

2009

CORPORATE SOCIAL RESPONSIBILITY REPORT

AND COMMUNICATION ON PROGRESS (COP)



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PREFACE BY THE CHAIRMAN OF THE MANAGING BOARD



Dear Ladies and Gentlemen,

Last year, we published our very first Corporate Social Responsibility (“CSR”) Report following which we received a great deal of positive feedback. I would like to sincerely thank everyone who shared their opinions with us. We have now incorporated some of your suggestions and hope that you find our second CSR Report even more informative.

This year’s CSR Report is more important for the Bank than the first. By maintaining continuity, we want to demonstrate our intention of upholding our commitment to transacting business in a sustainable and responsible manner now and in the future – after all, sustainability is an ongoing process.

This report shows the progress we have made in 2009 across the three decisive pillars of economic, ecological and social responsibility: for example in our core business with our “Neue Chance Konto”, an account that combats discrimination and social marginalisation; with our measures aimed at assisting employees of companies that have gone into insolvency; in the area of environmental issues with the construction of a photovoltaic system for heating water; for the arts and society in Austria with our support for the Porgy & Bess jazz club, for which we were honoured with a maecenas award; or with the largest “Coffee to help” event organised by any company in Austria.

Another significant step for the Bank was joining the United Nations Global Compact in March 2009 and committing to follow its ten principles. With over 6,000 participants, the UN Global Compact is the world’s largest initiative for corporate social responsibility and sustainable development.

As a signatory to the UN Global Compact, we have committed to complying with the ten principles, which focus on labour standards, human rights, environmental protection and anticorruption. However, we do not intend to simply comply with these principles; we also want to make an active contribution to their further development. Under the Global Compact’s policies, participating businesses must issue an annual progress report (also known as “Communication on Progress”, or COP) on their implementation of the initiative’s ten principles. Thus, this CSR Report is also our annual “Communication on Progress” (COP).

The report was prepared in accordance with the Sustainability Reporting Framework published by the Global Reporting Initiative. This improves readability and comparability, and – as stated in last year's report – we want to measure ourselves against the best.

I would like to thank everyone who has contributed and helped BAWAG P.S.K. in 2009 in developing and realising its corporate social responsibilities, including the creation of this report, and hope to receive your continued support in the future.

Sincerely,
Byron Haynes



1. PREPARATION OF THE REPORT

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This report is the second CSR Report (sustainability report) published by BAWAG P.S.K. It pertains to BAWAG P.S.K. Bank für Arbeit und Wirtschaft und Österreichische Postsparkasse AG (hereinafter BAWAG P.S.K.).

BAWAG P.S.K.'s business is focused on Austria, and approximately 99.5 per cent of the Bank's employees work in Austria.

Parts of the report also include data from the wholly owned subsidiary easybank. easybank and the Bank's other subsidiaries are to be included in all aspects of the report in the future.

Additional subsidiaries, such as BAWAG P.S.K. Leasing, BAWAG P.S.K. INVEST and BAWAG P.S.K. Immobilien AG will not be included in the environmental and energy-related parameters until 2010 because their operations have only been based at the headquarters at Georg-Coch-Platz since the end of 2009. BAWAG P.S.K. Wohnbaubank was already located at the headquarters in 2009 and is therefore included in this report.

Subsidiaries that are not members of the bank group are not included in this report. Among other companies, this pertains to the shoe retailer Stiefelkönig, which accounts for a large portion of the Group's total staff with about 1,000 employees.

BAWAG P.S.K. also sells its products at about 1,230 post office locations and postal partner offices, which serve as sales offices. These buildings/facilities are not owned by BAWAG P.S.K. and the employees who work there are employed by Post AG on a full-time or contractual basis and work as agents of BAWAG P.S.K. as defined by Austrian general civil law (Allgemein Bürgerliches Gesetzbuch, ABGB) in strict compliance with the provisions of the Austrian Banking Act (Bankwesengesetz, BWG). BAWAG P.S.K. has no right to give instructions of any kind to these employees and has no direct influence on human resources and environmental policies. Therefore, post offices and postal employees do not fall into BAWAG P.S.K.'s scope of responsibility and are not accounted for in this report.

However, this report does cover all BAWAG branches and the employees who work at them.

3.1

This report covers the period from 1 January 2009 to 31 December 2009.

This CSR Report was prepared in accordance with the Sustainability Reporting Framework published by the Global Reporting Initiative (GRI). The Global Reporting Initiative develops globally applicable quality criteria for sustainability reporting whose primary aim is to ensure transparency and comparability. Compliance with the GRI indicators is voluntary.

The corresponding GRI indicator is listed to the left of each applicable section of text. The entire GRI Index can be found in [Section 10](#). The GRI Reporting Framework is supported by Sector Supplements, which define additional, sector-specific sustainability aspects. Although there is a Sector Supplement for financial services, it was not yet applied in 2009.

COP BAWAG P.S.K. joined the UN Global Compact in March 2009 and committed to complying with the ten principles, which focus on labour standards, human rights, environmental protection and anticorruption. This sustainability report is also an annual [Communication on Progress](#) (COP). In addition to the GRI indicators, the relevant principle of the UN Global Compact is listed to the left of each applicable section of text. In addition, contents that are relevant to the COP are listed and highlighted in colour in the GRI Index (Section 10). Additional information about the COP and the UN Global Compact can be found in [Section 8](#).

3.3 We intend to issue an annual sustainability report because we feel that this is the only way to ensure sustainability and to effectively assess the respective targets and measures. This is also the only way to allow comparison.

The 2009 CSR Report will not be published in printed form, but is only available electronically at www.bawagpsk-annualreport.com.

3.5 The report covers all topics that we feel have a material economic, ecological or social influence for the sustainability of the Bank. You will find our financial reports in the Annual Report, which can be viewed at www.bawagpsk-annualreport.com.

3.8 Because this is BAWAG P.S.K.'s second sustainability report, comparison values for 2008 are available and are provided in most cases. This is also an important aspect for us, because it is the only way to ensure that developments in the key indicators can be tracked and analysed in subsequent years. Due to the consolidation of locations over the last two years, many of the values (particularly the consumption data) for 2008 and 2009 are difficult to compare. Therefore, 2010 will likely be the first year that can be used as a reliable comparison value in the future.

3.7
3.9 While collecting data for this report, many of the gaps that were identified during the preparation of the 2008 CSR Report were closed. For example, we are now able to record the kilometres travelled by aircraft for business purposes. However, we are not yet able to record the kilometres travelled by train for business purposes. Some of the consumption data that were previously only collected for the central offices, but not for the sales management offices in the provinces or the branches, are now being collected for all of these locations.

Identifying weaknesses in our data collection methods for the BAWAG P.S.K. sustainability report and implementing improvements for future periods is still a priority. It will not be possible to close some of the remaining gaps over the short term for technical reasons. However, we have already started to implement improvements.

BAWAG P.S.K. attaches particular importance to gender equality. In cases where either only masculine or feminine grammatical forms are used in this report in the interests of better readability, the statements apply to both genders equally. Such formulations in no way represent a bias towards or against either gender.

3.13 As with last year's report, this report was not subjected to third-party review because of the relatively short period of time available for its preparation. However, we fully intend to have the CSR Report audited by a third party in subsequent years and this is a fixed aspect of our sustainability planning.

**Sustainability is not just about moral and ecological responsibility,
but also about doing business in an
intelligent and enduring new way.
This is how we embody and uphold our commitment
to corporate social responsibility.**

GRI no.

2. ORGANISATIONAL PROFILE

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BAWAG P.S.K. Bank für Arbeit und Wirtschaft und Österreichische Postsparkasse AG (hereinafter BAWAG P.S.K.) is a non-listed stock corporation with its registered domicile in Vienna.

The company was created by the merger of the two long-standing Austrian banks BAWAG and P.S.K. on 1 October 2005.

2.1. BAWAG P.S.K.'s History

BAWAG's History



The idea of a separate bank for workers arose out of the necessity to entrust the financial needs of their self-help organisations (management of union funds) to a bank that would act completely in the interest of and for the benefit of the workers' movement.

Because there was not a great deal of trust in the civic banks in this regard, Arbeiterbank (workers' bank) was founded by Karl Renner in 1922.

In the course of the political events at the beginning of the 1930s and the subsequent ban on social democratic organisations, Arbeiterbank was forced to close in 1934.

The re-establishment of the workers' organisations following World War II resulted in the second founding of Arbeiterbank in 1947. Its aims were essentially the same as during its origins in 1922.

Austria's economic development was a key motivation for the reorientation of Arbeiterbank. Although it was and still is a bank whose attention is focused on the needs of workers, being a partner for the economy now became part of the bank's business policy as well. This development into a universal bank was also expressed in the name change to Bank für Arbeit und Wirtschaft AG in 1963.

For quite some time, BAWAG's expansion was limited by its small branch network and the restrictive conditions regarding the opening of bank branches in Austria. However, the liberalisation of these regulations resulted in the increased expansion of the branch network throughout Austria starting in 1979.

In 1984 BAWAG switched to an online system throughout Austria.

In line with the trend among Austrian credit institutions, many new companies, including the following, were established in Austria in order to expand the bank's operations and product lines:

1984: BAWAG-Leasing GmbH

1985: BAWAG-Versicherung AG

1987: BAWAG-INVEST GmbH

1995: BAWAG-Wohnbaubank AG

1996: easybank

1996: Bayerische Landesbank became a partial owner of BAWAG P.S.K. by acquiring 46.43 per cent of the shares from the Austrian Trade Union Federation (ÖGB)

P.S.K.'s History



k.k. Postsparcassenamt was founded by Georg Coch in 1883.

Following the example set by the world's first postal savings bank in Great Britain (1861), Georg Coch developed the system of the "Postsparcasse", which is based on the idea that savings deposits and withdrawals can be executed at every post office. The founding idea was "to offer prompt, secure and affordable financial transactions for everyone"

(and also to support government loans). From the beginning, Postsparkasse (P.S.K.) was the "savings bank for the little guy".

Cheque transactions were introduced in the same year. The introduction of clearing transactions – transfers from one account to another – in 1884 represents the birth of postal cheque transactions.

In 1926 Postsparkasse became an institution under public law with its own legal personality.

In the course of the political events of 1938, Österreichische Postsparkasse was liquidated and integrated into the Deutsche Reichspost. The Austrian postal savings transaction model was introduced in Germany. The postal savings bureau in Vienna became the headquarters for the entire German postal savings transaction system.

In 1945 Österreichische Postsparkasse was the first credit institution in Vienna to resume operations. The institution became an office under the Federal Ministry of Finance.

In 1960 deposit punch cards were introduced (start of automation at P.S.K.).

The Postal Savings Bank Act (Postsparkassengesetz), which among other things defined the organisation, liability and scope of operations of P.S.K., went into effect on 1 January 1970. Postsparkasse carried out essential functions of a house bank of the federal government. All of the government's bank transactions were processed by P.S.K.

P.S.K. Leasing GesmbH und Co KG was founded in 1979. In the subsequent years, the bank founded P.S.K. Versicherungsdienst Gesellschaft m.b.H., P.S.K. Invest Kapitalanlage Gesellschaft m.b.H., P.S.K. Liegenschaften Vermietungs- und Verwaltungs Gesellschaft m.b.H., P.S.K. Rechenzentrum Gesellschaft m.b.H. and other subsidiaries.

In 1998 Bank der Österreichischen Postsparkasse (PSK BANK) was integrated into P.S.K.



BAWAG acquired P.S.K. in 2000. This made the newly formed group one of the largest banking groups in Austria.

On 30 June 2004 the Austrian Trade Union Federation reacquired Bayerische Landesbank's shares in BAWAG, thus becoming the sole owner once again.

On 1 October 2005 BAWAG and P.S.K. merged to form a single bank under the name BAWAG P.S.K. Bank für Arbeit und Wirtschaft und Österreichische Postsparkasse Aktiengesellschaft (short form: BAWAG P.S.K.).

2.6**2007 – A Successful New Start**

The year 2007 was very eventful for BAWAG P.S.K. On 15 May 2007, the Bank was acquired by a consortium led by Cerberus Capital Management, L.P. This consortium consists of holdings of the funds managed by Cerberus European Investments, Österreichische Post AG (the Austrian Postal Service), Generali Holding Vienna AG, Wüstenrot Verwaltung- und Dienstleistungen GmbH, and a number of Austrian industrialists including Hannes Androsch. The successful sale of the Bank brought a very difficult chapter in the Bank's history to an end. The capital injected by the new owners replaced the guarantee provided for BAWAG P.S.K. by the Republic of Austria and ensured that not a single euro of public funds was used in turning the Bank around. After the complete change in ownership and management, a new market positioning strategy was developed and then implemented immediately. The objective of this new strategy is to significantly increase the earnings power of BAWAG P.S.K. The Bank staged its new start in autumn 2007 and introduced a new logo, relaunched the BAWAG brand and upgraded the P.S.K. brand to PSK BANK.

2008 – A New Headquarters

The year 2008 began with a change at the helm of the Bank. David Roberts replaced Ewald Nowotny as CEO of BAWAG P.S.K. In the autumn of 2008, additional expertise was brought into the Managing Board with the appointment of Regina Prehofer (Chief Executive for the Bank's business in Austria) and Byron Haynes (Chief Financial Officer). One of the Bank's main buildings, the central office located on Seitzergasse, was also sold in 2008. BAWAG P.S.K.'s new headquarters is the Postal Savings Bank building designed by Otto Wagner at Georg-Coch-Platz.

2009 – A Change in the Managing Board

The Bank once again went through many changes in 2009. A number of central locations were eliminated during the year, primarily due to the relocation of several subsidiaries to the headquarters at Georg-Coch-Platz. By the end of the year, virtually all of the Bank's central activities were concentrated in three locations: the headquarters at Georg-Coch-Platz, the Centre of Technology on Buchengasse/Quellenstraße and the training centre located at Am Tabor.

In August, David Roberts resigned as CEO for health reasons. Byron Haynes, who had already served as CFO of the Bank since 2008, was appointed as the new Chairman of the Managing Board.

Additional events in 2009 included the incorporation of the subsidiary Sparda (Sparda branches became BAWAG branches) and the retail business operations of Österreichische Verkehrskreditbank (ÖVKB) into BAWAG P.S.K.

2.1.1. Awards in 2009

BAWAG P.S.K. was once again recognised for its apprentice training programme in 2009.

- ▶ Successful participation in the state competition for apprentice training programmes “Beste Lehrbetriebe – Fit for Future”
- ▶ Two apprentices in Tyrol were awarded with scholarships by the provincial governor of Tyrol

BAWAG P.S.K. INVEST was also highly successful **with its products**:

Award	Winner	Category
Feri EuroRating Awards	BAWAG P.S.K. INVEST GmbH	Top Five Asset Managers in the “Bond” category for Austria
	BAWAG P.S.K. Osteuropa Stock	Top Five Funds in the “Equity Central/Eastern Europe” category for Germany and Austria
	BAWAG P.S.K. Euro Rent	1st place in the “Bond EUR” category for Germany and a nomination in the “Bond EUR” category for Austria
Austrian Umbrella Fund Award	BAWAG P.S.K. Global Growth Stock	3rd place in the “Dynamic Equity Fund” category; 5 years
	BAWAG P.S.K. Mix Dynamisch	3rd place in the “Equity-Oriented Mixed Fund” category; 1 year
	BAWAG P.S.K. Mix Dynamisch	3rd place in the “Equity-Oriented Mixed Fund” category; 3 years
Austrian Fund Award	BAWAG P.S.K. EU Rent Absolute Return	1st place in the “Mixed Bonds” category; 36 months
	BAWAG P.S.K. Securo Rent	2nd place in the “Global Government Bonds” category; 36 months
	BAWAG P.S.K. Global High Yield Bond	2nd place in the “Global Emerging Markets Bonds” category; 36 months
LIPPER Fund Awards	BAWAG P.S.K. Mündel Rent Kurz	1st place in the “Bond Euro – Short Term” category; 5 years
	BAWAG P.S.K. Mündel Rent Kurz	1st place in the “Bond Euro – Short Term” category; 10 years

BAWAG P.S.K. also won the maecenas award for the best art sponsorship project in 2009. Since 1987, the Austrian Business Committee for the Arts (IWK) has been recognising companies for their sponsorship of artistic projects that never could have been realised without this support by conferring them with the Austrian Arts Sponsorship Award maecenas.

2.2. BAWAG P.S.K.'s Core Business

EC 9

BAWAG P.S.K.'s core business is providing banking services to private customers and small and medium-sized enterprises. Another key area of business is providing financing for public-sector entities, large corporations and financial institutions.

As one of the largest banks in Austria and the Republic's "house bank", BAWAG P.S.K. plays an important role in the Austrian economy and therefore also bears great responsibility. The Bank is fully aware of this responsibility and acts accordingly. In its business with private customers, the Bank's express goal is to offer excellent customer service and to this end it places a clear focus on the customer in all of its activities.

The individual brands BAWAG, PSK BANK and easybank target discrete customer groups and offer independent products and ranges that are designed to meet different needs.

BAWAG is the bank for private and business customers who have high service expectations. easybank is an online direct bank for private customers with a broad range of financial needs, and PSK BANK is a bank for private customers with straightforward financial needs. In addition to these core brands, BAWAG P.S.K. has specialised subsidiaries such as BAWAG P.S.K. Leasing GmbH, BAWAG P.S.K. INVEST, BAWAG P.S.K. Wohnbaubank and BAWAG P.S.K. Immobilien.

Details on BAWAG P.S.K.'s products, services and markets can be found under ["4.2 Products and Services"](#).

2.3 Key Figures

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2.8

BAWAG P.S.K. Group amounts in millions of Euros	2009	2008	2007
Consolidated assets	41,225	41,578	44,847
Receivables from customers	21,066	20,697	20,023
Payables to customers	22,674	22,585	22,080
Eligible own funds	2,829	2,183	2,934
Core capital ratio	10.0%	6.6%	–
Profit before tax adjusted for minority interests *	45.5	-614.6	59
Employees as of 31 December 2009 (full-time)	4,954	5,351	6,626
Bank branches	153	166	241
Outlets	1,230	1,298	1,310
Cost/income ratio **	67.3%	174.4%	87.7%
Rating ***	Baa1	Baa1	Baa1

* Under IFRS, the item Gains and losses on financial assets and liabilities also includes the valuation of securities whose risk is borne by minority shareholders. These securities are subject to substantial fair value fluctuations. In order to improve the comparability of the results, the valuation results attributable to minority shareholders have been excluded in the figures presented here. Compared to the income statement presented in the Consolidated Financial Report according to IFRS, the item Gains and losses on financial assets and liabilities is EUR 186.6 million lower (2008: EUR 189.5 million higher). Accordingly, the item Profit (loss) before tax presented above is EUR 186.6 million lower (2008: EUR 189.5 million higher) than the Profit (loss) before tax presented in the Consolidated Financial Report according to IFRS.

