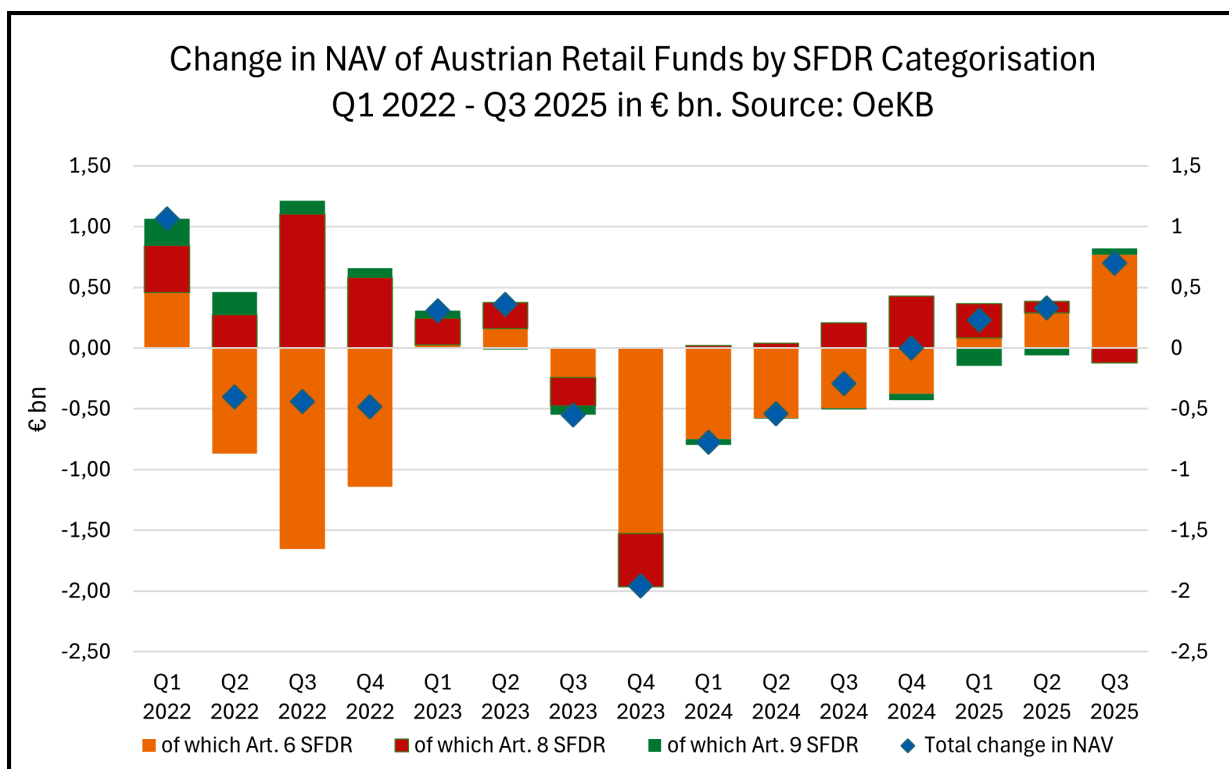


Figure 2: Development of net flows of funds in € bn of Austrian retail funds by SFDR categorisation, Q1 2022 - Q3 2025

2.3 FEE STRUCTURE OF RETAIL FUNDS THAT CONSIDER ESG AND SUSTAINABILITY FEATURES

The annual FMA Market Study on Fees charged by Funds for Austrian Public Funds⁴ also presents and analyses sustainability aspects in relation to fund fees. In the 2025 edition of the market study, the FMA shows that there are no statistically significant differences in the funds fees of Austrian retail funds that consider ESG and/or sustainability aspects in their investments (Article 6 SFDR vs. Articles 8 and 9 SFDR). Consideration of ESG and/or sustainability aspects in investment therefore do not imply higher fee structures.

⁴ FMA Market Study on Fees charged by Funds for Austrian Public Funds 2025, October 2025, <https://www.fma.gv.at/wp-content/plugins/dw-fma/download.php?d=7647>.