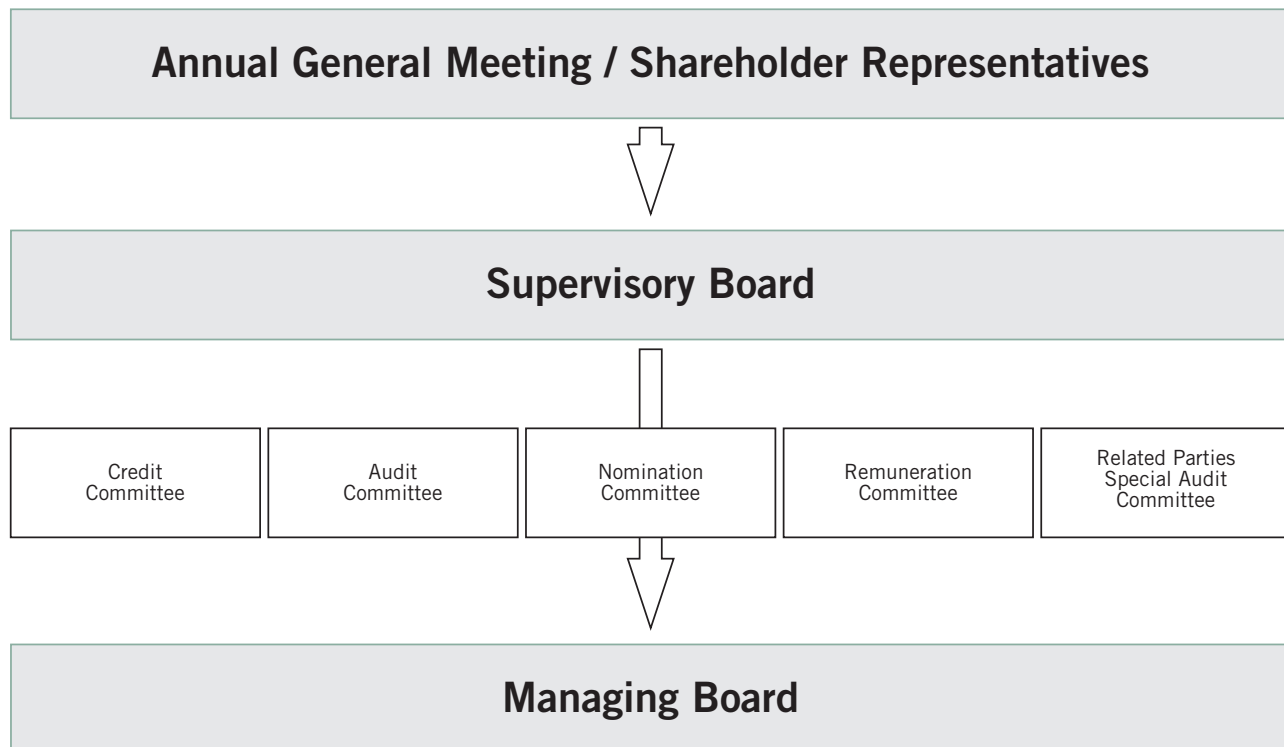
** Operating income: net interest income, income and expenses from fees and commissions, other income and expenses, gains and losses on financial assets and liabilities. Operating expenses: administrative expenses, scheduled amortisation and depreciation on intangible and tangible assets.

*** Rating refers to long-term senior unsecured debt; Moody's outlook as of November 2009: "stable".

Additional calculations and information as requested for this item in the GRI indicator catalogue are not relevant for the banking sector. For this reason, these calculations are not shown here. If you wish to view the detailed financial figures for BAWAG P.S.K., please consult the BAWAG P.S.K. 2009 Annual Report, which can be found on our web site www.bawagpsk-annualreport.com.

2.4. Corporate Governance Structure, Organisational and Ownership Structure

4.1 2.4.1. Mandate and Composition of Committees



2.4.1.1. Supervisory Board

The Supervisory Board monitors and assists the Managing Board in accordance with the legal regulations (section 95 paragraph 1 of the Austrian Stock Corporation Act [AktG]).

BAWAG P.S.K.'s Supervisory Board consists of the following national and international experts:

Supervisory Board of BAWAG P.S.K. as of 31 December 2009	Function
Cees MAAS	Chairman
Pieter KORTEWEG	Deputy Chairman
Rudolf JETTMAR	Member
Marius JONKHART	Member
Scott PARKER	Member
Ingrid STREIBEL-ZARFL	Works Council Delegate
Brigitte JAKUBOVITS	Works Council Delegate
Beatrix PRÖLL	Works Council Delegate
Beate SCHAFFER	State Commissioner
Susanne SPIESZ	Deputy State Commissioner

In October 2009, Chairman of the Supervisory Board Wulf von Schimmelmann stepped down from the Supervisory Board of BAWAG P.S.K., and Cees Maas, who joined the Supervisory Board in July 2009, was appointed Chairman of the Supervisory Board on 16 October 2009. Mr. Maas also took over as Chairman of the Credit Committee, Nomination Committee and Remuneration Committee.

Supervisory Board Committees

The Austrian Stock Corporation Act allows the Supervisory Board to form committees. This allows for a more effective focus to be placed on specific topics.

As part of the Board's efforts to continually improve the governance of the Bank, the Related Parties Special Audit Committee was formed in the autumn of 2008 to make these dealings more transparent.

Every Supervisory Board committee has a chairman. The responsibilities of the individual committees are defined in the Supervisory Board's rules of procedure. The committees report regularly to the chairman of the Supervisory Board and to the entire Supervisory Board.

The following committees were active at BAWAG P.S.K. in 2009:

Audit Committee	Function
Marius JONKHART	Chairman
Scott PARKER	Deputy Chairman
Rudolf JETTMAR	Member
Cees MAAS	Member
Ingrid STREIBEL-ZARFL	Works Council Delegate
Brigitte JAKUBOVITS	Works Council Delegate

The most important functions of the Audit Committee are the evaluation of and preparations for the official approval of the annual financial statements and consolidated financial statements of BAWAG P.S.K., the proposal for the appropriation of profits, the management report, and the corporate governance report as well as the evaluation of the effectiveness of the Bank's internal control system. The committee is also responsible for ensuring compliance with the official public disclosure requirements. The Audit Committee's evaluation of the internal control system includes the risk management system, and the committee is responsible for nominating a financial auditor for the Bank's financial statements. In addition, the annual audit schedule and a report on the ongoing activities of the Internal Audit division are submitted to the Audit Committee.

Credit Committee	Function
Cees MAAS	Chairman
Marius JONKHART	Member
Rudolf JETTMAR	Member
Ingrid STREIBEL-ZARFL	Works Council Delegate
Beatrix PRÖLL	Works Council Delegate

Responsibility for the approval of loans and other forms of financing and credit to individual borrowers or groups of associated customers in the case of exposures that equal 10 per cent or more of the Bank's eligible own funds has been delegated to the Credit Committee that was set up by the Supervisory Board. An annual report is submitted to the Supervisory Board about the major investments approved by the Credit Committee. The Credit Committee is also responsible for approving transactions with the Bank's board members and officers (except for transactions with members of the Supervisory Board or Managing Board that are subject to the purview of the Remuneration Committee) and for approving material credit policies. It also advises the Managing Board on basic credit risk policy issues.

Remuneration Committee	Function
Cees MAAS	Chairman
Pieter KORTEWEG	Deputy Chairman
Scott PARKER	Member

The Remuneration Committee decides about the provisions of employment and severance agreements with Managing Board members and specifies the annual performance targets for the individual members of the Managing Board.

Related Parties Special Audit Committee	Function
Marius JONKHART	Chairman
Cees MAAS	Deputy Chairman
Pieter KORTEWEG	Member
Rudolf JETTMAR	Member
Ingrid STREIBEL-ZARFL	Works Council Delegate
Brigitte JAKUBOVITS	Works Council Delegate

The Related Parties Special Audit Committee reviews all financing commitments and transactions above a certain amount involving controlling companies as defined in IAS 24 or companies related to these controlling companies.

Nomination Committee	Function
Cees MAAS	Chairman
Scott PARKER	Deputy Chairman
Pieter KORTEWEG	Member
Ingrid STREIBEL-ZARFL	Works Council Delegate
Brigitte JAKUBOVITS	Works Council Delegate

4.7

The Nomination Committee evaluates candidates for available positions on the Managing Board, including their relevant qualifications. After a selection process, the most suitable candidate for the position in question is nominated for approval by the Supervisory Board. The charter of the Supervisory Board, which is responsible for appointing the members of the Managing Board, also includes requirements that must be met by the individuals who are appointed to the Managing Board. This system ensures that only persons with the necessary qualifications are appointed to the Managing Board.

2.4.1.2. Managing Board

2.9

David Roberts, Chairman of the Managing Board, announced at the end of August 2009 that he would be resigning from the Bank for health reasons on 15 September 2009.

Byron Haynes, who has been a member of the Managing Board since August 2008, was named as his successor. In addition to his function as the Chief Executive Officer, Byron Haynes will be temporarily retaining his responsibilities as the Bank's Chief Financial Officer until a suitable successor can be found for the post.

Stephan Koren remains Deputy Chairman of the Board, and as the Bank's Chief Risk Officer (CRO) he is responsible for risk management as well as legal and personnel matters.

In December 2009, Joe Laughlin announced his resignation effective 1 January 2010. Sanjay Sharma, who previously served as the managing director of Operations, was named as his successor.

Regina Prehofer is responsible for all of BAWAG P.S.K.'s private and commercial banking business in Austria.

Carsten Samusch is the Managing Board member responsible for Treasury. In January 2010, Carsten Samusch announced that he will not ask for a renewal of his management contract which expires in May 2010.

Managing Board of BAWAG P.S.K. 2009	Function	Period
Byron HAYNES	Chief Executive Officer	from 01.08.2008 CEO from 16.09.2009
Stephan KOREN	Deputy Chairman	from 01.10.2005
Regina PREHOFER	Member	from 15.09.2008
Carsten SAMUSCH	Member	from 13.08.2007
Joseph LAUGHLIN	Member	from 13.08.2007 until 31.12.2009
Members who stepped down from the Managing Board in 2009		
David ROBERTS	Chief Executive Officer	until 15.09.2009

The Bank's Managing Board operates a number of executive committees. Every committee has its own statutes that precisely define its responsibilities and the framework for its decisions and reporting. The entire Managing Board is informed of the committees' decisions on a regular basis.

2.4.2. Independence of the Supervisory Board and the Highest Governance Body

4.2

4.3

With the exception of the employee representatives, all members of the Supervisory Board are independent of the operational management of the Bank (the Managing Board). The requirements for the independence of the Supervisory Board are standardised by the Austrian Stock Corporation Act.

2.3

2.9

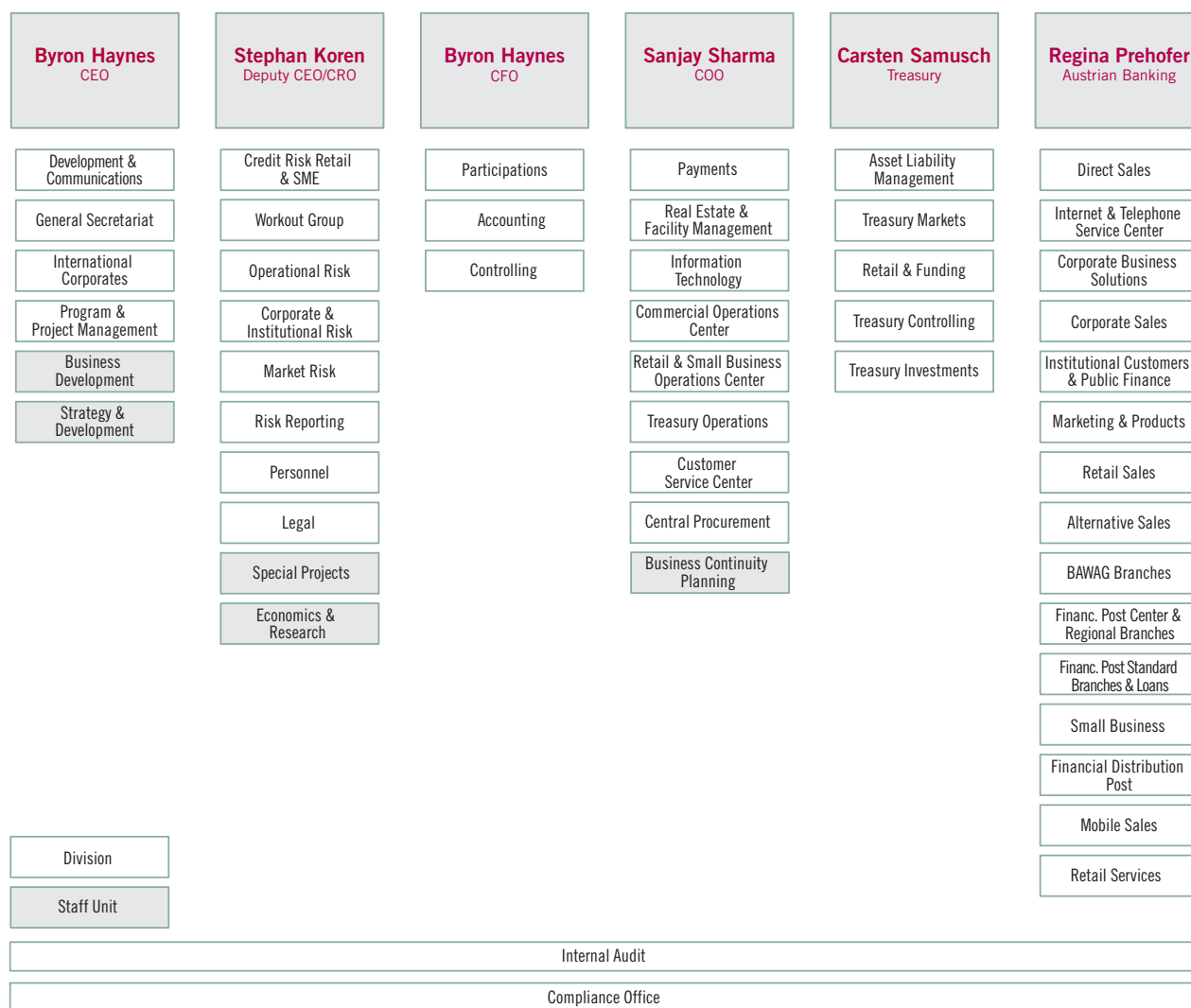
4.9

4.11

2.4.3. Organisational Structure

Several changes occurred in 2009 as a result of the strategic changes to the Bank's organisational structure, which were already completed for the most part in 2008. The structure was as follows as of January 2010:

Organisational Chart for BAWAG P.S.K. as of 31 January 2010



CEO = Chief Executive Officer

CRO = Chief Risk Officer

CFO = Chief Financial Officer

COO = Chief Operations Officer

2.4.4. New Group Headquarters and Consolidation of Locations

2.9 After the sale of the headquarters building on Seitzergasse and other locations in 2008, one of the biggest events of 2009 was once again the relocation of employees. BAWAG PSK Leasing GmbH, BAWAG P.S.K. INVEST and BAWAG P.S.K. Immobilien were relocated to the new Group headquarters at Georg-Coch-Platz. The location at Fleischmarkt was also eliminated. In addition to the Centre of Technology on Buchengasse in Vienna's tenth district and the headquarters, the Bank also has a third location at Am Tabor, which serves as a training centre.

2.4.5. Internally Developed Codes

4.8
4.4 A series of comprehensive, fundamental measures has been implemented since 2006 to improve corporate governance at the Bank. A five-point programme consisting of the following was created and has been consistently implemented:

- ▶ Creation of rules of procedure for the Managing Board and its committees
- ▶ Revision of the rules of procedure for the Supervisory Board and its committees

4.6 The rules of procedure for the Managing Board govern how conflicts of interest are to be handled, among other things. All such conflicts must be disclosed to the Managing Board and the Supervisory Board. New statutes were drawn up for all existing executive committees in 2008 and were updated and amended in 2009. There were changes in the committees' membership and responsibilities. The charter of the Supervisory Board and Managing Board – the rules of procedure – was also revised. The entire Supervisory Board is informed of the Supervisory Board committees' decisions on a regular basis.

- ▶ Reassignment of Managing Board responsibilities with a clear separation of market and risk responsibilities and the appointment of a Chief Risk Officer
- ▶ Voluntary adoption of the Code of Corporate Governance for listed companies. Compliance with this code is evaluated by the auditor Deloitte (with the exception of the questions that apply to the auditor, which are evaluated by an independent third party)
- ▶ Revision of the guidelines for granting credit and risk monitoring

The Code of Conduct, which is binding for all employees of BAWAG P.S.K., was also drawn up in 2006 and revised in 2009.

The following codes have been created since then and are subject to regular revision.

2.4.5.1. Code of Conduct

4.8

A binding Code of Conduct was introduced for all employees in September 2006. This Code provides a framework for conduct during everyday business and also for acting in accordance with the Bank's policies. The Code of Conduct was expanded and revised in 2009.

All new employees are given a welcome folder and attend an orientation seminar at which they receive all necessary and relevant information for getting off to as good a start as possible at BAWAG P.S.K. The new employees are also advised of their obligation to comply with the Code of Conduct and are informed about where this Code can be viewed at any time.

B) WHAT EVERYONE NEEDS TO KNOW

Code of Conduct

Credibility, reliability, professionalism and performance orientation are crucial to the success of any business. This means that BAWAG P.S.K.'s success depends directly on the trust that our customers, employees and the responsible government and supervisory authorities place in our Bank.

We have drawn up a Code of Conduct to maintain and increase this trust. This Code defines the fundamental ethical standards towards which all employees, boards and officers of BAWAG P.S.K. must orient their actions.

Every employee of BAWAG P.S.K. is expected to comply with the values and principles in this Code, and the members of the Managing Board and Supervisory Board have also undertaken to comply with these rules. This Code of Conduct, which is also in force at other Austrian banks in this form or a similar form, is a binding framework for guiding our daily business activities and our business policies.

- ▶ The Code of Conduct can be found in the Lotus Notes tile:
BAWAG PSK Org. Handbuch

Excerpt from the information folder for new employees

The complete Code of Conduct can be found on our web site at www.bawagpsk.com/

HR 6

2.4.5.2. Supplier Code of Conduct

HR 7

COP 1

A Code of Conduct was also drawn up in 2008 to define BAWAG P.S.K. Group's principles and requirements for suppliers of goods and services. All suppliers must sign a declaration that they will comply with the Supplier Code of Conduct. This undertaking also applies to any sub-contractors.

COP 2

COP 4

COP 5

The key elements and guidelines specified by this Code of Conduct are:

- ▶ Compliance with the applicable laws
- ▶ Gifts and considerations as well as relationships with officials and government representatives
- ▶ Respect for employees' basic rights such as health, safety, security and protection against discrimination
- ▶ Prohibition of child labour
- ▶ Environmental protection
- ▶ The whole supply chain – from production to delivery

Suppliers are also informed that BAWAG P.S.K. is entitled to terminate existing contracts and orders in the event of violations against the Code of Conduct. BAWAG P.S.K. is also entitled to conduct on-site inspections to assess compliance with the Code.

HR 2

No direct monitoring of companies was conducted in 2009. Before a supplier contract is concluded, however, every company is subjected to a media screening in order to determine whether it has ever been connected to violations of our Supplier Code of Conduct.

The complete Supplier Code of Conduct can be found on our web site at www.bawagpsk.com

2.4.6. Internally Developed Policies

BAWAG P.S.K. also has additional mandatory policies.

SO 1

2.4.6.1. Lending Policies

HR 1

COP 1–6

The BAWAG P.S.K. Group Credit Policies were also thoroughly revised in 2008. A key change was the addition of separate sections discussing ethical principles in extending credit and a BAWAG P.S.K. Fair Lending Declaration.

In these sections, BAWAG P.S.K. undertakes to act in a socially responsible manner in these areas as well by considering ethical principles when making its lending decisions. The Fair Lending Declaration is an anti-discrimination clause in which we undertake to make our lending decisions without discriminating against borrowers on any basis. This means that our decisions are made objectively with no consideration of ethnicity, skin colour, religion, nationality, gender, sexual orientation or disabilities.

2.4.6.2. Conflict of Interest Policy

SO 1

The Conflict of Interest Policy applies throughout the Group and contains measures aimed at preventing possible conflicts of interest between various customers, between customers and the companies belonging to BAWAG P.S.K. Group, between customers and individual employees or between the individual BAWAG P.S.K. companies and their employees to the greatest possible extent, and to resolve any conflicts that are unavoidable.

The policy includes rules related to employee transactions as well as guidelines pertaining to the acceptance of gifts and invitations, for example.

2.4.6.3. Recruiting Policies

COP 1

COP 2

COP 6

In 2009, new policies for the hiring of new staff and for the internal job exchange were created in connection with our Human Rights Matrix and aim to ensure equal opportunities and transparency.

Internal Recruiting Policy:

This policy defines the entire recruiting process with regard to internal job postings for employees in a uniform and transparent manner. Every employee is entitled to participate in the job posting process. The internal job exchange can also be accessed by branch employees. Employees returning from maternity or paternity leave are informed about internal job postings before they are published. The current version of the policy is available to all employees on the intranet.

External Recruiting Policy:

This policy defines BAWAG P.S.K.'s absolute commitment to fair treatment and equal opportunities. Personnel decisions are made without any form of discrimination; in particular, these decisions are not influenced by age, race, skin colour, language, nationality, religion, gender, sexual orientation or disabilities in any way.

BAWAG P.S.K. also consciously promotes equal opportunities – particularly the balanced hiring of men and women – in the recruiting process with the following provisions:

- ▶ The formulation of job postings must be gender-neutral
- ▶ Selection must be based on predefined criteria that are objective, documented and directly related to the position
- ▶ The selection must be a coordinated decision made by multiple assessors
- ▶ Personnel consultants must aim to present an equal number of qualified women and men
- ▶ Division managers must aim to maintain an equal number of men and women within their divisions, both in management positions and staff positions, or to achieve an equal ratio at both levels

2.4.6.4. Additional Guidelines and Policies

4.11 BAWAG P.S.K. also employs a risk strategy and risk manuals for the different types of risk to which it is subject (credit risk, market price risk, operational risk, participation risk, liquidity risk and other risks). This strategy and these manuals are updated regularly.

Additional information on corporate governance can be found in [Section 7](#) items 7.2 and 7.3.

3. STAKEHOLDER ANALYSIS

3.5

4.14–4.17

SO 1

As one of the most important credit institutions in Austria, BAWAG P.S.K. has a series of stakeholders that are highly important for the Bank. As each stakeholder group naturally has different interests in connection with BAWAG P.S.K., conflicts of interest can arise. We counter such conflicts with a high level of transparency, open communication and information, and careful consideration of all relevant interests. A constant and active dialogue is extremely important for BAWAG P.S.K. because the different approaches employed by the various stakeholder groups are an important source of ideas, opportunities and potential measures for change and improvement.

We will take an active view of and critically examine our role and commitment in society and promote an active dialogue with all of our stakeholders. This will ensure that we are available to our stakeholders as a discussion and negotiation partner and that we treat them as respected partners.

BAWAG P.S.K.'s stakeholders were identified through an open discussion and consist of the following:



4. CUSTOMERS

4.1. General

BAWAG P.S.K. offers its customers attractive, transparent and fair terms. All products are offered at the same terms throughout Austria.

We always strive to create products that offer our customers genuine value, with good interest rates on savings deposits, low and transparent fees on our current accounts, and fair terms for our loans.

PR 5

We regularly measure our customers' satisfaction in all segments using standardised instruments and use the data collected in this manner to identify measures to further increase the quality of our service.

We did not see any improvement in customer satisfaction in 2009 compared to the prior year. However, the customer satisfaction data for 2009 were influenced considerably by the consequences of the financial crisis, which affected the entire banking sector.

4.2. Products and Services

2.2

In addition to the core brands BAWAG, PSK BANK and easybank, BAWAG P.S.K.'s most important brands in 2009 were the youth brand B4-19 (before nineteen), BAWAG P.S.K. INVEST, BAWAG P.S.K. Versicherung, BAWAG P.S.K. Leasing GmbH, BAWAG P.S.K. Wohnbaubank, BAWAG P.S.K. Immobilien, ÖVKB and Sparda.

An overview of the most important standardised products and services is shown in the following table:

BAWAG P.S.K.	Products	Services
Accounts and cards	B4-19 account, student account BAWAG thrifty account BAWAG individualist account BAWAG flexible account PSK BANK new account box PSK BANK interest advantage account PSK BANK complete account PSK BANK New Chance Account Post current account Overdraft payment protection insurance BAWAG MasterCard, Post MasterCard	Comprehensive account packages tailored to retail customers' individual needs, BAWAG P.S.K. change of account service, IBAN calculator, newsletter
Financing	BAWAG Top private loan with express service BAWAG home builder's loan with and without mortgage PSK super fast loan klima:aktiv climate-friendly financing World of Benefits, BZK personal cash loan Buildings association loan	Competent, high-quality advice and service Rapid, unbureaucratic processing Loan calculator, home budget calculator 10-minute service, building service folder, credit check, real estate search, real estate prices, rent calculator
Children/youths	NICKI savings account B4-19 account, B4-19 savings account, B4-19 TopCard Private investment headstart Products for investing for the future Building association savings account	Bonus book, NICKI MISSION children's magazine for NICKI savings customers with educational comics on topics like handling money, health, etc.
Investment and securities (examples)	ATX Garant Wohnbaubank convertible bonds BAWAG P.S.K. Öko Sozial Rent BAWAG P.S.K. Öko Sozial Stock Capital savings account BAWAG AnlageDuett/PSK BANK Anlage-Kombi (capital savings + funds) BAWAG KontoDuett account/PSK BANK Konto Kombi account Investment accounts for demand deposits (retail customers and small businesses) Structured investment products (savings and securities) Life insurance products offered by BAWAG P.S.K. Versicherung Building association savings account	Enterprise Austria – attractive savings and investment products focused on Austria Savings reminder service (text message and e-mail) Chartmix / Stock exchange centre, etc.

BAWAG P.S.K.	Products	Services
Business products	BAWAG All-In-Business accounts, BAWAG P.S.K. Economic account, Profit Business investment account, cash management, risk management, rent security deposit service, company pensions, import and export financing, leasing, "Ideenmilliarde" financing initiative	Think Business! Responsible financing solutions Free business news service covering topics such as law, taxes, EU and the economy BAWAG government assistance guide
Online/Internet	Internet banking, Sofabanking, telephone banking e-brokerage	www.chartmix.at , www.boersecenter.at barrier-free BAWAG P.S.K. web site with quality seal
Other	Safes and safe deposit boxes	www.meintermin.at , www.meinespende.at

The Bank also offers additional products, especially financing products, to meet the special needs of major corporations, institutional customers and public-sector customers.

4.2.1. Sustainable Products

PR 1

COP 1

The **BAWAG P.S.K. Öko Sozial Stock** fund, which was launched in 2007, was the Bank's first investment fund focusing on environmental and social aspects. Upholding social and environmental responsibilities is an extremely important issue, especially when it comes to investments. After all, earning returns and investing in a socially and environmentally responsible manner do not have to be conflicting goals. BAWAG P.S.K. Öko Sozial Stock is an international equity umbrella fund that invests in selected sustainable investment funds. These funds are selected according to strict criteria in order to ensure that they adhere to the environmental and social focus of the investment.

In 2009, the Bank introduced the **BAWAG P.S.K. Öko Sozial Rent** fund, which is a bond fund focused on issues related to sustainability. The international issuers are preselected based on ethical-ecological elimination criteria related to issues such as respect for human rights, climate protection, genetic engineering, child labour, nuclear power, etc. The international research agency Sustainalytics (Frankfurt) is responsible for performing the sustainability assessment. The CSR officer was involved in the development of BAWAG P.S.K. Öko Sozial Rent.

As of the end of 2009, BAWAG P.S.K. INVEST's **volume** of funds under management invested in socially responsible products (SRI funds) **totalled EUR 402.1 million**.

BAWAG P.S.K. INVEST's funds under management totalled EUR 3,600 million as of the end of 2009, which means that around 11 per cent of the total funds under management are invested in sustainable products.

“New Chance Account”

The “New Chance Account” (“Neue Chance” Konto) was introduced in April 2009. This account is intended to provide customers who were previously denied access to banking transactions because of their poor credit history with an account and all of the associated electronic payment transaction services. The “New Chance Account” is offered in all of the post office locations throughout Austria. You can also find detailed information about this account in [Section 7](#).

For BAWAG P.S.K., the “New Chance Account” represents an active contribution to combating discrimination and social marginalisation.

BAWAG P.S.K.’s One Billion for Municipalities

By providing One Billion for Municipalities (Kommunalmilliarde) in 2009, BAWAG P.S.K. made important financing available to local public budgets. Many provinces, cities and municipalities had taken advantage of this extra capital for the targeted financing of infrastructure projects by the end of 2009. More than 520 new public infrastructure projects have been financed since the initiative was launched in June 2009.

Sustainability assessment

The existing products and services offered by BAWAG P.S.K. have not yet been subjected to a complete sustainability assessment. Such an assessment is an important goal, however, and is to be performed in the coming periods.

COP 1

However, the BAWAG P.S.K. Group Credit Policies were thoroughly revised in 2008. A key change was the addition of separate sections discussing ethical principles in extending credit and a BAWAG P.S.K. Fair Lending Declaration.

We are also considering involving the unit that is responsible for CSR (the CSR officer) in the product development process, as was the case for the BAWAG P.S.K. Öko Sozial Rent sustainability fund that was launched in December 2009. The “New Chance Account” was also developed in close collaboration with the product management team and the CSR officer.

4.2.2. Business Focus on Austria

2.5

BAWAG P.S.K.’s business is focused on Austria, and the majority of the Bank’s transactions are executed in Austria. There are 153 BAWAG branches and roughly 1,230 post offices with a PSK BANK outlet.

2.7

Some business is also conducted with foreign individuals and businesses (e.g. loans); this primarily involves major foreign corporations and banks.

The Bank has small subsidiaries in Slovenia and Malta and a representative office in Libya with one representative.

4.2.3. Customer Segments

2.2 The following are the primary customer segments that are served by BAWAG P.S.K.:

BAWAG P.S.K.	Markets
General	Private customers Business customers Institutional customers Public sector Corporates Children and youths
Accounts and cards	Private customer segment SME segment
Financing	Construction and housing Modernisation and renovation Consumer goods Public sector Corporate finance Financial institutions
Securities	Private customer segment
Online/Internet	Private customers SMEs Internet and e-banking users
Other	Large-scale finance Syndicated loans

4.2.4. Children's and Youth Products

2.2 One of BAWAG P.S.K.'s goals is to allow children and youths to learn to manage money responsibly and to introduce them to the concept of savings. This starts with the NICKI savings account and continues with BAWAG P.S.K.'s youth products.

Young people are offered the following products under the motto "Everything You Need in a Bank B4-19" ("Jede Menge Bank B4-19"):

- ▶ BAWAG B4-19 account with free account management, e-Banking and Maestro card
- ▶ B4-19 TopCard, the flexible savings card with attractive interest rates
- ▶ B4-19 savings account offering a gift each year for savings of at least EUR 240 per year

The free NICKI MISSION children's comic that we offer in our branches also aims to promote issues such as health awareness among children through suitable articles.

4.2.5. Services



We offer an **SMS and e-mail reminder service** for all BAWAG P.S.K. customers. This informs our customers of expiring savings deposits or interest rate agreements in a timely manner so that they can make new arrangements as desired. BAWAG P.S.K. is the only bank in Austria that offers this service (source: *Konsument*, February 2010)

Savings account terms that govern the indicator links for variable-interest products have been in force since February 2007.

The **EU's MIFiD Directive** was implemented in Austrian law in the form of the 2007 Austrian Securities Supervision Act (WAG) on 1 November 2007. This guarantees not only increased protection for investors, but also greater transparency in terms of fees, commissions and the execution of securities orders.

BAWAG P.S.K.'s barrier-free **web page** offers customers and other visitors a series of **useful tools**. In addition to the branch locator and a currency converter, visitors can use a household budget calculator for their monthly expenditures or a loan calculator to find out how much a loan will cost. The IBAN calculator makes it easier to find the information needed for foreign transfers.

Calculators for capital savings and fund savings accounts, a rent calculator and a pension calculator are also available. The Bank also offers an online travel reservation tool (www.bawag.com).

We attach particular importance to enabling our customers to contact us **quickly and easily**. For this reason, our web site also offers several ways to contact us. Our customer service centre was also restructured and significantly improved in 2009, allowing us to handle customer enquiries even more quickly.

We offer our customers the option of receiving their **account statements electronically** as PDF files.

Our self-service wire transfer scanners have a **multi-lingual user interface** that allows customers to choose between German, English, Turkish, Serbian, Croatian and Bosnian. The transfer scanners are available 24 hours a day, seven days a week.

Around 50 BAWAG branch employees and 70 employees at post office locations speak **additional languages** such as Bulgarian, Croatian, Polish, Serbian, Slovakian, Czech, Turkish and Hungarian.

We place a special focus on providing our customers with **individual advice**. We strive to offer every customer the right product for his or her specific circumstances. When offering more complex products, we always make sure that customers only select products that they understand.

4.2.6. Outlook 2010

BAWAG P.S.K. will again introduce innovative new products in 2010 to meet the needs of our customers. Our efforts to improve our customer service will also continue.

BAWAG P.S.K.	Outlook 2010
General	Measures to improve customer satisfaction New web site with ability to complete transactions directly
Financing	Focus on "Renovation" with particular emphasis on energy efficiency and structural improvements Plan to expand combination options for securing loans to include income protection insurance in 2010
Children/youths	Introduction of a new product line for youths
Corporates	Industry-oriented service approach in corporate banking

4.3. Transparent Prices and Terms

PR 3

COP 8

BAWAG P.S.K. offers its customers transparent prices and terms for all of its products. As an additional service and to provide greater transparency, the current price lists that are posted in our branches are also published on our web site. We also provide our customers with a “welcome folder” or a “welcome box” containing all of the important documents and terms when they open a new account.

With its account packages, BAWAG P.S.K. offers solutions that are tailored to the customer’s individual needs and account use. Comparisons with competitors’ products show that BAWAG P.S.K. offers its account packages at some of the lowest prices in Austria. In addition to being posted in the branches, the current term sheets are also published on the web site so that customers can easily review them.

Information about interest rate changes on loans is provided to customers on their account statements.

BAWAG P.S.K. created the Security Barometer in order to provide even more transparency for its customers, particularly when it comes to products. For more information, please refer to Section 4.4.

4.4. Customer Security in Banking Transactions

Along with transparency, the issue of security is of the highest priority at BAWAG P.S.K. – in all areas.

The Bank strives to ensure that there is a “discreet” zone in every branch that is especially for customers withdrawing large sums of cash. Various measures including alarm systems and structural measures are employed to ensure the highest possible level of security for the customers in our branches.

In addition to speeding the processing of transfer orders, the use of wire transfer scanners at all BAWAG branches is intended to increase security. The slip is scanned and does not remain in the machine, but is returned to the customer.

In addition to the PIN/TAN method, customers of BAWAG P.S.K. and easybank are able to use the citizen’s card function on their e-card to digitally sign their Internet banking orders (since the middle of 2008). This simply requires the free activation of the e-card for this function at www.buergerkarte.at.

The digital signature serves the same function as a normal signature, but is used in the electronic world. The secure digital signature forms the basis for the digital identity and is legally equivalent to a person’s handwritten signature according to the Austrian Signature Act (section 18 SigG).

The Bank issues MasterCard with MasterCard Secure Codes for secure payment on the Internet. Improvements are being made continually to make credit card payments more secure.

BAWAG P.S.K.’s Security Barometer

An extremely important question for all banking customers, including our own, is how to invest their savings in the best and most secure way. BAWAG P.S.K. has recognised its responsibility in this area as well and in 2009 started labelling its advertising materials for savings, investment and life insurance products with the new Security Barometer, which allows customers to see the potential returns and security offered by the various products at a glance. BAWAG P.S.K. is the first and thus far the only bank in Austria to offer this service!



Definition of Security:

The security of an investment depends on whether there is a capital guarantee for the invested funds or possibly even an interest guarantee, or whether investors must be prepared for the possibility that the invested capital will decrease or be lost completely. There is a difference between security against the loss of the invested capital and security for the earnings generated by an investment. Our security indicator represents both these types of security.

Definition of Potential Returns:

The potential returns indicator depicts future earnings potential based on the specific structure of the product. Key factors here include availability, the commitment period for the capital and the creditworthiness of the company that develops and sells the product. This rating represents the theoretical returns offered by the relevant investment product without taking any fees or taxes into account.

Full Transparency – Unrivalled in Austria!

The new Security Barometer shows the weighting of the security and potential returns offered by a product based on a five-point scale. This makes it clear at a glance that higher earnings potential is associated with lower security – a product with a high level of security generally offers lower potential returns.

This offers the clear advantage of allowing investors to compare different offers in an optimal way. This unrivalled service was also communicated to the public in its own launch campaign.

KUNDENSERVICE

DAMIT SIE AUF EINEN BLICK WISSEN, WIE SIE IHR GELD VERANLAGEN.

SICHERHEIT 

ERTRAGSCHANCE 

SICHERHEITS-BAROMETER

Wir kennzeichnen jetzt alle Spar-, Veranlagungs- und Lebensversicherungsprodukte mit einem Sicherheitsbarometer. Damit Sie sofort einen Überblick über Sicherheit und Ertragschance Ihrer Geldanlage haben.

Die neue Bank. Die neue BAWAG. www.bawag.com **BAWAG**

EINE MARKE DER BAWAG PSK

DAMIT SIE AUF DEN ERSTEN BLICK WISSEN, WIE SIE IHR GELD VERANLAGEN.

SICHERHEIT 

ERTRAGSCHANCE 

Trari, Trara, das Sicherheitsbarometer ist da!

Wir kennzeichnen jetzt alle Spar-, Veranlagungs- und Lebensversicherungsprodukte mit einem Sicherheitsbarometer. Damit Sie sofort einen Überblick über Sicherheit und Ertragschancen Ihrer Geldanlage haben.

Nähere Informationen hier in Ihrer Postfiliale.

Trari, Trara, die Bank ist da! **PSK BANK**
EINE MARKE DER BAWAG PSK

Post.Nr.: 05 1010 / Änderungen vorbehalten www.pskbank.at

4.5. Advertising

PR 6

BAWAG P.S.K. has documented rules of conduct for its advertising and marketing practices that it drafted itself.