2.4 RETAIL FUNDS WITH ESG- OR SUSTAINABILITY-RELATED FUND NAMES

Article 8 SFDR in the case of funds permits a broad range of consideration of sustainability features, since the differentiation between Articles 8 and 9 SFDR constitutes a categorisation for special disclosure requirements and does not reach any direct conclusion regarding the material “sustainability” of a fund. The European regulatory framework under the SFDR that has applied to date primarily focuses on disclosure and transparency. Regulatory labels for “sustainability funds” have not been legally prescribed thus far, although this is to be expected in a potential recasting of the SFDR.⁵

In this regard, ESMA Guidelines on Funds’ Names⁶ entered into force on 21.11.2024 for new funds and stipulate specific requirements for funds that advertise by using ESG or sustainability-related terms in the fund name. These Guidelines have now applied for all existing funds since 21.05.2025. For the first time on an Europe-wide level, the Guidelines state that when using such terms in funds’ names, an 80 % minimum threshold in terms of the proportion of investments must be met to satisfy the environmental or social characteristic or sustainable investment objectives. The Guidelines also exclude certain investments where ESG terms are contained in funds’ names. Depending on the ESG-related term contained in the fund’s name, investments in companies in the areas of coal, oil gas and emissions-intensive generating of electricity (in this instance the specific respective thresholds for the company’s revenues in these areas apply), controversial weapons, the tobacco industry and companies failing to observe specific good governance principles.⁷

As of 30.09.2025 some 169 Austrian retail funds, managing a net asset value of € 34.87 bn, had fund names containing ESG- and sustainability-related terms. The term ESG is explicitly used by 62 funds (€ 8.34 bn), the group of terms⁸ "Sustainable" by 26 funds (€ 12.90 bn), “Environment” is used by 16 funds (€ 2.50 bn) and "Environment + Social” is used by 14 funds (€ 1.93 bn). In addition, 45 funds (€ 9.53 bn) use ethical terms in the fund name.

⁵ Cf. the Joint Letter to the Commission on the Revision of the SFDR by the FMA, BaFin and AFM, 30 May 2025, <https://www.fma.gv.at/en/fma-ba-fin-and-afm-urge-for-clear-esg-categories-for-sustainable-financial-products/>.

⁶ ESMA Guidelines on funds’ names using ESG or sustainability-related terms, 21.08.2024. https://www.esma.europa.eu/sites/default/files/2024-08/ESMA34-1592494965-657_Guidelines_on_funds_names_using_ESG_or_sustainability_related_terms.pdf

⁷ For further details regarding the requirements set out in the ESMA Guidelines, see Issue 4 of the FMA Publication Series "Reden wir über Aufsicht", January 2025, (available in German only) <https://www.fma.gv.at/wp-content/plugins/dw-fma/download.php?d=7218>.

⁸ “Environment” covers terms that only contain environmental aspects. E.g. environment, eco, green, climate, ecology, climate, nature; “Environment + Social” covers terms that contain environmental and social aspects. E.g. Humanity and Environment, Eco and Social; “Ethics” covers terms that include ethical aspects, e.g. ethical, responsibility, fair.

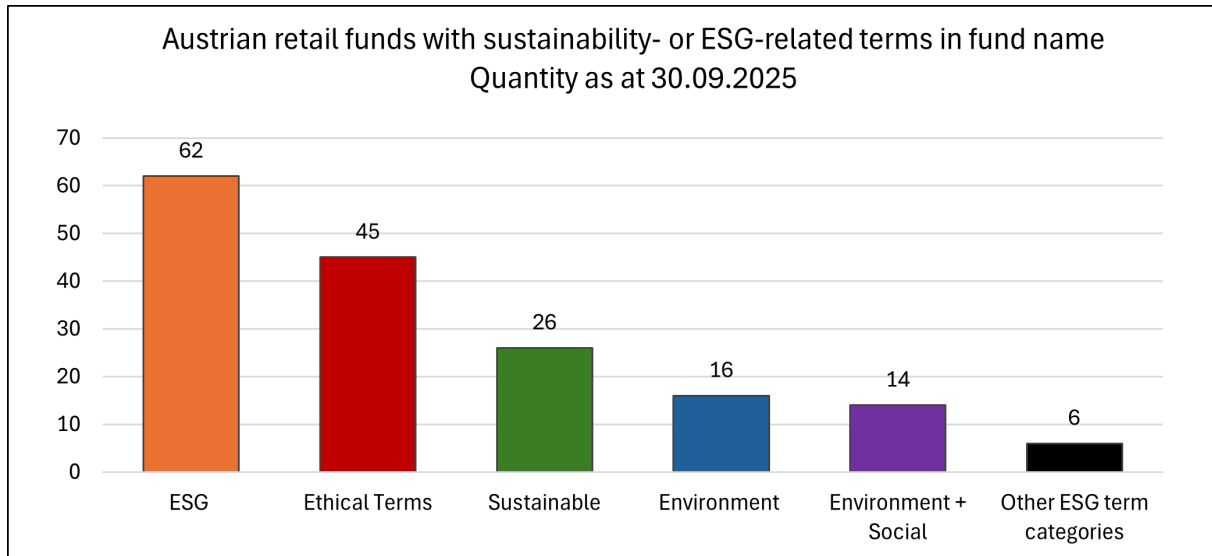


Figure 3: Number of Austrian Retail Funds containing ESG or sustainability-related terms in fund name, as of 30.09.2025

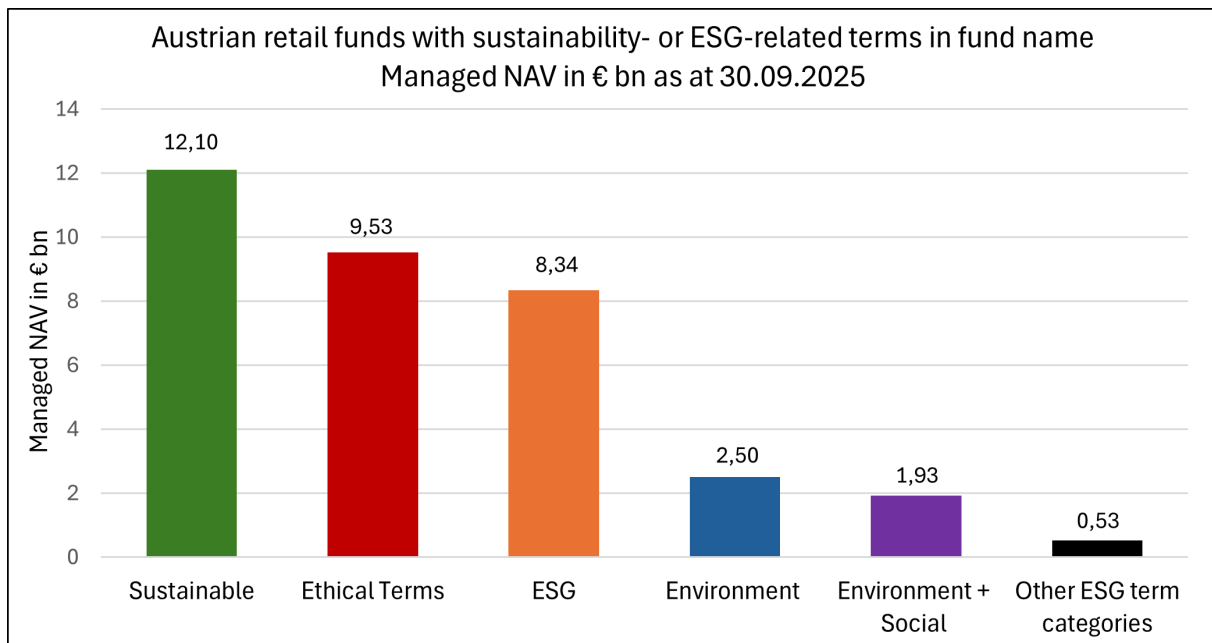


Figure 4: Managed Net Asset Value in € bn by Austrian Retail Funds containing ESG or sustainability-related terms in the fund name, as of 30.09.2025

3 FMA ANALYSIS ON GREENWASHING IN RETAIL FUNDS

As the market for funds that consider and advertise using sustainability- and ESG related features grows, there is also an increased risk of greenwashing. This is understood under the European Supervisory Authorities⁹ understanding to mean a practice where sustainability-related statements, declarations, actions, or communications do not clearly and fairly reflect the underlying

⁹ Cf. EBA, EIOPA and ESMA Progress Reports on Greenwashing, May 2023, <https://www.esma.europa.eu/press-news/esma-news/esas-put-forward-common-understanding-greenwashing-and-warn-risks> as well as EBA, EIOPA and ESMA Final Reports on Greenwashing, May 2024, <https://www.esma.europa.eu/press-news/esma-news/esas-call-enhanced-supervision-and-improved-market-practice-sustainability>

sustainability profile of an entity, a financial product or financial service. This practice may be misleading to consumers, investors, or other market participants.

It should be noted that the term “greenwashing” primarily relates to environmental (E) aspects. However, this is only a single constituent part of the broader term of sustainability/ESG. Where social and/or governance criteria (S and G) are involved, then the term greenwashing could be replaced by social washing (or governance washing), ESG washing or sustainability washing. However, using such terms is somewhat unusual, resulting in the European Supervisory Authorities understanding the term “greenwashing” as not only relating explicitly to E aspects, but encompassing all sustainability/ESG aspects.