All **marketing measures** are created in accordance with our “Manual for the Preparation of Marketing Materials”, which was prepared by BAWAG P.S.K.’s Legal division in cooperation with the Compliance Office. Compliance with these guidelines is ensured through documentation and a corresponding checklist.

This ensures that BAWAG P.S.K.’s marketing measures not only comply with the law, but also meet criteria for responsible conduct. According to these guidelines, marketing materials

- ▶ must be clear and straightforward
- ▶ may not be misleading
- ▶ must be understandable to the recipient
- ▶ must clearly point out possible risks, and
- ▶ may not contain important statements or warnings that are clouded, toned down or phrased in an unclear manner.

The planning and implementation of marketing measures are based on a documented process that was reviewed and approved by the Internal Audit division.

This process defines

- ▶ a clear decision-making structure
- ▶ all of the competences from planning to implementation
- ▶ a dual control principle

The Bank’s **advertising practices** are based on the document “Advertising Strategies for BAWAG and PSK BANK”, which was introduced in 2007. This document specifies the following points, among others:

- ▶ BAWAG P.S.K. is a new type of bank whose style is characterised by close customer proximity and which does more for its customers than the competition.
- ▶ The products and services offered by BAWAG P.S.K. are customer-oriented, simple and transparent.

- ▶ BAWAG P.S.K. is actively involved, takes the concerns of Austrians seriously and supports Austria's business community and citizens, for example with the Enterprise Austria (Unternehmen Österreich) campaign. Under this umbrella brand, the Bank has introduced and advertised savings and investment products aimed at supporting Austria as a business location, provided One Billion for Municipalities to the public sector and launched the One Billion for Energy (Energienmilliarde) campaign aimed at assisting private households with sustainable renovations (starting in February 2010).
- ▶ PSK BANK sees itself as the “no-frills bank” for the average Austrian, and offers standardised products. This positioning is expressed in its advertising.

One example of the “responsible marketing measures” described above and our communications strategy is the introduction of the Security Barometer (see also [Section 4.4](#)).

BAWAG P.S.K. is the first and only bank to label all advertising materials for savings, investment and insurance products with a symbol that communicates the relationship between potential returns and risk at a glance for the benefit of its customers.

Ethics Committee for PR

The Austrian Ethics Committee for Public Relations (Österreichische Ethik-Rat für Public Relations) was founded in 2008. This eleven-member committee investigates questionable PR practices. If a case of misconduct is identified, the ethics committee issues a warning and a public rebuke. BAWAG P.S.K. Managing Board member Regina Prehofer, who is responsible for all of the Bank's business in Austria, is a member of this ethics committee.

Enterprise Austria Advertising and Product Campaign

In reaction to the economic crisis of 2009, BAWAG P.S.K. launched an extensive, ambitious campaign in the autumn of 2009: Enterprise Austria.

“An investment in the people of Austria. In their ideas, their dreams, their future. BAWAG P.S.K. wants to help make these dreams come true. Because what's good for Austria is good for all of us.”

BAWAG P.S.K.'s employees delivered this message to the country in a BAWAG television ad directed by Academy Award winner Stefan Ruzowitzky.

The Enterprise Austria campaign is also supported by special products such as the One Billion for Municipalities initiative, in which BAWAG P.S.K. supported projects being implemented by Austrian communities.

The Enterprise Austria initiative is one of the Bank's main priorities for 2010, and additional activities are already planned.

The Bank has also created a separate web site for the initiative at www.unternehmeneroesterreich.at, where people can find more information about where and how BAWAG P.S.K. is investing in Austria and accepting responsibility.

PSK BANK Initiative – Simple, Standardised Products with Favourable Terms

PSK BANK's communications in 2009 focused on advertising promotions for products that are easy to understand and offer transparent price structures. The initiative was aimed at making customers feel certain that they can find their way through the “jungle” of incomprehensible financial products and that they are sure to find exactly the right product at their local post office branch.

In addition, a new special offer was featured each month and was advertised on the radio, at the teller counters and in other media.



4.6. Business with Non-Profit / Non-Governmental Organisations

SO 1

BAWAG P.S.K. has business connections to a large number of non-profit organisations, maintains several thousand donation accounts throughout Austria and is *the* bank for NPOs and NGOs because of P.S.K.'s long tradition in this field.

Thanks to this, the Bank has good ties in the NPO/NGO sector and has completed a number of joint projects and sponsorships with such organisations (see also [Section 7](#)).

BAWAG PSK also founded the donation platform www.meineSpende.at.

This platform is a service that allows people to make donations electronically by means of eps online transfers. BAWAG P.S.K. provides the required URL, the software and the infrastructure, covers all of the operating costs from its own budget, and allows charity organisations to use the platform free of charge. All non-profit organisations have an opportunity to present themselves and their objectives on this site.

4.7. Support for People with Disabilities

4.7.1. Barrier-Free Internet

4.12

COP 1

COP 2

What are barrier-free web sites?

These are web sites that can be read and operated by any user. Barriers in this context could be graphical navigation systems without alternative texts for blind users. People with poor vision and older people often have problems with smaller font sizes, certain colour combinations and designs with poor contrast.

BAWAG P.S.K.'s web sites (www.bawag.com, www.pskbank.at and www.bawagpsk.com) are all virtually free of technical barriers. A large number of barriers were identified and eliminated on these web sites in cooperation with people over the age of 50, people with visual impairments and blind people.

In adapting its sites, BAWAG P.S.K. oriented itself towards W3C's priority 1 and 2 Web Content Accessibility Guidelines (version 1.0). Thanks to these efforts, BAWAG P.S.K. was the first Austrian bank to be awarded the "Web barrierefrei" barrier-free quality seal from Phönix Project.

The following improvements were made in order to make the site easier to use especially for older people, people with visual impairments and blind people:

- ▶ The ability to select larger font sizes and different colours
- ▶ A notice is shown when links will open in a new window.
- ▶ Links that have already been visited are shown in a different colour.
- ▶ No pop-ups are used.
- ▶ The sites were optimised for use with screen readers and braille displays (alternative texts, frame descriptions, internal hyperlinks).
- ▶ The sites do not require JavaScript for the most part.
- ▶ The pages contain additional metadata for script languages, page titles, creation dates and brief descriptions.

"Barrier freedom" is an ongoing development process. For this reason, we will continue to take barriers into account whenever we develop new Internet applications and continue to optimise our web sites.

In 2010 BAWAG P.S.K. plans to introduce a completely redesigned web site that is even more customer friendly, and we will ensure that the web site is barrier-free as well.

Further information can be found at www.wai-austria.at or www.w3.org/WAI/ (Web Accessibility Initiative).

4.7.2. Barrier-Free BAWAG Branches

Barrier freedom means that everyone can use media, objects or facilities without limitations, regardless of any disabilities. The implementation of barrier-free measures, which is an ongoing development process, is gaining in importance.

BAWAG has 153 branches that are already barrier-free for the most part.

Branch access and barriers analysis	2009	2008
Entrances suitable for wheelchairs	113	105
Lifts suitable for wheelchairs	47	10
Handicapped accessible WC	41	12

A number of branches were also adapted in 2009 (see table). We will continue to focus on eliminating barriers whenever renovation work is completed so as to gradually increase the number of barrier-free branches in the future.

Best Practice: Internal Benchmark for Barrier Freedom

The renovation of the BAWAG P.S.K. branch located at Rudolf-Biebl-Straße 41 in the summer of 2009 serves as an “internal benchmark for barrier freedom”. This branch in Salzburg-Lehen set out to meet all of the requirements for a barrier-free institution throughout the branch.



The entire ground floor offers level access and the bank naturally has handicapped-accessible sanitary facilities. Parking spaces and direct access to public transportation make it easy to reach the branch. All barriers that could hinder people in their everyday business have been removed from this branch.

Alexandra Piringer (a representative for people with disabilities for the City of Salzburg) and Peter Leitner (a BAWAG P.S.K. customer and wheelchair user) were thoroughly convinced of the branch's accessibility for people with disabilities during a joint inspection in October. Our initiative aimed at increasing our presence in this field has received unanimous praise.



4.7.3. Account Statements for Blind Customers

P.S.K. has offered account statements in braille as a special service for its customers with visual impairments since 1993. BAWAG also began offering this service at the end of 2006.

5. EMPLOYEES

5.1. General

LA 1

BAWAG P.S.K.'s total active staff (as measured by the number of full-time equivalent employees) has been reduced by just under 400 full-time employees since 2007 in accordance with the Bank's strategy. This reduction has mainly been achieved through normal withdrawals and socially responsible early retirement models. The framework conditions for the staff reduction were negotiated with the works council in a social plan. In addition, the Bank was able to reintegrate around 60 employees who had been laid off internally by providing them with targeted retraining.

The following table shows the total staff of BAWAG P.S.K. and easybank broken down into full-time and part-time positions and types of employment contracts (limited/indefinite).

BAWAG P.S.K. staff:	Change compared to previous year in %	As of 31 December 2009	in %	As of 31 December 2008
Full-time employees:	-6.03	3,304	77	3,516
Part-time employees:	7.67	997	23	926
Total	-3.17	4,301	100	4,442

Contract type BAWAG P.S.K.	Change compared to previous year in %	As of 31 December 2009	in %	As of 31 December 2008
Indefinite employment contracts:	-0.84	4,252	99	4,288
Limited employment contracts:	-68.18	49	1	154

easybank staff:	Change compared to previous year in %	As of 31 December 2009	in %	As of 31 December 2008
Full-time employees:	10.14	76	75	69
Part-time employees:	23.81	26	25	21
Total	13.33	102	100	90

Contract type easybank	Change compared to previous year in %	As of 31 December 2009	in %	As of 31 December 2008
Indefinite employment contracts:	8.89	98	96	90
Limited employment contracts:	100.00	4	4	–

(Members of the Managing Board are not included in the above figures)

In 2009 the percentage of part-time workers at BAWAG P.S.K. and easybank was once again above the 2008 average of 15.2 per cent for all Austrian financial services providers (source: ÖGUT brochure *Benchmarking für Finanzdienstleister – 2010*). This is also an indication of the fact that BAWAG P.S.K. attaches particular importance to allowing its employees to structure their working hours in accordance with their personal needs and circumstances so as to facilitate a better work-life balance.

5.1.1. Total Staff by Region and Employment Type

LA 1

LA 13

BAWAG P.S.K.'s employees work in all of Austria's provinces, and four of its employees work outside of Austria (in Slovenia and Malta).

Province/Region	BAWAG	in per cent	easybank	in per cent
Vienna	3,216	75.0	102	100.0
Lower Austria	168	4.0		
Burgenland	44	1.0		
Styria	289	7.0		
Upper Austria	184	4.0		
Salzburg	110	3.0		
Carinthia	146	3.0		
Tyrol	97	2.0		
Vorarlberg	43	1.0		
On foreign assignment in Malta	3	0.0		
On foreign assignment in Slovenia	1	0.0		
Total	4,301	100.0	102	100.0
Thereof				
Women	2,485	58.0	70	69.0
Part-time employees	997	23.0	26	25.0
Employees with limited employment contracts	49	1.0	4	4.0

EC 7

In this analysis, the term local personnel refers to nationality.

COP 6

Employees are usually sought and selected locally or regionally. However, due to the Bank's foreign ownership and the lack of local experts in specific banking segments, the number of non-Austrians being hired has increased recently.

Personnel 2009	Employees – total	Thereof non-Austrians
Managerial employees	439	24
Employees	3,862	82
Total	4,301	106

Local personnel in managerial positions	Change compared to previous year in %	2009 in %	2008 in %
BAWAG P.S.K.	-1.03	96	97
easybank	0.00	100	100

Management personnel refers to individuals who have been assigned key managerial tasks that they must complete under their own responsibility.

BAWAG P.S.K.'s new owner is an American company that attaches great importance to international expertise. For this reason, a number of people who were hired by the Bank last year were not citizens of Austria. These new employees came from the USA, Great Britain and Germany, among other countries. This diversity has had a very positive effect within the company.

COP 1

COP 2

Recruiting Policies

COP 6

New policies for the hiring of new staff and for the internal job exchange were created in 2009 and aim to ensure equal opportunities and transparency.

The Internal Recruiting Policy defines the recruiting process with regard to internal job postings for employees in a uniform and transparent manner.

The External Recruiting Policy defines the rules for the external hiring process, and BAWAG P.S.K. is absolutely committed to fair treatment and equal opportunities here as well.

Personnel decisions are made without any form of discrimination; in particular, these decisions are not influenced by age, race, skin colour, language, nationality, religion, gender, sexual orientation or disabilities in any way.

You can find more information about this under [“Internally Developed Policies”](#).

5.1.2. Staff Breakdown by Age and Function

Age group 2009	<30		30-50		>50	
Managing Board	0	0.0%	3	0.1%	2	0.0%
Division directors/ sales directors	0	0.0%	53	1.2%	23	0.5%
Dept./group/branch managers	17	0.4%	254	5.9%	87	2.0%
Employees (non-managerial)	631	14.7%	2,380	88.5%	851	19.8%
Total	648	15.0%	2,690	63.0%	963	22.0%

The demographic trend in Europe is clearly pointing to an ageing society with a decreasing number of children and an increasing number of adults and elderly people as a percentage of the overall population. The number of BAWAG P.S.K. employees over 50 increased by 2 per cent in 2009 in comparison to 2008, while the number of employees under 30 decreased by 2 per cent.

This also brings new challenges in personnel recruiting and personnel development. BAWAG P.S.K.'s Personnel division has already begun focusing on providing working conditions that are compatible with different life phases. These efforts focus on ensuring that employees remain physically and mentally fit and that they have good future prospects at the Bank as they become older.

The first measure in this direction was the foundation of the BAWAG P.S.K. Retraining Centre in 2008. Here, employees receive special training on the basis of an individual potential analysis to prepare them for new tasks at the Bank. Some of these trainees are older employees. This makes the Retraining Centre an important factor in providing positions and working conditions that are compatible with different life phases at BAWAG P.S.K.

5.1.3. Breakdown of Managerial Staff

LA 13

Brief overview of the distribution of managerial staff at BAWAG P.S.K. (as a percentage of total staff):

10 per cent of the total staff

18 per cent of men

5 per cent of women

3 per cent of employees under 30

12 per cent of employees aged 30–50

12 per cent of employees over 50

Among the managers:

73 per cent are men

27 per cent are women

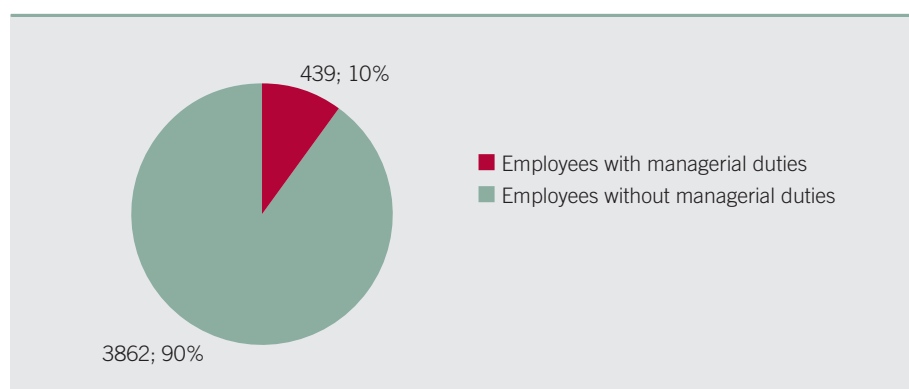
4 per cent are under the age of 30

71 per cent are between the ages of 30 and 50

26 per cent are over the age of 50

Managerial employees by age	Employees	As a percentage of total staff
<30:	17	0.4%
30–50:	310	7.0%
>50:	112	2.5%
Total	439	9.9%

Breakdown by managerial function

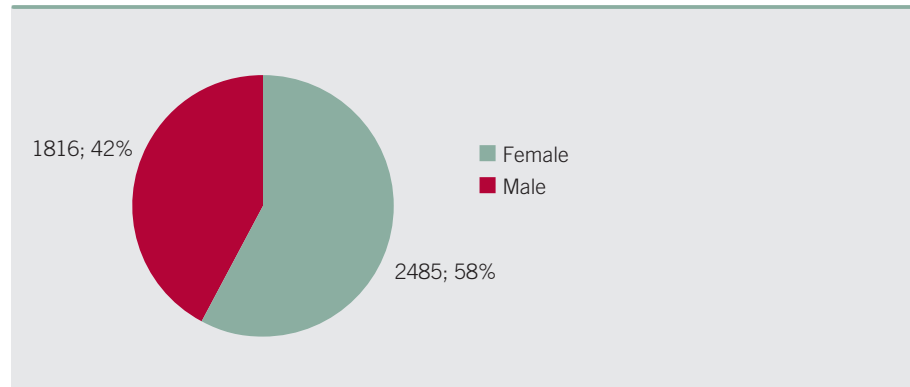


5.1.4. Breakdown by Gender

LA 13

More than half of the employees at BAWAG P.S.K. are women.

Breakdown of total employees by gender

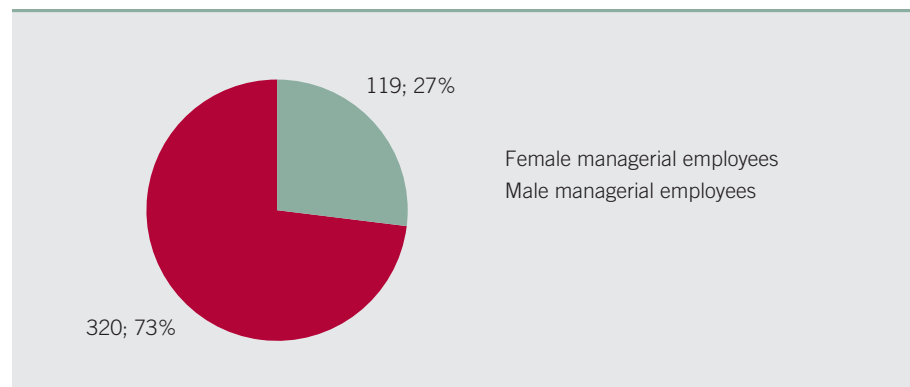


This puts the share of women at BAWAG P.S.K. above the average of around 48 per cent for all Austrian financial services providers (source: ÖGUT brochure *Benchmarking für Finanzdienstleister – 2010*).

However, the management structure at BAWAG P.S.K. is still heavily male-dominated, and Regina Prehofer, who was appointed to the Managing Board in September 2008, is the Bank's first female Board member.

Women are also under-represented at the managerial level with a share of 27 per cent (while they make up 58 per cent of the total staff).

Breakdown of managerial employees by gender



The average share of female managers for all Austrian financial services providers in 2008 was around 22 per cent (source: ÖGUT brochure *Benchmarking für Finanzdienstleister – 2010*). This puts the proportion of female managers at BAWAG P.S.K. above the Austrian average.

However, BAWAG P.S.K. plans to continue increasing the proportion of female managers in the coming years.

The [Women's Initiative](#) addressed this problem extensively in 2009.

This issue is also being examined systematically in the course of our [diversity measures](#) and we are actively searching for solutions. The Bank is considering the introduction of special programmes aimed at supporting women, and female managerial candidates in particular.

easybank

Age group 2009	<30		30–50		>50	
Managing Board	0	0.0%	1	1.0%	1	1.0%
Dept./group/branch managers	0	0.0%	5	4.9%	0	0.0%
Employees (non-managerial)	38	37.3%	52	51.0%	5	4.9%
Total	38	37.3%	58	56.9%	6	5.9%

Managerial employees by age	Employees	% of total staff
<30:	0	0.0
30–50:	6	7.6
>50:	1	1.1
Total	7	8.7

Total staff	Employees	% of total staff
Female managerial employees	3	4.4
Male managerial employees	4	4.4
Female employees	67	68.0
Male employees	28	32.0

At 68 per cent, the overall proportion of women at easybank is higher than at BAWAG P.S.K.

The currently available means do not yet allow us to perform an assessment of the employment of minorities at BAWAG P.S.K. and easybank.

5.1.5. Employee Turnover

LA 2

COP 6

Employee withdrawals consist of retirements, deaths, employees changing companies, withdrawals following maternity/paternity leave, the expiration of early retirement models and terminations. At 7 per cent, the withdrawal rate for 2009 is in line with the trend over the last three years. This rate is exactly equal to the average for Austrian financial services providers in 2008 (source: ÖGUT brochure *Benchmarking für Finanzdienstleister – 2010*).

	BAWAG P.S.K. employees 2009	in %	easybank employees 2009	in %
Vienna	217	7	5	5
Provinces	93	9		
Total withdrawals	310	7	5	5
Core turnover	170	4	4	4
Men	122	39	2	40
Women	188	61	3	60
<30	66	21	2	40
30–50	119	38	3	60
>50	125	40	0	0

The following two tables show employee turnover at **BAWAG P.S.K.** broken down by age group and gender:

Turnover by age group	Change compared to previous year in %	Employees 2009	in %	Employees 2008
<30:	-36.54	66	1.5	104
30-50:	-14.39	119	2.7	139
>50:	16.82	125	2.8	107
Total	-11.43	310	7.0	350

Turnover by gender	Change compared to previous year in %	Employees 2009	in %	Employees 2008
Female:	4.44	188	4.2	180
Male:	-28.24	122	2.8	170

Employee turnover at **easybank** is as follows:

Turnover by age group	Change compared to previous year in %	Employees 2009	in %	Employees 2008
<30:	-75.00	2	2.0	8
30-50:	-50.00	3	3.0	6
>50:	0.00	0	0.0	0
Total	-64.29	5	5.0	14

Turnover by gender	Change compared to previous year in %	Employees 2009	in %	Employees 2008
Female:	-75.00	3	3.0	12
Male:	0.00	2	2.0	2

5.2. Remuneration, Working Hours and Post-Employment Benefits

LA 4 5.2.1. Collective Bargaining Agreement and Salary Components

COP 1

COP 3

On 1 July 2009, a new contract went into effect for all employees covered by the collective bargaining agreement for banks.

With this new agreement, the Union of Salaried Private Sector Employees, Graphical Workers and Journalists (GPA-djp) and the Austrian Bankers' Association modernised the collective bargaining agreement that had been in effect since 1949 and whose salary scheme had last been reformed in the 1970s. The new agreement introduced a fundamental reform in the form of a description of employment groups as part of the new salary and career system.

The modern and more flexible new salary scheme puts a stronger emphasis on individual competences, qualifications and personal dedication.

The majority of BAWAG P.S.K.'s employees and civil servants fall under minimum wage requirements. Their pay is governed by the Federal Wages Act, the Contractual Employment Act (Vertragsbedienstetengesetz) or the collective bargaining agreement for banks. The only personnel at the Bank that is not covered by a collective bargaining agreement is the cleaning staff; a separate works agreement is in force for such personnel. Regularly employed contract workers and freelancers are not covered by such standards.

All of BAWAG P.S.K.'s salaried employees are covered by a collective bargaining agreement.

Salaried employees and civil servants are generally not exempted from statutory regulations (applicable laws or collective bargaining agreements), and civil servants are subject to legal requirements.

Employees who fall under a collective bargaining agreement	Change compared to previous year in %	As of 31.12.2009	% of all employees	As of 31.12.2008	% of all employees
Number of employees who are civil servants	-7.87	609	14.2	661	14.9
Number of employees who fall under the collective bargaining agreement for banks or the works agreement for cleaning staff	-2.31	3,687	85.8	3,774	85.1
Total	-3.13	4,296 *)	100.0	4,435	100.0

*) Members of the Managing Board are not covered by a collective bargaining agreement

easybank

Employees who fall under a collective bargaining agreement	Change compared to previous year in %	As of 31.12.2009	% of all employees	As of 31.12.2008	% of all employees
Number of employees who fall under the collective bargaining agreement for banks	13.33	102	100.0	90	100.0
Total	13.33	102	100.0	90	100.0

4.5

In addition to each employee's fixed base salary, the Managing Board also approves an annual budget for bonuses and unscheduled promotions. The amount of this budget depends indirectly on the Bank's operating result. This budget is then allocated to the divisions and employees. Each division head is responsible for the allocation to individual employees on the basis of the employee's latest performance review and achievements. These performance reviews include the agreement of individual targets according to the management by objectives approach (see also [5.7.1](#)) and the assessment of whether the agreed targets have been reached.

LA 5

HR 5

COP 1–3

A number of works agreements are also in force at the Bank that govern, among other things, employee data protection (WA Internet, WA Time Recording, WA Compliance Code, WA Cameras, WA Computer-Aided Individual Evaluation under the MBO System, WA Computer-Aided Individual Evaluation for Opportunity Management, WA Voice Recording in the Treasury, WA Mobile Telephones [currently in preparation]).

Works agreements are legally binding contracts.

In 2009, some of the works agreements between the works council and management were revised and expanded, and new works agreements were concluded. Here are a few examples:

- ▶ WA regarding the framework conditions for computer-aided individual evaluation for opportunity management (including a side letter)
- ▶ WA regarding the framework conditions for the Sales Talent Management programme
- ▶ WA regarding telephone software, the protection of employees from performance and behaviour monitoring and the automatic recording of telephone calls in the customer service centre
- ▶ WA regarding the regulations for working hours in the customer service centre
- ▶ WA regarding the working hours of employees at branches located at railway stations

The appointment of an employee representative to the Supervisory Board ensures that the works council is kept up to date on all relevant developments. The Managing Board also maintains an ongoing dialogue with the works council, and the CEO and the chairman of the works council meet regularly.

The works council of BAWAG P.S.K. represents the majority of the Bank's employees, who in turn pay a contribution to cover the works council's expenses. The works council can call works meetings with all of the Bank's employees at any time in order to provide information. In addition, freedom of association and the authorisation of labour unions are protected by law in Austria.

LA 14

COP 1

COP 6

5.2.2. Base Salaries by Gender

When a new employee is hired, he or she is classified in accordance with his or her responsibilities at the Bank. This classification takes into account each person's education, professional experience and defined area of responsibility, independent of any gender considerations. This means that men and women are awarded a salary that is commensurate with their level of education, professional experience and area of responsibility. Neither Bank policy, the collective bargaining agreement for banks nor the regulations for civil servants permit any discriminative differences in compensation.

EC 5

COP 1

5.2.3. Comparison of Minimum Wages and Starting Salaries

The starting salaries at BAWAG P.S.K. and easybank are at least equal to the minimum wages as specified in the collective bargaining agreement for banks. The majority of new hires are experts whose salaries are negotiated in individual contracts; in accordance with the applicable works agreement, supplementary pay has been defined for secondary school graduates depending on the level of education completed:

Comparison of starting salaries and minimum wage 2009	Secondary school graduates	Minimum wage as a percentage of the starting salary	Hourly rate
Minimum wage as per banking collective agreement 2009: C1	EUR 1,744.42		EUR 10.54
Starting salary BAWAG P.S.K. 2009: C4 + supplementary pay for graduates	EUR 1,975.61	79.76%	EUR 11.93
Starting salary easybank 2009: C2	EUR 1,801.64	96.82%	EUR 10.88

The starting salaries are the same throughout Austria.

A comparison of the standard starting salaries at BAWAG P.S.K. and easybank with the local statutory minimum wages shows that all employees of BAWAG P.S.K. and easybank are paid salaries that exceed the legal minimum wages as specified in the collective bargaining agreements.

5.2.4. Working Hours

BAWAG P.S.K. uses a variable working hours system that allows employees to choose their starting and ending times flexibly. This allows our employees to better structure their working time in accordance with their personal needs and circumstances, and is especially intended to facilitate a better work-life balance.

The variable working hours system generally applies for every employee with the exception of key management personnel as defined by the Working Time Act (Arbeitszeitgesetz), employees working in departments with shift-based schedules, apprentices, temporary employees hired to perform end-of-period tasks and cleaning staff, meaning that the variable working hours system applies to around 83 per cent of the Bank's active employees in total.

5.2.5. Scope of Social Benefits

EC 3

Retiring employees who started at the Bank before 2003 receive termination benefits in accordance with the applicable legal provisions and the provisions defined by the collective bargaining agreement (Employees Act [AngG], Contractual Employees Act, collective bargaining agreement for banks). The Bank's termination benefit obligations are assessed using actuarial methods, and appropriate provisions have been formed. Employees who started working for the Bank in or after 2003 receive termination benefits in accordance with the "new severance pay" model. The Bank makes a monthly contribution to a severance fund (in accordance with the Severance Fund Act [BMVG]) amounting to 1.53 per cent of an employee's gross monthly salary; these payments totalled around EUR 0.8 million in 2009.

The post-employment benefits provided by the Bank are based on collective bargaining agreements, works agreements and contracts:

Generally, BAWAG P.S.K. makes contributions to pension funds for all of its employees. In accordance with the collective bargaining agreement for banks, this contribution amounts to 2.7 per cent of an employee's monthly salary (up to a maximum of EUR 1,887 per year).

Employees can also make their own additional contributions up to the amount paid into the fund by their employer.

Some employees have also purchased pension benefit entitlements (generally for terms of service before 1997), and post-employment benefits are paid to former employees. These post-employment benefits are paid directly by the Bank. The obligations related to these benefits are assessed using actuarial methods, and appropriate provisions have been formed.

The Bank's social capital reserves include provisions for post-employment, termination and anniversary benefits. As required by IAS 19, these reserves are calculated using the Projected Unit Credit Method.

The generation mortality tables *AVÖ 2008-P-Rechnungsgrundlagen für die Pensionsversicherung, Pagler & Pagler* are used when calculating the social capital reserves.

The fundamental parameters for the calculation of provision requirements are as follows:

Parameter	2009
Interest rate	5.25% p.a.
Yield growth	2% p.a.
Fluctuation discount	Dependent on time of service
Retirement age	According to ASVG

Value in millions of Euros	2009
Provision for defined termination benefit obligations as of 1 January 2010	80.9
Provision for defined post-employment benefit obligations as of 1 January 2010	237.4
Expenditures for post-employment benefits and the pension fund	18.4

Please see the next section for information about the Bank's expenditures for other social benefits.

5.3. Employer Services

5.3.1. Additional Employer Services

LA 3

EC 3

Employees with limited employment contracts receive their pay at the end of the respective pay period, while employees with permanent employment contracts receive their pay at the beginning of the respective pay period.

All employer services are available equally to all part-time and full-time employees.

The following services are offered to all employees:

- ▶ Travel allowances
- ▶ Pension fund
- ▶ Anniversary bonuses for employees who have worked at the Bank for many years
- ▶ Accident insurance
- ▶ Allowance for employees who take out voluntary supplementary Group health insurance
- ▶ Special employee discount for Bank products
- ▶ Company physician
- ▶ Company physician's offices at the main sites in Vienna

The company physicians are responsible for occupational health issues and also for providing on-site medical care. These offices also offer various immunisations free of charge in most cases or at a nominal fee as well as free health check-ups, physiotherapeutic treatments and other services.

- ▶ Company day nursery

The Bank maintains day nursery centres at its two main sites in Vienna, and this service is intended to assist employees in balancing their work and family obligations.
- ▶ Cafeteria

Employees are offered low-cost lunches (part of the cost is covered by the Bank); at the branches, employees are offered lunch vouchers instead.
- ▶ Christmas vouchers and Christmas dinner
- ▶ Financial assistance for weddings, births, deaths, Vienna Employment Promotion Fund (waff)
- ▶ Funding for the company excursion
- ▶ Funding is provided to the works council for holiday lodging, the sports club, the library, the company excursion, immunisation campaigns, etc.

An overview of the costs for additional social benefits in 2009:

Social benefits 2009	Costs in thousands of Euros
Travel allowances	600
Pension fund	6,000
Anniversary bonuses	1,700
Financial assistance (in particular for weddings/births/deaths, waff)	120
Accident insurance	82
Allowance for supplemental health insurance	274
Cafeteria (food/personnel/vouchers)	1,285
Company physician	90
Company day nursery	270
Christmas vouchers/Christmas dinner	200
Funding provided to the works council (immunisation campaigns, company excursion, holiday lodging, sports club, etc.)	430
Special employee discount for Bank products	
Total	11,051

5.3.2. Workplace Health Promotion

The Workplace Health Promotion initiative was launched in autumn 2009. This Managing Board resolution is a clear confirmation of the Bank's commitment to promoting the health and well-being of its employees. The initiative is aimed at extensively improving and maintaining the health of employees on a long-term basis through targeted measures.

The initial focus will be on the issues of stress management (burnout prevention, etc.) and work-life balance.

Starting in January, a company psychologist will also be available to employees at the company physician's office as part of the first step of the initiative. The psychologist will serve as a contact point for employees who are suffering due to excessive stress, overstrain, high-pressure work situations, burnout, etc. If necessary, the company psychologist will help patients to find appropriate treatment options. BAWAG P.S.K. also grants allowances to help cover costs related to treatments and special health resort stays and provides support for employees returning from longer periods of sick leave.

Employees and managers were given detailed information about the services offered within the framework of the Workplace Health Promotion initiative and about the issues of stress, stress management and burnout prevention at informational events.

In addition, regular immunisation campaigns are organised at the Viennese sites and at some sites in Graz. The immunisations are given by the company physicians. Eye tests are given by the occupational physicians in Vienna. Employees can also arrange check-ups with the company physicians at BAWAG P.S.K. in Vienna in cooperation with the regional healthcare authorities.

Courses (Pilates, cardiovascular training, spinal gymnastics) are offered at the BAWAG P.S.K. sports club in Vienna to prevent posture problems as a result of working on the computer. Gymnastics are also offered during the breaks for divisions where a particularly large amount of work has to be performed on the computer.

5.4. Occupational Health and Safety

LA 6

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Occupational health and safety committees are set up at all BAWAG P.S.K. workplaces with more than 250 employees.

Two meetings are to be held each year at two BAWAG P.S.K. sites: Buchengasse/Quellenstraße and Georg-Coch-Platz.

The meetings are led by the chairman of the occupational health and safety committees. The company physicians, the safety specialists, the chairman of the central works council and the health and safety officers for the Bank's Viennese sites are invited to these meetings. There are currently 23 health and safety officers assigned to the Bank's headquarters and five to the branches in Vienna. BAWAG P.S.K.'s health and safety officers were nominated in cooperation with the works council.

The responsibilities of these officers include:

- ▶ representing employee interests vis-à-vis the employer, the responsible authorities and other bodies in matters of health and safety (in coordination with the works council)
- ▶ providing information, advice and assistance to employees and employee representative bodies in all areas of health and safety.

The health and safety committees at BAWAG P.S.K. not only handle the issues at the two main sites, but also problems that arise in the branches in the provinces.

The two occupational health and safety committees conducted one of the annual meetings as a joint meeting in 2009. The health and safety officers who were invited to the committee meetings represent the employees in Vienna. The number of active BAWAG P.S.K. employees in Vienna was roughly 2,800 in 2009.

This means that roughly 65 per cent of the Bank's entire staff was represented by the health and safety officers at the occupational health and safety meeting in 2009. Because the chairman of the central works council was also invited to the meeting, it can be assumed that all employees were represented.

No occupational health and safety committee has yet been formed at easybank. The law only requires that such a committee be formed when there are 250 employees (office workplaces) or more at a site.

Annual fire drills are conducted at all central buildings to increase the level of safety for the employees there.

A sufficient number of Bank employees has been trained in first aid, and refresher courses are offered at regular intervals.

5.5. Injuries, Occupational Illnesses, Days Away from Work and Time Off

LA 7

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Accidents are recorded in accordance with the guidelines defined by the Austrian Social Insurance for Occupational Risks (AUVA) and the Austrian Occupational Health and Safety Act (Arbeitnehmerschutzgesetz). Days away from work are calculated in calendar days starting from the day after the accident. In 2009 there were 24 occupational accidents reported to AUVA, which resulted in a total of 609 days away from work (based on work days).

The population for these figures consists of all of the Bank's employees in Austria (100 per cent).

Key figures	Compared to previous year in %	31.12.2009	31.12.2008
Injury rate	14.29	24	21
Lost days rate	109.41	601	287

Minor injuries (e.g. minor cuts) were not considered as relevant for this report. There were no work-related deaths in 2009.

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In Austria, agreements are not typically made between a specific employer and the labour union, but between the employer and the works council. Nine works agreements between the works council and management were developed and concluded in 2009 alone. These works agreements are legally binding contracts (see also [Section 5.2.1.](#)).

5.6. Maternity/Paternity Leave and Parenthood

In 2009, BAWAG P.S.K. introduced the Welcome Back event for employees returning from maternity/paternity leave.

Welcome Back Event

The job of being a mother or father is a challenge, and BAWAG P.S.K.'s Personnel division and works council invite employees to attend a Welcome Back event in order to ease the transition back into active service at the Bank. Employees receive detailed information about current developments at the Bank and about how BAWAG P.S.K. can support them in combining parenthood with their careers.

Information for Expectant Mothers and Fathers

The Personnel division and the works council have also put together a brochure containing all of the important information about maternity/paternity leave and childcare. *Pregnancy, Childcare and Returning to Work* is available to all employees electronically.

Company Day Nursery

The BAWAG P.S.K. company day nursery plays an important role in helping parents transition back into work. BAWAG P.S.K. maintains day nursery centres at two of its sites. Each has one nursery area for one- to three-year-olds and two separate groups for children older than three. This service is intended to assist BAWAG P.S.K. employees in balancing their work and family obligations. The company day nurseries are available to all employees.

Part-Time Model

BAWAG P.S.K. offers flexible part-time models for all employees, and especially for employees returning from maternity/paternity leave.

Best Practice: IT Celebrates the First Family Day

On 15 October 2009 the Family Day suggested in the Bank's internal idea exchange became a reality. Employees' children had the opportunity to spend an afternoon visiting and getting acquainted with their parents' workplace in the Information Technology (IT) division.

The programme included tours of the offices and the IT centre. The children were particularly impressed by the chance to view an automated teller safe up close. The day ended with a quiz, followed by a drawing and a number of prizes.

The children and their parents enjoyed an afternoon that went off without a hitch.



5.7. Employee Training

5.7.1. Performance Review – Management by Objectives

LA 12

The annual management by objectives (MBO) performance reviews are a part of the performance culture at the new BAWAG P.S.K.