The combating of greenwashing and the promotion of the transparency of sustainable financial products have been integral parts of the FMA’s priorities for supervision and inspections to date regarding sustainability.¹⁰ Greenwashing constitutes a high risk for investor protection and may assume many different forms. A significant focus is placed on the adequate disclosure of sustainability-related information. Under supervisory law, in the event of greenwashing i.a. a breach of the special disclosure obligations set out in the SFDR/Taxonomy Regulation or a breach of the principle that information towards investors is required in any case to be fair, clear and not misleading (cf. Article 128 para. 2 and Article 134 para. 2 InvFG 2011, Article 4(1) of Regulation (EU) 2019/1156) may exist. In addition to greenwashing risks under supervisory law, civil law risks also exist in particular that might be associated with potential greenwashing. Even potential greenwashing practices may lead to legal and reputational risks.

To prevent the occurrence of “greenwashing”, the FMA conducts targeted supervisory activities for checking disclosures as well as for checking actual compliance with the disclosed investment strategy. To do so, the FMA uses a greenwashing analysis framework for retail funds, which also makes use of automatic text analysis methods and artificial intelligence. Based on the European supervisory authorities' understanding of greenwashing, analysis is conducted about whether the coherence of the description of the consideration of sustainability-related aspects of the investment strategy with the fund’s name and the fund documents (image of sustainability) and whether its suggested extent corresponds to the actual investment strategy pursued (investing of sustainability).

Quantitative greenwashing screening is used to take risk-based and targeted supervisory measures. This consists of two modules: firstly, the scope and content of ESG or sustainability-related texts in fund documents, including the fund’s prospectus and key information document (KID), is analysed (text analysis) automatically using NLP (natural language processing) techniques. In parallel, based

¹⁰ See FMA Facts and Figures, Trends and Strategies, <https://www.fma.gv.at/en/publications/facts-and-figures-trends-and-strategies/>

on several sustainability criteria the assets invested in the fund are analysed from the perspective of Austrian retail investors (portfolio analysis), with using being made of analysis data from the commercial data provider ESG Plus GmbH. Applied sustainability criteria include, for example, investments in coal, oil, gas, impact on biodiversity, or investments in nuclear energy. Social and ethical criteria also apply in addition to environmental criteria: e.g. investments in tobacco, alcohol or weapons. The results of both parts are then compared against the disclosed investment strategy and the funds' name on a rule-based basis, to identify potential cases of greenwashing.

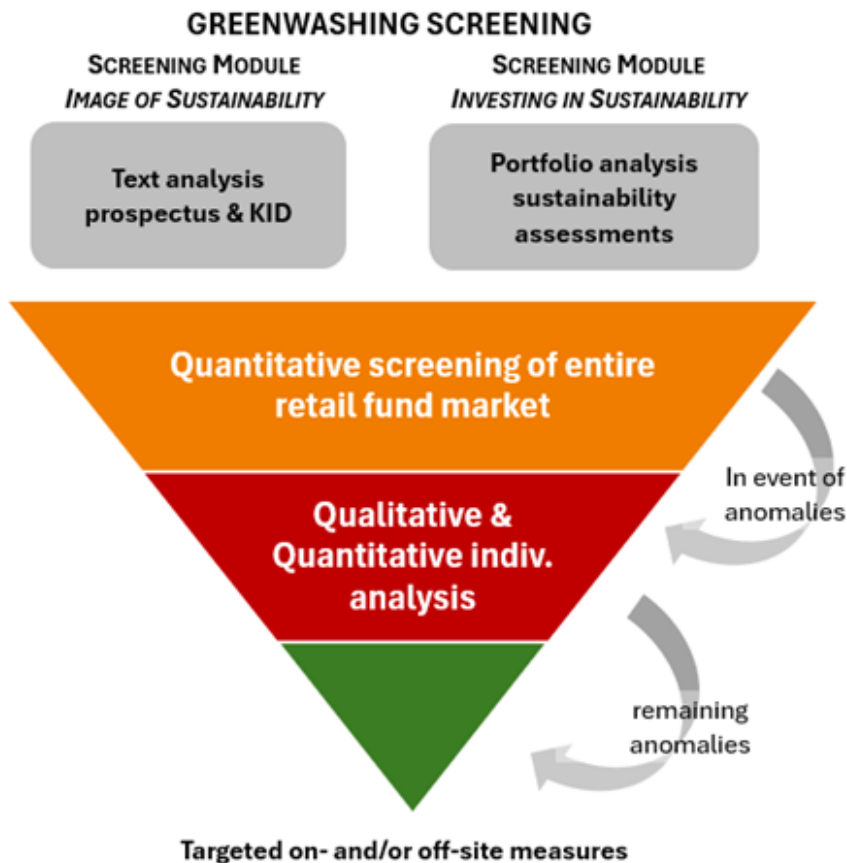


Figure 5: Schematic depiction of the FMA's greenwashing screening for retail funds