The MBO reviews are conducted on a top-down basis (from the upper management level through all levels of the hierarchy down to non-managerial employees) according to a standardised review cycle. In addition to the objective setting review at the beginning of the year and the performance appraisal review at the end of the year, a status review is conducted around the middle of the year. The MBO review is used to agree upon quantitative and qualitative objectives based on an employee's function and duties and to discuss important topics such as teamwork, feedback and development.

Setting specific objectives for the current financial year not only lays an important foundation for the assessment of employees' individual performance and their share in the success of the entire team,



but also gives employees a better understanding of what is expected of them, which represents a significant motivation factor. The system also provides employees with regular feedback and improves communication and collaboration between managers and their employees.

MBO is an important instrument for managers and a valuable employee development tool at BAWAG P.S.K., and it represents an important contribution towards making the Bank even more successful over the long term.

The MBO process was revised for financial year 2010 in order to meet the constantly changing requirements for managers and employees in all of the Bank's divisions.

All active employees at BAWAG P.S.K. participate in the MBO reviews/objective agreements. The compliance ratio was 94 per cent across the entire Bank in 2009 (2008: 90 per cent).

The MBO system has not yet been introduced at easybank, but there is a standardised system for employee reviews.

5.7.2. Annual Number of Training Hours

LA 10

The average annual number of training hours per employee is shown in the following table (the population for these figures consists of the Bank's active employees in 2009, i.e. excluding employees on maternity/paternity leave, employees entering early retirement, etc.):

Occupational training	in hours
Total training time	88,000
Average hours per employee per year	22.7

Despite the (positive) changes to the Bank's employee training system in 2009, the number of participant days/hours remained stable (around 11,000 training days).

5.7.3. Employee Training Measures

LA 11

The Bank's employee training system was revised and modernised in 2009 in order to align it with the changed operating conditions resulting from various restructuring efforts, process improvements and modified job profiles. Specifically developed seminars were held in the larger organisational units to fill gaps in the staff's qualifications and in some cases to better enable people to fill new roles. At the same time, the foundation was laid for a new, structured training system at BAWAG P.S.K.

Division-Specific Training

The philosophy behind BAWAG P.S.K.'s training measures is to offer target-group-oriented training in coordination with the relevant specialist division. This training is also intended to provide comprehensive professional training and an internal career path for certain target groups. The Personnel Development unit's activities in 2009 were aimed at meeting these requirements.

As a supplement to the central Personnel Development and Training unit, the Retail Sales Training unit is responsible for the target group comprising Retail Sales employees (Retail Sales is responsible for selling products to retail customers), and the unit's activities are primarily focused on sales-oriented training along with product and specialist training. Sales employees receive additional support through targeted sales coaching directly in the branches.

In Operations (BAWAG P.S.K.'s back office/clearing division), a group of trainers offers training for specialist groups. In addition, new job descriptions and corresponding training plans (including specialist career paths) were created for the Retail Sales and Operations divisions in 2009, and the first training sessions based on these plans are already being conducted.

A survey of the demand for training has been completed for the two other primary target groups for the development of internal training plans – the Risk division and Corporate Banking division (responsible for corporations, SMEs, etc.) – and the training plans will be finalised by the middle of 2010.

Employee-Specific Training

Because the Bank's new owner is an American company, there is an increased need for targeted language training in English and German for internationally active employees. Beginners in English receive group training, and coaching sessions for individuals and small groups were also introduced in 2009 for advanced speakers, experts and managers who have a great deal of contact with international colleagues.

In 2009, this open programme which is available to all employees offered project management training and computer training (including tailored training sessions for specific target groups). In addition, a selection of self-directed learning programmes is available to employees.

E-learning Project

A project launched in 2009 aims to expand and improve the range of e-learning measures offered at the Bank (with an emphasis on specialist and computer/system training). These measures will be partially integrated into the training plans, but in any case will offer employees the opportunity to gain knowledge without having to attend training sessions.

An e-learning platform that will be available to every employee and will cover all of the Bank's training measures in a structured manner will be introduced in 2010. The platform will make it possible to evaluate the Bank's training activities in new ways (e.g. target-group-specific and content-specific statistics).

External Training

In addition to its internal training measures, BAWAG P.S.K. also supports external training programmes (e.g. MBA degree programmes) and seminars that offer knowledge that cannot be gained in internal training sessions or is critical to the Bank's business, or that prepare employees for a new function and support top performers in a targeted manner.

Train the Trainer

The Bank relies on an internal team of professional trainers. A "train the trainer" programme was established in 2009 in order to expand and improve the qualifications of the trainer team. The programme aims not only to improve the trainers' skills, but also to encourage collaboration and an exchange of knowledge among the trainers.

5.7.3.1. Talent Development and Succession and Career Planning

BAWAG P.S.K. is expressly committed to following the approach of filling important positions of responsibility internally.

In 2009 there were three different programmes at the Bank related to internal career development and succession planning that aim to identify and support talented/high-potential employees and ensure that they are assigned to positions that make optimal use of their qualifications. All of these programmes will be continued in 2010.

BAWAG P.S.K. places great emphasis on the role of women in its talent development and in its succession and career planning and strives to achieve a balanced ratio of men to women.

EMERGE (“Emerging Talents”)

This is a programme for high-potential employees (junior/potential managers and experts) who are to be given new positions with greater responsibilities throughout the Bank in the coming years.

After being nominated by the divisions and going through a careful selection process, the first 29 candidates completed a one-year programme in 2009 intended to significantly improve their professional and personal skills. EMERGE is centred around the completion of strategic business projects to facilitate learning by doing. Additional measures include mentoring, leadership and technical specialist training, 360-degree feedback with subsequent coaching, and an internal career workshop that is designed to show the specific advancement paths available at the Bank and that ends with the creation of individual career and development plans.

Sales Talent Management

The Bank’s clear commitment to developing and recruiting managers internally whenever possible is also reflected in the Sales Talent Management process. The goal of the process is to define training needs across the organisation and the regions, find high-potential employees for defined functions and identify the need for support on an individual basis in order to allow for a targeted approach to training and succession planning.

Once a year (for the first time in 2009), all Retail Sales employees are assessed by their supervisors in terms of their business-related skills, their ability to meet objectives and their potential (ability to take on defined functions within a specified period of time) using a defined sales profile and an electronic tool. Naturally, a detailed feedback session (as part of the status review in the MBO process) is part of this procedure.

Potential Manager Programme in Retail Sales

One of the measures that came out of the Sales Talent Management process is the “TopTeam Vertrieb” potential manager programme in Retail Sales, which was launched in December 2009 and is intended to prepare 20 high-potential employees for their first sales management position by providing them with training, mentoring and coaching.

Operations (BAWAG P.S.K.'s back office/clearing division) also relies on internal succession planning. Fourteen employees (experts) and young managers are completing a one-year programme aimed at preparing them for new career prospects within the division.

Succession and Career Planning

Structured succession planning is conducted at the Managing Board and division head level once a year. This process is led by so-called HR business partners (who offer support to the divisions for strategic personnel questions) and involves the relevant Managing Board members and division heads. The HR business partners apply a matrix that was developed specifically for this purpose. Individualised development plans for the potential successors are also developed during this process.

5.7.3.2. Management Development

The significance of managers as propagators, opinion leaders and pillars of strength in times of change and, in more general terms, as the primary personnel development officers and drivers of business was reflected in a wide range of management development initiatives in 2009.

All of the Bank's managers took part in a workshop with the goal of discussing what is expected of them and how they see their own roles as managers at the new BAWAG P.S.K., and to successfully introduce the revised MBO process as a key leadership and management instrument.

This workshop was the first in a series of workshops that will be continued in 2010. The contents of these workshops include enhancing the managers' (operational) understanding of banking in general and of BAWAG P.S.K. in particular, strengthening the network and communication within the Bank and examining one's own management style (including a specific programme for new managers).

Additional Management Development Initiatives in 2009

All managers in the retail and commercial sales and distribution divisions took part in development programmes that were specially tailored to each of these fields. The contents of these programmes included sales and distribution management and using coaching as a way to support employees in performing their jobs.

In addition, monthly meetings for the practice-oriented exchange of experiences were successfully introduced by young managers in two major divisions.

The proper selection of managers and the targeted provision of feedback to managers are strategic and business-critical necessities, and the Bank's personnel development activities supported business in 2009 through tailored analyses of potential talents:

In the Retail Sales division, the process of thoroughly assessing all of the operational managers that began in 2008 was completed. The results of the one-day assessment centre including a detailed feedback discussion afterwards formed the basis for designing the management development programme for Retail Sales in 2009, and they were also the basis for making decisions about the proper assignment of each individual manager both within the sales department and outside of it. In addition, these measures ensured that the expectations regarding the duties and responsibilities of a sales manager at BAWAG P.S.K., which have changed in recent years, were discussed with all managers.

In 2009, 100 per cent of the Bank's managers participated in at least one training session/workshop.

A total of 1,763 workshop/training/seminar days (14,104 hours) were completed by the Bank's 440 managers.

5.7.3.3. Retraining Centre

In 2008, a Retraining Centre was established at the Bank, and its work was successfully continued in 2009. The Retraining Centre's target group comprises employees whose function has been eliminated due to restructuring measures or whose qualifications no longer meet the Bank's current requirements. The Retraining Centre allows these employees to gain new qualifications that are needed at the Bank through an individually developed training plan consisting of seminars, self-directed learning programmes and special on-the-job training, and thus to be reintegrated into the internal job market. As of the end of 2009, 59 employees had been reintegrated into vacant positions.

A total of 11 training courses amounting to 96 training days were conducted for 100 participants.

5.7.3.4. BAWAG P.S.K. Success Factors

The BAWAG P.S.K. Success Factors are the basis for and a key component of all competence profiles for development and training programmes, analyses of potential talents, the MBO process, etc. These are a set of five competences that the Bank expects of all of its employees and that are decisive for the success of each individual and the Bank.

Self-confidence: I have a “we can do it” mindset and I am convinced that I can successfully overcome challenges and changes.

Initiative: I take the initiative, especially when it comes to offering outstanding sales performance for external customers, as well as excellent service for external and internal customers, and I learn from my experiences.

Solutions: I am solutions-oriented in order to achieve my goals as well as of the goals of the team.

Responsibility: I take responsibility for my actions and for achieving the best possible results.

Bank success: I feel personally connected to the Bank and take responsibility for the success of the Bank, within the scope of my own responsibilities.

There are also an additional five Success Factors that guide the conduct of the Bank’s management.

The BAWAG P.S.K. Success Factors were rolled out within the Bank during a broad communication campaign in the autumn of 2009, and all of the managers discussed them with their teams at workshops and “translated” them for their organisational unit.

An important benchmark was established throughout the Bank with the introduction of the Success Factors.

Training Objectives for 2010

The goal for 2010 in terms of personnel development and training is to continue to follow a strategic and business-oriented approach and to better integrate the existing programmes.

5.7.4. Apprentice Programme

Apprentice training is another important part of BAWAG P.S.K.’s employee training. BAWAG P.S.K. started training apprentices over ten years ago and was one of the first banks in Austria to do so.

Our qualified banker apprenticeship programme is just as diverse as the array of services offered by a universal bank like BAWAG P.S.K. with a strong position in all customer segments. Apprentices are given the opportunity to become acquainted with various departments and branches of the Bank and gain valuable experience for their future careers as qualified bankers. They spend the first year of their apprenticeship at the Bank’s headquarters and then receive practical training in the branches.

During the three-year apprenticeship, our apprentices also undergo intense preparations for their future tasks in customer service and advisory. In the course of this parallel training, the responsible vocational school and the training supervisor cooperate closely. The combination of theoretical instruction at the vocational school, on-the-job training in the front and back office and needs-oriented internal further education form an ideal concept for securing the quality of our apprentice training programme. However, the training is also aimed at teaching apprentices personal skills in addition to the professional skills they gain.

After successfully completing their apprenticeship, new employees have a number of opportunities available to them, including receiving specialist training, participating in the internal EMERGE programme or pursuing a path towards management or a specialist career path.

The following list provides details about the success and recognition BAWAG P.S.K. has achieved since the introduction of the qualified banker apprentice training programme:

Success of the BAWAG P.S.K. apprentice training programme

2002	State award received
2004	Award from the Austrian Federal Economic Chambers and the Federal Minister of the Economy and Labour in the Fit for Future competition
2005	Award from the Vienna Economic Chamber for outstanding quality in apprentice training in the category of "Outstanding Graduate Apprentices"
2006	Recipient of one of the main prizes in the category of Solidarity in the Kultur- und Sportverein der Gemeinde Wien cultural and sport association's "Lehrlinge mit Herz" project as part of the "We do it" competition
2008	Successful participation in the state competition for apprentice training programmes "Beste Lehrbetriebe – Fit for Future"
2008	Named "Outstanding Tyrolean Apprentice Programme 2008"
2009	Successful participation in the state competition for apprentice training programmes "Beste Lehrbetriebe – Fit for Future"
2009	Two apprentices in Tyrol were awarded with scholarships by the provincial governor of Tyrol*



* Only two of the roughly 60 apprentices currently training to become qualified bankers in Tyrol have received this honour – both of them are BAWAG P.S.K. employees.

BAWAG P.S.K.'s apprentices have finished among the top positions in the City of Vienna's apprentice competitions since 2004. So far, about 40 per cent of the apprentices who have taken the final examination have achieved first-class honours.

In addition, many supplementary training possibilities and internal seminars are offered to apprentices and trainers. Trainers can attend conferences and regular meetings.

Each year, vocational school projects are carried out with financial support provided by the Bank.

Incentive bonuses, which are scaled according to the overall results achieved at school and at the Bank, are paid out to particularly successful apprentices.



The apprentices who started their training at BAWAG P.S.K. in 2009

6. ENVIRONMENT – THINK GREEN!

6.1. General

At the end of 2009, BAWAG P.S.K. reduced the number of its locations to three, whereby subsidiaries such as BAWAG P.S.K. Leasing and BAWAG P.S.K. INVEST are now also located at the headquarters at Georg-Coch-Platz. The buildings at Seitzergasse/Tuchlauben and Fleischmarkt are no longer used by the Bank.

Unless specifically indicated otherwise, all of the following evaluations include the headquarters at Georg-Coch-Platz, the Centre of Technology at Quellenstraße/Buchengasse and the training centre at Am Tabor (though the figures for this building are only useful to a limited extent because the number of persons using the building changes every day). The 153 branches are included in the energy consumption figures. One of the objectives for the coming years will be to expand the scope of data collection where possible, for example water consumption and waste generation in the branches.

Because of the relocation of business units and the closing of locations in recent years, the figures for 2008 and 2009 can only be compared to a limited extent. There were especially significant changes in waste generation, but these can be attributed to waste resulting from the relocation of business units. The Seitzergasse location had to be returned in “rough condition”, which meant that suspended ceilings, raised floors and other structures had to be removed and disposed of. Because of this, 2010 will be the first year that is accurately indicative for the Bank and that will allow sensible comparison.

The consolidation of locations and the associated reduction in the number of buildings used by the Bank has already led to significant cuts in energy use compared to 2008.

The launch of our new THINK GREEN! initiative was another key event in 2009 and has enabled the Bank to address the issue of ecology at entirely new levels.

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6.1.1. THINK GREEN!



The fight against climate change has become a key issue that no individual and no company can or may ignore. This is also true for banks, which in the course of their business activities as service companies may seem to have relatively few direct links with issues related to environmental protection when compared to manufacturing companies. Nevertheless, it is extremely important to BAWAG P.S.K. to contribute to environmental protection, for example by cutting energy consumption, reducing carbon dioxide emissions and offering products that promote climate protection.

To this end, BAWAG P.S.K. placed particular focus on ecological issues in 2009 and launched its THINK GREEN! project at the beginning of the year.

The objective of this initiative is to consider all of the ecological issues that are relevant for the Bank from a strategic standpoint. The topics of energy conservation, waste prevention, reduced water consumption, alternative earth-friendly options (such as our solar power system), quality standards and the introduction of EMAS were and are still being assessed in detail, including with external experts in some areas, and an extensive catalogue of measures has been drawn up for implementation in the coming years. A series of projects has already begun, while others such as EMAS will require more extensive preparations.

THINK GREEN! is also intended to positively influence how the “new BAWAG P.S.K.” is perceived by its customers, partners and employees, in part by effectively demonstrating how we assume responsibility above and beyond the scope of our day-to-day business. The project aims to integrate a “green thread” in all of the processes within the Bank’s various units.

It will also go much farther by effecting a fundamental change in our entrepreneurial and ecological perception and by establishing attitudes that will soon be a matter of course in entities of our size.

We are pleased to be able to report progress in the 2009 financial year, but many more successes are still to come and will be presented in the coming years in this sustainability report and elsewhere.

6.2. Environmentally Friendly Products and Services

“klima:aktiv” Financing Programme

BAWAG P.S.K. offers its customers the “klima:aktiv” financing programme, which is aimed at supporting them in construction, restoration and renovation projects and providing advice about environmentally friendly construction methods.

As part of a collaboration with the Ministry of Life, BAWAG P.S.K. hopes to encourage people to use environmentally conscious construction methods in this way. This will allow us to do more for our health and the environment.

BAWAG P.S.K. Öko Sozial Stock

The BAWAG P.S.K. Öko Sozial Stock fund, which was launched in 2007, was the Bank’s first investment fund focusing on environmental and social aspects. Upholding social and environmental responsibilities is an extremely important issue, especially when it comes to investments. After all, earning a return and investing in a socially and environmentally responsible manner are not necessarily conflicting goals. BAWAG P.S.K. Öko Sozial Stock is an international equity umbrella fund that invests in selected sustainable investment funds. These funds are selected according to strict criteria in order to ensure that they adhere to the environmental and social focus of the investment.

BAWAG P.S.K. Öko Sozial Rent

In 2009, the launch of the bond fund BAWAG P.S.K. Öko Sozial Rent added a new product with a focus on sustainability. The international issuers are preselected based on ethical and ecological elimination criteria related to issues such as respect for human rights, climate protection, genetic engineering, child labour, nuclear power, and others. The international research agency Sustainalytics (Frankfurt) is responsible for performing the sustainability assessment. The CSR officer was involved in the development of BAWAG P.S.K. Öko Sozial Rent.

Klimaschutz Garant Zertifikat

The interest rate for the “Klimaschutz Garant Zertifikat” investment certificate is linked to the Standard & Poor’s Global Clean Energy Index. The “Klimaschutz Garant Zertifikat” gives our customers the chance to profit from the positive performance of 30 international companies in the field of renewable energy.

Outlook – “One Billion for Energy”

Our “One Billion for Energy” (“Energienmilliarde”) that was launched at the beginning of 2010 is also relevant in this context. We want to offer our customers capital for residential construction and renovation projects placing a focus on energy conservation. By offering financing under attractive terms, we will enable customers to complete energy-related renovation work and sustainably reduce their power usage. The programme also includes a free renovation advice service for residential renovation and a voucher for an energy performance certificate.

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BAWAG P.S.K. is always one of the first points of contact for cities and municipalities. The Bank helps to reduce the burden on the environment by providing financing for infrastructure projects, wastewater treatment plants and the generation of energy from renewable sources.

By providing One Billion for Municipalities (Kommunalmilliarde) in 2009, BAWAG P.S.K. made important financing available to local public budgets. Many provinces, cities and municipalities had taken advantage of this extra capital for the targeted financing of infrastructure projects by the end of the reporting period. More than 520 new public infrastructure projects have been financed since the initiative was launched in June 2009.