Due to the nature of an automated and quantitative screening, this only constitutes an initial assessment, but is not sufficient in its own right to deliver a full verdict in relation to greenwashing. In a next step, the identified anomalies from the quantitative screening are analysed in greater detail, by means of an individual quantitative and qualitative analysis using large language model-based technology. Where individual analyses confirm the suspicion of potential greenwashing, then these remaining cases are addressed by means of targeted on- and/or off-site measures.

No suspicion of (intentional) greenwashing has been identified in the Austrian retail fund market to date. From the FMA's greenwashing analyses and supervisory measures conducted to date for retail funds, to date observations of missing or ambiguous disclosures regarding the investment strategy

as well as about necessary information under the SFDR in pre-contractual documents (especially the fund prospectus) have only been identified for a few funds. The management companies are requested to comment on these anomalies. The FMA's supervisory measures have led to amendments to and the improvement of sustainability-related disclosures of these funds.

4 STATISTICAL ANALYSES FOR CONSIDERATION OF SUSTAINABILITY IN RETAIL FUNDS

Based on the data gathered during the FMA's greenwashing screening on ESG- or sustainability-related texts in fund documents (prospectuses and funds' key information documents (KIDs)) as well as data from the assessments of investments by funds based on various sustainability criteria (CLEANVEST data by ESG Plus GmbH) several analytical findings were derived about the consideration of ESG- or sustainability aspects in the Austrian fund market (reporting date of data used: 31.12.2024).

4.1 INFLUENCING FACTORS FOR THE SUSTAINABILITY ASSESSMENTS OF RETAIL FUNDS

The relative number of ESG and sustainability-related terms in the investment strategy section of the prospectus were used to analyse the text of the fund documents regarding their intended consideration of sustainability in investment. The figures about retail funds in Figure 6 show that SFDR categorisations (Articles 6/8/9 SFDR), the use of ESG or sustainability-related terms in the fund name, and an Austrian Ecolabel 49 (UZ49) for sustainable financial products are associated with increased disclosure of ESG or sustainability-related terms in the investment strategy section of the prospectus. The more sustainable a fund is declared to be, the more sustainability aspects are described in the investment strategy in the prospectus.

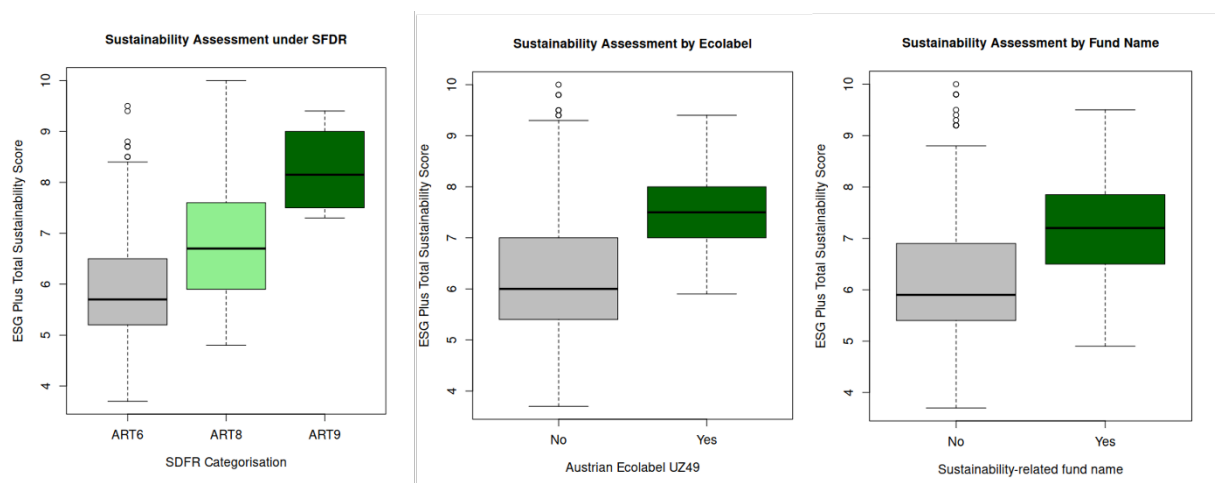


Figure 6: Distribution (box plots) of the relative number of ESG- or sustainability-related terms in the section on investment strategy in the prospectus for retail funds