Additional measures for reducing the burden on the environment through our services will be continuously evaluated and analysed in the coming years.

6.3. Materials

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Whenever it is financially feasible, the Bank ensures that it purchases goods made of recycled materials, for example toilet paper, savings account passbook covers, environmentally friendly copy paper, etc., and that all goods are produced and utilised in an environmentally friendly manner, for example by purchasing or leasing service vehicles equipped with particle filters, or by reducing the size of the vehicle fleet as was done in 2009.

Large amounts of paper are used for account statements. Due to special requirements (processing in high-speed printers), recycled paper cannot be used for this purpose. The same applies to the envelopes that are used for sending account statements.

In 2009, BAWAG and PSK BANK required a total of 15,501,500 (2008: 13,838,300) account statement envelopes for sending account statements to our customers. The increase of 1,663,200 envelopes compared to 2008 can be attributed to an increase in the number of customers. However, the Bank is striving to achieve reductions.

To this end, we offer our customers the option of receiving their account statements electronically as PDF files under the motto “Paper is a thing of the past”.

ACCOUNT STATEMENTS: PAPER IS A THING OF THE PAST

Forget about searching through folders, binders and stacks of paper. Switch to the PSK BANK PDF account statement in Internet Sofa Banking. Your account information is just a click away.

▶ [Details of the PDF account statement](#)

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COP 8 Considerable savings were achieved in the use of office materials in some areas in 2009. This can largely be attributed to increased staff awareness of the need to make wise use of our resources.

BAWAG P.S.K. used the following additional materials in Austria in 2009:

Office supplies used	Compared to previous year in %	2009	2008	2007
Paper, boxes	5.25	40,913,757	38,872,812	39,471,342
Sleeves, sheet protectors, cases *	-25.06	622,448	830,610	1,022,603
Packaging materials	-15.69	78,419	93,012	268,331
Filing boxes, index sheets, dividers	-32.08	58,863	86,661	259,832
Envelopes, window envelopes	-38.72	168,851	275,558	155,475
Various office materials	-54.45	20,264	44,489	4,032
Folders	18.49	23,977	20,235	31,249
Binders	-15.37	8,611	10,175	24,742
Writing utensils, refills	-15.21	17,839	21,039	21,783
Clips	18.10	14,378	12,174	9,362
Tape, glue	7.62	5,240	4,869	9,169
Adding machine, journal and paper rolls	-15.83	13,775	16,365	13,368
Pads, notebooks	-4.03	19,920	20,756	19,530
Various materials	-85.75	462	3,242	2,221
Computer materials	-21.87	1,908	2,442	255
Colour and corrective ribbons	-18.31	1,343	1,644	3,264
Stamps, accessories	-30.36	562	807	824
Filing cabinets, accessories	30.18	14,589	11,207	1,088

* Made of pure polypropylene (without composite materials, cadmium-free and unplasticised), making them 100 per cent recyclable.

Unlike in the previous year, this breakdown included no printer toner. Because of the pay-per-page project, the Bank no longer purchases printer toner (see the [Green IT section](#)).

EN 26
COP 7–9 BAWAG P.S.K.'s paper consumption amounts to about 38 sheets per employee per day (calculated based on the total number of employees). This value is below the 2008 average for all Austrian financial service providers of 52 sheets (source: ÖGUT brochure *Benchmarking für Finanzdienstleister – 2010*).

The Bank's employees are generally advised to be conscious about printing out documents and to avoid unnecessary paper consumption. As part of the switch to the pay-per-page system, extensive information campaigns were conducted relating to reducing paper and toner usage when printing.

The majority of available printers allow for two-sided printing, and this function is generally used to a high degree.

In addition, e-mails sent by BAWAG P.S.K. include the following message in order to encourage recipients to avoid printing the e-mail, a step which is usually unnecessary.



Bitte drucken Sie dieses Dokument nur, wenn dies wirklich erforderlich ist – der Umwelt zuliebe.
Please consider the environment before printing this e-mail.

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Paper consumption can be broken down further as follows:

Paper use in sheets	Compared to previous year in %	2009	2008
TCF (totally chlorine-free) paper	-82.23	960,000	5,402,250
ECF (elemental chlorine-free) paper	22.57	39,765,500	32,442,000
Other paper	-81.70	188,257	1,028,562
Total	5.25	40,913,757	38,872,812

The majority of the paper consumed during daily use at BAWAG P.S.K. is low chlorine bleached ECF paper. In this manufacturing method, the paper is not bleached with elemental chlorine, but with chlorine compounds such as chlorine dioxide or hypochlorite. This process largely eliminates one of the largest problems in terms of environmental pollution: the release of dioxins.

Paper that is manufactured in this way is called elemental chlorine-free (ECF) paper. This process is very widely used and is the method that is employed to manufacture most of the paper that comes from European paper mills.

A lower share of the paper consumed at BAWAG P.S.K. is totally chlorine-free (TCF) paper. Chlorine gas and chlorine compounds (such as chlorine dioxide and hypochlorite) are not used in the bleaching of this paper. Instead, oxygen compounds such as ozone (O₃), hydrogen peroxide (H₂O₂) and dioxygen (O₂) are used.

About 30 per cent of the TCF paper used is recycled paper. The origin of the fibres for roughly half of the remaining 70 per cent of the TCF paper used is certified by the Forest Stewardship Council (FSC), and the other half by the Pan European Forest Certification Council (PEFC). Both are independent non-profit and non-governmental organisations devoted to the sustainable management of forests.

The recycling rate for ring binders is 98 per cent.

Until the pay-per-page project was implemented at BAWAG P.S.K., all empty toner and ink cartridges were collected within the Bank and all refillable cartridges were sold for refilling. Empty toner cartridges are disposed of as general waste because they are not recyclable, but are completely neutral for the environment.

EC 6 Although there are currently no specified guidelines which stipulate that local suppliers should be favoured, the majority of our business relationships (more than 90 per cent) are with local suppliers.

In the course of its purchasing activities, the Bank prefers suppliers who can verify compliance with environmental sustainability standards with a seal of quality or other recognised certificate, such as DIN EN ISO 14001 for the introduction and application of a quality and environmental management system. Such suppliers/manufacturers include Vior (toner modules), Mondi (paper), WincorNixdorf (ATMs and account statement printers), and Ricoh (fax machines and photocopiers).

BAWAG P.S.K. is particularly concerned with ensuring that the gifts that are given out on World Savings Day are not produced using child labour, for example (see also Supplier Code of Conduct). In the past, the Bank has often commissioned social enterprises in Austria that employ people with disabilities to produce these gifts.

6.4. Energy

EN 3
EN 4
COP 8 The collection of energy consumption data is not only used to calculate emissions, but also to make our impact on the environment clear and to create greater awareness. In practice, accurately calculating emissions is not an easy task. Nearly every energy supplier uses different base values, and many organisations use different figures for their calculations.

Our calculations for our carbon dioxide emissions are based primarily on data from ÖGUT (Austrian Society for Environment and Technology), which were published in the 2010 edition of the brochure *Benchmarking für Finanzdienstleister – betriebsökologische und soziale Kennzahlen*. ÖGUT also has a working group for financial services providers, in which BAWAG P.S.K. is a member. We will again raise the issue of emissions calculations with this working group. We will present the results in the 2010 CSR Report.

Direct power consumption for all locations (all central buildings and branches) in Austria breaks down as follows (carbon dioxide calculation with data from the GEMIS database):

Energy source	2009			2008		
	kWh	%	t CO ₂	kWh	%	t CO ₂
Natural gas	11,122,853.00	42.88	3,412.49	11,746,434.67	40.29	3,603.81
Hydropower	10,784,600.00	41.58	269.62	15,148,789.91	51.96	378.72
Coal	0.00	0.00		0.00	0.00	
Wind and solar	916,778.00	3.53		1,099,132.76	3.77	
Ecological energy	0.00	0.00		227,406.78	0.78	
Biomass	871,395.00	3.36		5,830.94	0.02	
Petroleum	0.00	0.00		0.00	0.00	
Biogas	221,941.00	0.86		0.00	0.00	
Geothermal energy	101,244.00	0.39		0.00	0.00	
Sewage gas	23,385.00	0.09		29,154.72	0.10	
Others	897.00	0.00		0.00	0.00	
Unknown source	1,894,407.00	7.30		0.00	0.00	
Fluidised biomass	0.00	0.00		897,965.22	3.08	
Photovoltaic	0.00	0.00		0.00	0.00	
Total	25,937,500.00	100.00	5,944.88	29,154,715.00	100.00	6,682.26
	t CO₂ compared to previous year	kWh compared to previous year	kWh 2009	t CO₂ 2009 *)	kWh 2008	t CO₂ 2008 *)
	-737.38	-3,217,215.00	25,937,500.00	5,944.88	29,154,715.00	6,682.26

*) We used the information provided by our energy suppliers to calculate the overall carbon dioxide level.

We were able to cut our overall electricity use by 11 per cent compared to the prior year. This represents a reduction of roughly 737 metric tons of carbon dioxide per year.

The greatest contributor to this improvement is the consolidation of our locations that began in 2008 and ended in 2009. Because of these significant changes, however, 2010 will be the first year to provide meaningful data that can be compared with coming years.

The indicated power use corresponds to an approximate annual consumption per employee (based on the total number of employees as of the end of the year) of 6,030 kilowatt hours. This puts BAWAG P.S.K. slightly above the average for all Austrian financial service providers (source: ÖGUT brochure *Benchmarking für Finanzdienstleister – 2010*: approximately 5,940 kilowatt hours per employee per year).

In the course of renovation and conversion activities, the Bank ensures that particular attention is paid to energy efficiency in the modernisation of electrical systems. For example, stand-alone air conditioners have been replaced with complete solutions, walls have been insulated, energy-saving light bulbs have been installed (and the use of LEDs for lighting purposes is being assessed), and the refrigerators and dishwashers in the staff kitchens have been renewed, among other things.

The following table shows the Bank’s approximate carbon dioxide emissions for the two most significant energy sources (basis: 1 kilowatt hour of natural gas = 0.228 kilograms of carbon dioxide according to GEMIS Austria/ ÖGUT and 1 kilowatt hour of hydroelectric power = 0.025 kilograms of carbon dioxide according to data for the generation of hydroelectric power):

Energy source	kWh	in %	t CO ₂
Natural gas	11,122,853.00	42.88	3,412.49
Hydropower	10,784,600.00	41.58	269.62

Thus, the further reduction of power consumption is an important goal for the Bank for the coming years, and is a key focus of the new THINK GREEN! initiative. The Bank is also looking into alternative power generation systems, such as the solar water heating system described below.

BAWAG P.S.K.’s central locations are heated using district heating. The Seitzergasse location was no longer heated in 2009. Operations at the Fleischmarkt location were relocated over the course of the year, causing the heating needs here to decline in 2009. The following table shows the Bank’s heat energy consumption in 2009:

Site	CO ₂ compared to previous year	CO ₂ compared to previous year	Compared to previous year	District heat 2009	CO ₂ emissions 2009
Unit	kg per m ² of office space	kg	%	MWh	kg
Seitzergasse 2-4	-	-	-	-	-
Fleischmarkt 1-5	-0.79	-25,221	-11.09	1,643.500	216,942.000
Georg-Coch-Platz 2	-1.54	-27,854	-7.96	2,695.040	355,745.280
Quellenstraße 51-55/ Buchengasse 11-15	1.02	55,376	16.59	2,819.770	372,209.640
Am Tabor 4-6	-3.99	-1,044	-3.45	283.530	37,425.960
Total	-0.75	-163,429	-14.26	7,441.840	982,322.880

Average per square metre

Site	District heat 2009	Average per m ² of office space	Office space
Unit	MWh	kWh/m ²	m ²
Seitzergasse 2–4	–	–	–
Fleischmarkt 1–5	1,643.500	82.2	20,000.000
Georg-Coch-Platz 2	2,695.040	62.9	42,817.870
Quellenstraße 51–55/ Buchengasse 11–15	2,819.770	50.2	56,212.090
Am Tabor 4–6	283.530	68.0	4,167.880
Total	7,441.840	60.4	123,197.840

This puts BAWAG P.S.K. below the average for all Austrian financial service providers (source: ÖGUT brochure *Benchmarking für Finanzdienstleister – 2010*: 95 kilowatt hours per square metre per year in 2008). However, these figures show that the Quellenstraße/Buchengasse building, which is only a few years old, is considerably more energy efficient than the Bank's other central locations. The building at Georg-Coch-Platz is protected as a historic monument, which means that no special insulation can be installed on the façade.

The following table shows the Bank's carbon dioxide emissions from district heating calculated on the basis of the data provided by Fernwärme Wien (1 kilowatt hour of district heat = 0.132 kilograms of carbon dioxide):

Site	District heat 2009	CO ₂ emissionen
Unit	MWh	t CO ₂
Seitzergasse 2–4	–	0
Fleischmarkt 1–5	1,643.500	215
Georg-Coch-Platz 2	2,695.040	353
Quellenstraße 51–55/ Buchengasse 11–15	2,819.770	369
Am Tabor 4–6	283.530	37
Total	7,441.840	975

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Best Practice: Solar Water Heating for the Cafeteria

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BAWAG P.S.K. operates a cafeteria at its Buchengasse/Quellenstraße location, serving lunch to roughly 500 employees per day. This naturally requires large volumes of hot water. A solar water heating system was installed on the roof of the building in 2009 to provide hot water for the cafeteria, which consumes roughly 2,000 litres of hot water (65–70 degrees) per work day. The energy needed to heat this water was calculated at roughly 41,000 kilowatt hours.

The use of the solar system saves about 31,000 kilowatt hours. The roughly 17.7 metric tons of carbon dioxide emissions per year saved by this system are also very important. At a cost of roughly EUR 30,000, the energy savings will pay for the system in about six years.

The existing water heating system and the system for recovering heat from the refrigeration and freezer coolers were integrated into the system. Hot water is supplied using fresh water modules.



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Due to the fact that no relevant data was collected, it was not possible to determine the energy savings resulting from initiatives aimed at reducing indirect energy consumption.

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6.5. Green IT

Pay-per-Page

A concrete project for reducing the energy consumed by the Bank's IT systems was launched in 2008.

In the spring of 2009, the pay-per-page project was completed and a series of measures implemented to reduce printing within the bank, thereby creating a sustainable and environmentally friendly office solution. Roughly 3,500 old printers, copiers and fax machines at the Bank and its subsidiaries were replaced with 1,000 new devices with state-of-the-art functions. The new devices are highly energy efficient and consume far less electricity, especially when in standby mode.

The manufacturer is ranked among the "Global 100" of the most environmentally aware companies, and the products fully meet the criteria of Energy Star and Blauer Engel, leaders in assessing environmental factors. The old devices were given to the non-profit organisation *Arbeit für Menschen mit Behinderung*, which employs people with disabilities, for proper disposal or sale depending on their condition.

In the central office buildings, documents are not output immediately when sent to the printer, but must be authorised with the employee's personal card first. This not only improves security, but also allows a print job to be deleted at the printer. Now, print jobs that were sent to the printer by mistake or that are no longer needed can be cancelled without incurring costs or burdening the environment.

We are especially pleased to report that we have reduced colour printing, which is expensive and toner-intensive, to an absolute minimum (in part by enacting quotas). The number of pages printed in colour was 60 per cent lower in May 2009 than it was in March 2009. Employees are given monthly reports about the number of pages they have printed.

The number of pages printed in colour per month has fallen by two thirds over the entire year thanks to these measures. The number of pages printed in total was reduced by a seven-digit figure by increasing awareness and making changes in workflows. The reduced need for energy, toner and paper that has resulted from this has also had a pleasing effect on the overall administrative costs.

Empty toner cartridges are disposed of as general waste because they are not recyclable, but are completely neutral for the environment.

New Laptop and Desktop Computers and Monitors

Roughly 350 laptop and desktop computers and 1,700 LCD monitors were purchased in 2009 to replace equipment that no longer met the current requirements. Especially the large-scale replacement of monitors in the fourth quarter of 2009 aimed to replace the relatively high share of power-consuming CRT monitors with new space- and energy-saving LCD monitors and to equip selected units with dual-monitor solutions to minimise paper output.

The new monitors save roughly 75,000 kilowatt hours of electricity – and many thousands of euros – per year.

The monitors are TCO' 03® certified. This ensures that they have very low levels of power consumption in standby mode and when they are switched off. They also feature excellent picture quality and colour reproduction and low levels of electrical and magnetic radiation. Strict criteria also apply with regards to the dispersal of environmentally harmful substances during manufacture and recycling.

The laptop and desktop computers meet or exceed most of the internationally valid environmental standards for computers. EPEAT Gold and ENERGY STAR® labels are indicative of the high power management, environmental and material selection criteria that applied to the manufacture of the components.



Automatic Overnight Shutdown

Since March 2009, all desktop computers have been scanned at 11:00 pm to determine whether or not they need to be running (for example, is the computer running because updates are being installed, or did a user simply forget to switch it off?). All computers that do not need to be running are shut down and switched off automatically. Of the roughly 5,000 computers in the Bank, only 350 run overnight on average.

Replacement of the Old Open System Storage System

The replacement of an outdated Open System storage system with a latest-generation system in January 2009 has resulted in annual electricity savings of roughly 285,000 kilowatt hours.

This new system uses 50 per cent less energy while offering almost 70 per cent more storage capacity.

The IT measures presented here alone resulted in six-digit energy cost savings.

6.6. Water and Wastewater

EN 8

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Water consumption was only measured for central locations (roughly 2,730 employees):

Water	2009	Average per central employee and day (250)
Unit	Litres	Litres
Fleischmarkt 1–5	7,410,000	74
Georg-Coch-Platz 2	3,970,000	19
Quellenstraße 51–55		
Buchengasse 11–15	12,159,000	41
Am Tabor 4–6	601,000	160
Total	24,140,000	35

This corresponds to an average water consumption of 35 litres per employee per year.

The average for all Austrian financial services providers in 2009 was 60 cubic metres per employee (source: ÖGUT brochure *Benchmarking für Finanzdienstleister – 2010*).

The high level of consumption at the Am Tabor location is due to the fact that this is a training centre. The figures were calculated on the basis of the 15 employees permanently assigned to the facility. However, because it is a training centre, the number of employees on site fluctuates constantly.

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The following table shows the Bank's wastewater generation at its central locations in 2009.

Wastewater	2009	Average per central employee and day (250)
Unit	m ³	Litres
Fleischmarkt 1–5	7,410	0.07
Georg-Coch-Platz 2	3,970	0.02
Quellenstraße 51–55		
Buchengasse 11–15	12,159	0.04
Am Tabor 4–6	601	0.16
Total	24,140	0.04

Because our operations are entirely office-based, the wastewater discharged into the public sewer system is comparable to that of a normal household.

These discharges primarily consist of water from the toilets, wash water and dishwater from the staff kitchens, and cleaning water.

The dish water from the cafeteria (external operator) is filtered through a grease trap before being fed into the public sewer system. The residues from the grease trap (approximately 20 metric tons per year) are emptied by certified specialist companies and properly recycled (e.g. for the generation of biogas).

The Bank's internal printing shop was closed at the end of 2008. Until this point in time, photochemicals and other fluids from the shop were also collected and disposed of by certified specialist companies.