A total sustainability score by ESG Plus GmbH was applied (CLEANVEST-Score from 0 to 10, with higher scores reflecting greater sustainability) for the portfolio analysis of the retail fund's sustainability assessment based on the individual criteria of the invested assets. The distributions for retail funds in Figure 7 suggest the same trend as the text analysis, namely that SFDR categorisations (Art. 6/8/9 SFDR), the use of ESG or sustainability-related terms in the fund name and an Austrian Ecolabel 49 (UZ49) for sustainable financial products positively influence a fund's sustainability assessment. Retail funds categorised under Art. 8 or even Art. 9 SFDR, having ESG or sustainability-related terms in their fund name and investing in accordance with the Austrian Ecolabel 49 (UZ49) for sustainable financial products, on average are rated better in the overall sustainability assessment. In summary, the more sustainable a fund is declared to be, the more sustainable its fund investments also are.

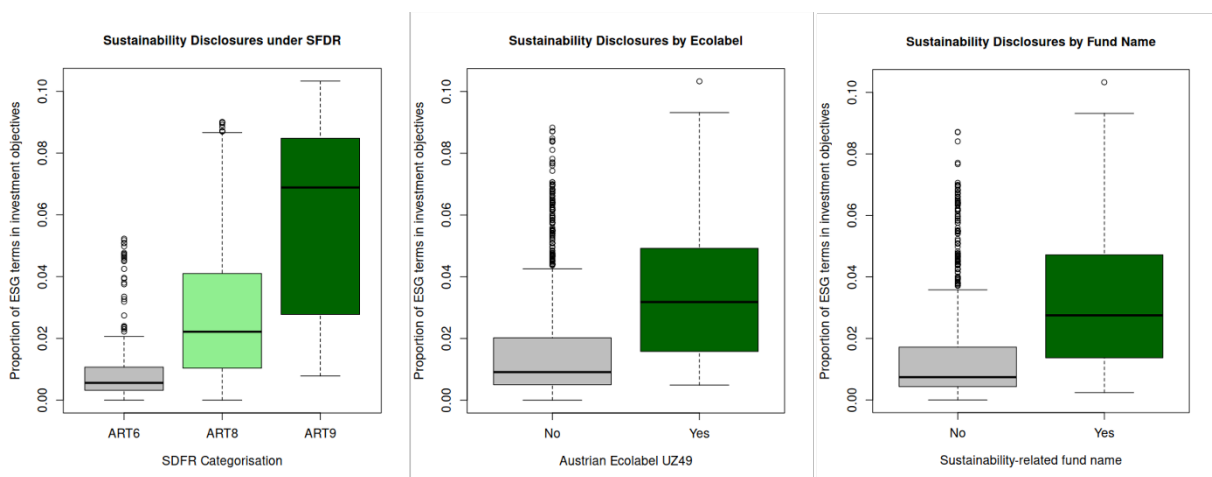


Figure 7: Distribution (box plots) of sustainability assessment based on ESG Plus GmbH's overall sustainability score for retail funds

However, a broad range was observed within these categories - both in terms of disclosure about sustainability aspects and the sustainability assessment of the invested assets - which underpins the need for the FMA's analyses to focus on potential greenwashing.

The data and categorisations should not be considered in isolation from each other. For this purpose, a statistical regression model was identified to conduct more precise analysis to estimate relevant factors of retail funds' sustainability rating, which considers the economic fund categorisations by asset class as control variables. The sustainability rating (ESG Plus GmbH's overall sustainability score) was estimated jointly using a linear regression model with the following explanatory variables for determining significant influencing factors (p-value < 0.05). The baseline in the model refers to a mixed fund in accordance with Art. 6 without an ESG or sustainability-related fund name and without an UZ49 Ecolabel (fund does not take any ESG or sustainability-related aspects into account in the investment).

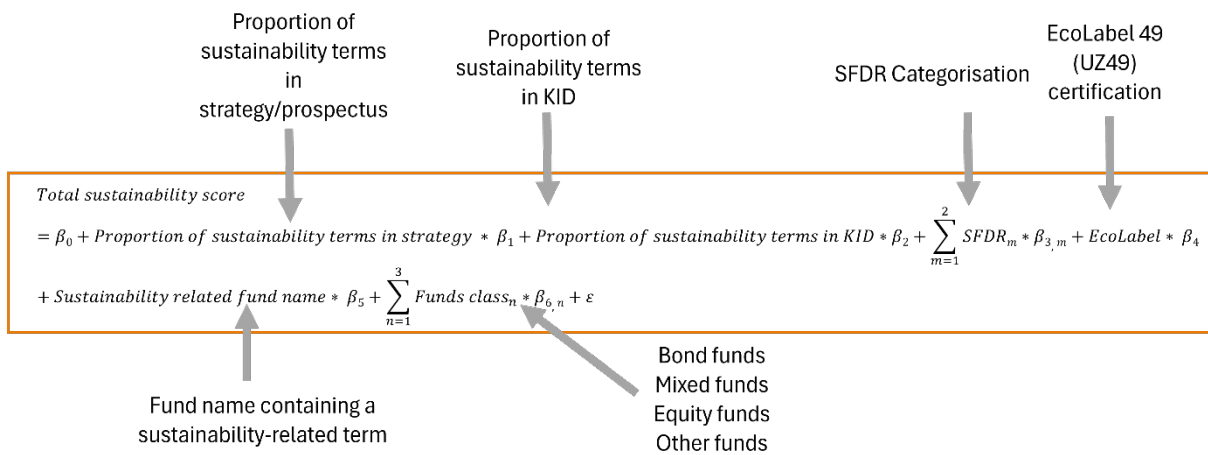


Figure 8: Regression model of the relevant influence factors on the sustainability assessment of retail funds

The results estimating the relevant factors influencing the sustainability assessments of retail funds confirm that categorisations according to SFDR, UZ49, and the sustainability descriptions of the investment strategy in the prospectus constitute statistically significant positive factors for the funds' sustainability assessment. The economic fund categories by asset classes also play a statistically significant role as control variables. Furthermore, an ESG- or sustainability-related fund name does not represent a statistically significant (although positive) factor and may already be accounted for by other factors, although there are positive and statistically significant results in a regression analysis based on this factor alone¹¹. As the ESMA Guidelines on Funds' Names only became fully applicable after the cut-off for available data of 31.12.2024, the resulting requirements are not yet able to be included in the analysis. The FMA will focus particularly on the funds for which the ESMA Guidelines apply in its next wave of greenwashing screening.

Factors for the regression on the Overall Sustainability Score	Estimated coefficients
Baseline (Art. 6 mixed funds)	5,54*
Proportion of sustainability terms strategy/prospectus	0,05*
Proportion sustainability terms KID	0,19
Art. 8 SFDR	0,37*
Art. 9 SFDR	1,46*
Ecolabel UZ49	0,47*
Sustainability-related fund names	0,15
Asset class equity funds	0,43*
Asset class bond funds	0,96*
Asset class other funds	1,97*

* statistically significant, $R^2=0,37$, Baseline is Art. 6 SFDR mixed funds

Figure 9: Estimated influence factors of the regression model on the sustainability assessment of retail funds

¹¹ Cf. the analyses results of an ESMA study, although the regression model does not estimate the influence factors of the sustainability assessment of the fund, but instead estimates the relative ESG or sustainability-related terms in funds documents: ESMA TRV Risk Analysis, ESG names and claims in the EU fund industry, October 2023, https://www.esma.europa.eu/sites/default/files/2023-10/ESMA50-524821-2931_ESG_names_and_claims_in_the_EU_fund_industry.pdf

Due to the broad distribution of the consideration of sustainability in disclosure and funds' investments within the relevant factors and categories, investors should therefore always make further detailed consideration about whether an individual fund's sustainability aspects are in line with their own sustainability preferences prior to investing in a fund.

4.2 INVESTMENTS IN WEAPONS AND DEFENCE BY AUSTRIAN RETAIL FUNDS

Following increased media coverage about investments of sustainability-related funds in weapons and defence, the exposure of retail funds to these segments should be presented in greater detail.

From a legal perspective, it is necessary to emphasise that no fundamental contradiction exist between the regulatory Sustainable Finance Framework and investments in weapons and defence, as also highlighty by the European Commission in a Notice dated 15.09.2025.¹² However, from a consumer protection perspective in particular, it is essential to ensure that investors are fully informed about the nature of the fund in which they invest and that investment priorities and exclusion criteria in these segments are disclosed in a fair, clear and non-misleading manner.

As of 31.12.2024, current investments by Austrian retail funds in these segments appear to be low overall (score from 0 to 10, with higher scores indicating lower exposure to these business areas) based on available sustainability criteria for weapons and defence (as assessed by ESG Plus GmbH). There are clear differences between the fund categories: the more sustainable a fund is declared to be, the lower the invested exposure in the weapons and defence segments is. The distribution box plots clarify the differences between the SFDR categories, Ecolabel (UZ49) and sustainability-related fund names regarding their exposure to the weapons and defence segments. Funds in accordance with Article 8 and especially Article 9 SFDR have significantly better scores than Article 6 SFDR funds, as do funds with ESG- or sustainability-related terms in their fund names as well as funds in accordance with Austrian Ecolabel 49 for Sustainable Investment Products (UZ49) (for some categories only a few individual funds have any exposure). In summary, this suggests that sustainability-oriented funds already apply significantly stricter exclusion criteria in the business areas of weapons and armaments.

¹² Commission Notice on the application of the sustainable finance framework and the Corporate Sustainability Due Diligence Directive to the defence sector, 15.09.2025, https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CONSIL%3AST_12811_2025_INIT

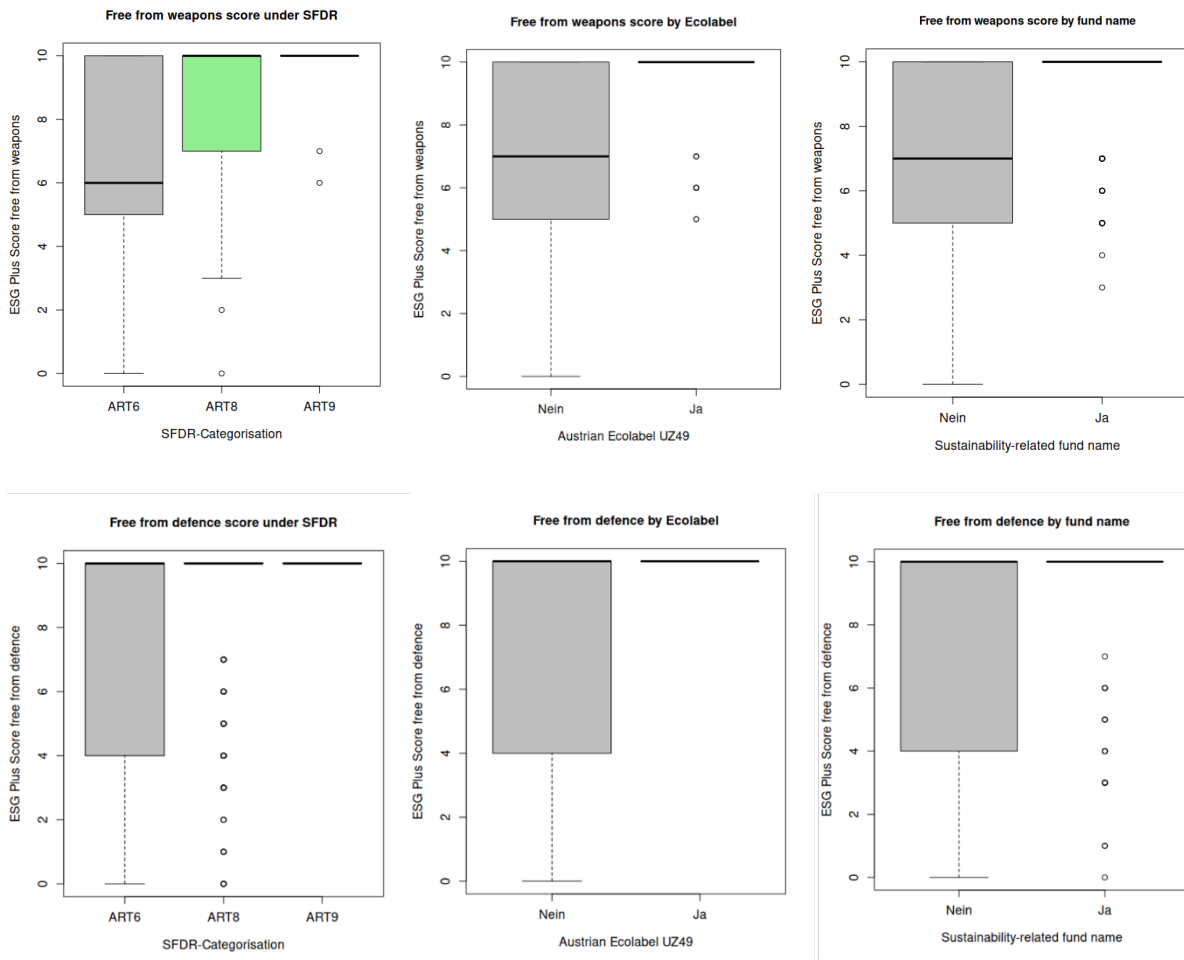


Figure 10: Distribution (box plots) of retail funds' assessed exposure to the weapons and defence segments based on scores by ESG Plus GmbH