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Best Practice: Site Well



Saving water is a key ecological goal. An on-site well is used at Georg-Coch-Platz to provide non-potable water to the cooling towers (evaporators) for the air conditioning system and for use in the sanitary facilities. This reduces the Bank's use of valuable drinking water.

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The wastewater generated by BAWAG P.S.K. is consistent with that of a normal service company and is disposed of via the public sewer system.

6.7. Waste

BAWAG P.S.K. has appointed a waste management officer who is responsible for reducing waste and ensuring that waste is disposed of properly. The duties of the waste management officer include the monitoring of compliance with regulations related to waste, the identification of employee awareness of waste management issues, especially when there is a lack of awareness, and the sensible organisation of the implementation of guidelines concerning waste.

BAWAG P.S.K. is particularly concerned with observing the basic principles of waste management:

- ▶ Waste prevention
- ▶ Recycling
- ▶ Disposal

Great importance is attached to the separation of waste, because this not only saves on disposal costs, but also allows for individual types of waste to be recycled in a targeted manner by certified waste disposal companies.

In this way, separated recyclables (paper, plastic, glass and metals) can be properly salvaged and then used to manufacture new products.

Naturally, compliance with the relevant laws (Austrian Waste Management Act [Abfallwirtschaftsgesetz]) and regulations is binding.

The proper storage of waste materials, separated according to hazardous and non-hazardous waste, is continuously monitored up to the point when they are collected by certified disposal companies.

Annual records are maintained about the type and quantity of waste as stipulated in the legally required waste management concepts and the amendments to these concepts.

Since the Bank is a service company and not a manufacturing company, the waste that is generated is similar to the waste generated by a household.

The following measures for waste prevention and recycling have been implemented up to now and are constantly being improved:

- ▶ Provision of containers for separating waste – improvement in the collection of reusable waste materials and all organic waste
- ▶ Reduction of non-recyclable waste by separating paper and using paper that has been printed on one side as scratch paper
- ▶ Selective purchasing – non-recyclable materials are avoided

- ▶ Reduction in containers for non-recyclable waste through the concerted separation of recyclable materials such as paper, glass, plastic, wood, Styrofoam, plastic film, metal, etc.
- ▶ Electronics that are functional but no longer in operation are given or sold to employees and other people who can use them.
- ▶ Furniture that is no longer used is either given away or is dismantled by maintenance workers and the individual parts taken away to be recycled.
- ▶ Debris created during internal renovation work is contractually transferred into the ownership of the commissioned construction company, which is obligated to ensure that it is recycled in accordance with the law.
- ▶ The works council donates company mobile phones that are no longer in use to organisations that use them for charitable purposes.
- ▶ In some cases, used office furniture and computers are donated to charitable organisations and projects (e.g. job application training for apprentices, projects for disabled people, etc.).

As part of our THINK GREEN! initiative, increased effort is being put into waste prevention and separation.

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Compared to 2008, significantly larger volumes of “non-hazardous” waste were generated at BAWAG P.S.K.’s central locations in some cases in 2009.

Because of the relocation of business units and the closing of locations in recent years, the figures for 2008 and 2009 can only be compared to a limited extent. These substantial changes were due to relocation measures that were completed primarily in 2009. For example, the Seitzergasse location had to be returned in “rough condition”, which meant that suspended ceilings, raised floors and other structures had to be removed and disposed of. Because of this, 2010 will be the first year that is accurately indicative for the Bank and that will allow sensible comparison.

(The amounts were either estimated to the best of our knowledge, calculated according to bulk weight, or indicated by the firm disposing of the waste).

Non-hazardous waste	Compared to the previous year	2009	2008
Estimated or calculated by bulk weight	in %	in metric tons	in metric tons
Waste paper	-28.52	400.00	559.63
Files subject to data protection *)	–	191.30	–
Files in folders and binders *)	–	19.20	–
General waste	17.95	311.38	264.00
Metal	-17.26	15.68	18.95
Plastics	-23.23	11.40	14.85
White/coloured glass	531.68	63.80	10.10
Computer waste	142.39	21.50	8.87
ATM cards/credit cards			8.87
Organic waste	-52.00	3.00	6.25
Bulky waste	4,548.33	278.90	6.00
Data media **)	–	–	5.52
Medical waste **)	–	–	0.18

The waste shares marked with *) were not reported in this manner in 2008. To achieve better granularity, files subject to data protection and files in folders and binders were reported separately starting in 2009.

The waste marked with **) was only collected but not disposed of in 2009. This waste will be disposed of at the beginning of 2010.

All waste is disposed of by Municipal Department 48 or by certified specialist companies in the same way as hazardous waste. Waste is collected in specified intervals or when the need arises.

The following table shows the ratio of recovered paper and non-recyclable waste to the number of central workstations and central employees:

Recovered paper in kg	2009
Per central workstation (3,110)	128.62
Per central employee (approximately 2,760)	144.93

Non-recyclable waste in kg	2009
Per workstation (3,110)	100.12
Per employee (approximately 2,760)	112.82

The average for all Austrian financial services providers in 2008 was 70 kilograms of non-recyclable waste and 141 kilograms of recovered paper per employee per year (source: ÖGUT brochure *Benchmarking für Finanzdienstleister – 2010*).

As mentioned above, the relocation of business units in 2009 resulted in a higher volume of waste, and must be taken into account when considering the figures.

The following waste generated at the central locations was classified as hazardous waste:

Hazardous waste	2009
Refrigeration units	20 units
Developing baths	1,050 litres

The developing baths were disposed of at the beginning of 2009 after the internal print shop was closed.

All hazardous waste is also disposed of or recycled by certified specialist companies.

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Best Practice: THINK GREEN! on Waste Day

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Waste Day is a special waste disposal day. On these days, employees are encouraged to simply place the waste that accumulates over years in some cases or over the course of prior relocations in front of their office doors. This waste is then disposed of properly.



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6.8. Transport and Emissions

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The following table shows the fuel consumption related to the operation of BAWAG P.S.K.'s vehicle fleet in 2009:

Litres of fuel used by our vehicle fleet	Change compared to previous year in %	2009	2008
Diesel	6.4	112,264.0	105,524.7
Petrol	-18.2	7,629.0	9,323.9
Total	4.4	119,893.0	114,848.7

A total of 1,790,829 kilometres were travelled by diesel vehicles and 39,344 kilometres by petrol vehicles in the Bank's fleet in 2009.

Most of this travel is trips by sales staff to customers (company vehicles for passenger transport).

The following table shows the results of breaking the total kilometres driven down according to the type of fuel consumed in comparison with the carbon dioxide emission values per kilometre:

Vehicle fleet 2009	Kilometres driven	Consumption in litres	CO₂ emissions in metric tons
Diesel	1,790,829.0	112,264.0	222.4
Petrol	39,344.0	7,629.0	7.1
Total	1,830,173.0	119,893.0	229.5

Comparison for kilometres driven in 2008 and 2009.

Kilometres driven using	Change compared to previous year in %	2009	2008
Diesel	15.5	1,790,829.0	1,550,055.0
Petrol	-52.6	39,344.0	82,980.0
Total	12.1	1,830,173.0	1,633,035.0

The kilometres travelled by air were documented for the first time in 2009.

Flights in 2009	Kilometres	CO₂ emissions in metric tons
	3,809,028	525.65

The system did not allow for the recording of the kilometres travelled by train for business purposes in 2009. The Bank plans to implement measures to improve data collection in this area.

The carbon dioxide emissions of petrol and diesel vehicles were calculated using data from the GEMIS database (ÖGUT brochure). The carbon dioxide emissions for the kilometres travelled by air were calculated using data from the ProBas database (ÖGUT brochure).

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In addition, the Bank has again reduced the need for business travel, especially business flights, by installing additional video conference systems.

Our new initiative THINK GREEN! also aims to develop measures to reduce greenhouse gas emissions. Additional resources will be invested in this in the coming years.

6.9. Total Environmental Protection Expenditures and Investments

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The total environmental protection expenditures and investments in 2009 could not be determined or broken down due to a lack of data collection within the Bank.

7. SOCIETY

7.1. General

SO 1

Even in the preamble of its articles of association, BAWAG, which was founded in 1922 by Karl Renner as the bank of the labour unions, committed itself to promoting equal opportunities for its employees and supporting their economic, social and cultural interests. In addition, employees are seen as the deciding factor in the Bank's potential. BAWAG P.S.K. considers itself an active member of the democratic society with the aim of serving the general economic, social and cultural good with its actions. These passages, which go back to Karl Renner, were written before the concept of CSR and the associated activities even existed.

BAWAG P.S.K. is aware of the fact that society as a whole expects financial institutions to assume a high level of social and public responsibility, and intends to live up to this responsibility and create the conditions necessary for meeting these expectations.

In this connection, BAWAG P.S.K. attaches particular importance to its compliance organisation and to measures that ensure credible and sustainable commitment to rules of conduct on the part of the Bank and its staff.

BAWAG P.S.K. has not yet obtained certification under ISO standards for itself or its subsidiaries, and does not plan to do so in the near future. The certification options for banks are very limited at present in any case. As a financial institution, BAWAG P.S.K. is naturally subject to national and international banking and lending standards.

7.2. Compliance Organisation

7.2.1. Organisational Measures Related to Compliance

SO 1

Since 1995, BAWAG P.S.K. has had a compliance organisation that reports directly to the Managing Board (these systems were separate in the individual companies until 2001). The compliance organisation's main areas of responsibility are as follows:

- ▶ Securities compliance (with regard to insider trading, market abuse and employee transactions) as well as the legally required monitoring activities defined by the Securities Supervision Act (WAG) as amended on 1 November 2007
- ▶ Measures for the prevention of money laundering, corruption and terrorist financing consisting of work instructions for preventing money laundering (documented in a detailed money laundering manual) as well as technical customer and transaction monitoring systems
- ▶ The regulations for handling conflicts of interests and for giving consideration required by the 2007 amendment to the WAG are governed in a separate conflict of interests policy.

In addition, corruption and the acceptance of gifts are defined as predicate offences to money laundering (similarly to drug trafficking, fraud, human trafficking, etc.) at BAWAG P.S.K. and such infractions lead to appropriate consequences when discovered.

4.9

The compliance organisation reports on its ongoing activities to the Managing Board on a quarterly basis and to the Supervisory Board once per year. The compliance organisation's activities are also reviewed annually by the Internal Audit division and the external financial auditors.

7.2.2. Corruption and Money Laundering

SO 1

4.8

In September 2006, the Code of Conduct for employees of BAWAG P.S.K. was adopted by the Managing Board and Supervisory Board. The Code of Conduct is in force throughout BAWAG P.S.K. Group and was revised in 2009.

Among other things, the Code of Conduct deals with corruption and money laundering and contains the following with regard to these issues:

“BAWAG P.S.K. Group supports international efforts to prevent bribery and corruption. This means that we act against all attempts at bribery and corruption in all areas of business in all countries, both in connection with the activities of our business partners and with our own employees. We conduct our business in a legal, proper and efficient manner and work continually to adapt and enhance all relevant business processes.”

“Money laundering is the process by means of which banks, financial institutions and other providers of securities services are used to hide or ‘launder’ profits from criminal activities. This process undermines the integrity of banks, damages their reputation and results in far-reaching sanctions. BAWAG P.S.K. Group supports international efforts to combat such crimes and the efforts of the authorities to prevent money laundering to the best of its abilities.

We are obligated in all countries in which we are active to report suspicious transactions. To this end, detailed instructions have been given to all business units. The underlying principles must be adhered to in general and consist of the following:

- ▶ *The identity of every new customer must be verified and documented using reliable official documents.*
- ▶ *If you suspect that money comes from illegal activities, this must be reported internally to the Money Laundering Officer, who will decide on further action.*
- ▶ *Customers must not be informed when information pertaining to them has been passed on to the pertinent authorities.*

These special requirements are laid down in internal job instructions.”

4.9 SO 2 SO4 COP 10 BAWAG P.S.K.’s officers and contractual employees are also bound by the Code of Conduct for the Prevention of Corruption, which was published by the Austrian Federal Chancellery in October 2008.

SO 3 COP 10 The Internal Audit division also focuses on the issue of corruption in all of its audits. The division only conducts specific investigations when there are clear indications of irregularities. There were no indications of corruption during the reporting period.

SO 3 COP 10 In the related training (money laundering prevention) for employees, corruption is referred to as a serious crime, and specific examples are provided to enable employees to identify such activities at an early stage.

In 2008, 2,600 employees of BAWAG P.S.K. (internal departments and branch offices) and easybank successfully completed the money laundering self-learning programme (SLP) in two groups, and nearly 3,600 employees from the Austrian postal network completed the SLP and the knowledge check in the same year.

In 2009, all postal partner staff that are involved in payment transactions were also given targeted training and completed the knowledge check.

Since 1 January 2009, all new employees have been required to complete the money laundering SLP including the knowledge check within their first three months of employment.

New employees are also required to sign a form indicating that they have been informed about the provisions related to money laundering and compliance. Employee securities transactions are governed by a separate works agreement and are monitored by the Compliance Office on a daily basis.

In addition, all unit heads were provided with additional information about the issues of compliance, employee securities accounts and insider training in 2009.

The Code of Corporate Governance went into force at the end of 2006, is continuously revised, and is presented to the Bank's staff as an in-depth compliance self-learning programme during the "Securities I and II" training programmes.

7.3. Corporate Governance

Further information on the Bank's corporate governance structure can be found in [section 2.4](#)

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4.1 **7.3.1. Code of Corporate Governance**

The Austrian Code of Corporate Governance is a voluntary agreement that goes beyond the legal requirements. The code is mostly aimed at joint stock companies listed on the stock exchange.

Nevertheless, BAWAG P.S.K. has voluntarily submitted to the provisions of the Austrian Code of Corporate Governance (in accordance with the Supervisory Board resolution from 6 April 2006) and issued a clear commitment to observing these provisions. However, because BAWAG P.S.K.'s shares are not listed, not all of the provisions are applicable (such as those that apply to a stock exchange listing).

The Bank's compliance with the code was also evaluated in an external audit conducted by Deloitte. According to this audit, all rules were observed in financial year 2009 to the extent that such rules were included in BAWAG P.S.K.'s formal obligation and taking the Bank's closed shareholder structure into account.

The current evaluation can be viewed at BAWAG P.S.K.'s web site (www.bawagpsk.com).

7.3.2. Transparency

Due to the events of recent years, BAWAG P.S.K. committed itself to a policy of full transparency. The measures we have implemented to achieve this include restructuring efforts, new policies and the commitment to the Austrian Code of Corporate Governance. This sustainability report is another step towards optimum transparency.

However, we also attach great importance to our financial reports and want to ensure that these publications objectively represent the situation of the Bank as accurately as possible. For this reason, BAWAG P.S.K. strictly adheres to the provisions defined in the International Financial Reporting Standards (IFRS).

We have also been recognised for our considerable efforts. The economic journal *Trend* hosts its annual AAA-Austrian Annual Report Award to recognise the best annual reports from Austrian companies. The 2007 Annual Report was awarded second place in the “Business Reporting” category.

The “business reporting” section is the core of an annual report: It deals with the figures and provides interpretations of what they mean. How openly does a company report about the present? How does management see the company’s future? In other words, this section is about openness and transparency.

It goes without saying that the current annual report was prepared with the same exacting care.

The 2009 Annual Report is available for download on our web site at www.bawagpsk.com and at www.bawagpsk-annualreport.com (as is the 2007 Annual Report).

7.4. Business Continuity Planning

The primary focus of our business at BAWAG P.S.K. is our customers and the services that we provide to them. This includes ensuring that our customers will continue to receive full service in the event of an emergency. To this end, BAWAG P.S.K. has prepared for possible emergencies and set up a separate unit for business continuity planning.

Business continuity planning refers to managing the continuation of the most important business processes in the event of an emergency to prevent subsequent material and immaterial damages for the Bank and its customers, or to limit such damages to the greatest possible extent.

This consists of the planning, definition and periodic testing of locations that can be used in the event of an emergency, technical restart procedures, and organisational procedures for various emergency scenarios.

Business continuity planning is an important part of protecting a company's value and benefits its customers, employees and owners.

Dedicated Business Continuity Planning Unit

Business continuity planning was already institutionalised in BAWAG P.S.K. in January 2008. At that time, a central staff unit assumed responsibility for the coordination of the partial contingency plans and measures that were in place at the time, as well as for preparing standardised contingency plans for all organisational units.

BAWAG P.S.K. Group's fundamental continuity principle is that the critical business processes must resume within six hours after the onset of an emergency, and must continue to run without any major problems.

In accordance with this, each organisational unit has defined its critical business processes and the resources needed to maintain these processes (such as rooms, personnel and IT equipment). Suitable emergency operation sites were planned and set up on the basis of these requirements and specific preparations made for various emergency scenarios. The next step was the establishment of a contingency organisation, the preparation of rules and guidelines, and full documentation in the general contingency manual.

Every unit with critical business processes prepared a unit contingency manual containing specific business continuity planning information for its operations and tasks, forming a pragmatic and compact set of procedures on the basis of the requirements in the general contingency manual.

Emergency Readiness Tests

The Bank's emergency readiness is tested in a cyclical three-stage process consisting of desktop tests, inspection tests at the emergency operations centre, and one-day drills at the emergency operations centre. These tests serve to assess the practicality and effectiveness of the defined requirements and procedures and to evaluate the responses of the involved persons in the specified period of time.

In 2009, 36 desktop tests, 36 inspection tests and 25 one-day drills were successfully completed. In addition to the central contingency organisation, the desktop tests include the participation of both unit business continuity planning coordinators, the inspection tests include the involvement of the unit contingency support team (consisting of between three and fifteen members depending on the size of the unit), and the one-day practice drills include 30 per cent of the unit's personnel (up to 120 persons for some units).

A mandatory standardised update process is completed every six months to ensure that the contingency documentation and manuals are up to date.

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7.5. Human Rights and Equality

There were no incidents of discrimination recorded at BAWAG P.S.K. in 2009. It is extremely important to BAWAG P.S.K. that neither its employees nor its customers are treated unequally due to discrimination.

The Bank's Code of Conduct, which has been in effect since September 2006, contains the following with regard to this issue:

“Human rights are the only binding system of rules that are valid around the world and that apply not only to governments, but also to business enterprises. BAWAG P.S.K. is committed to respecting every person's fundamental rights and recognises the ‘Universal Declaration of Human Rights’.

In BAWAG P.S.K. Group, we respect all persons irrespective of their age, gender, constitution, nationality, ethnicity, religion and sexual orientation. We respect their dignity, their rights and their privacy.

BAWAG P.S.K. Group expects every employee to treat all customers, business partners and competitors with respect and to not discriminate against any of them. In turn, we expect the same respectful treatment of our employees. We will not tolerate discrimination against or harassment of our employees in any form.

Trust is a fundamental requirement of this Code of Conduct. Instilling superiors' respect for those under their management is an express goal of modern management training.

We expect every individual in BAWAG P.S.K. Group to treat his or her co-workers with respect and in a fair manner. We will not tolerate discrimination in any form or discussions among co-workers of perceived shortcomings or mistakes of other co-workers."

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7.5.1. Human Rights Matrix

Following the closing of accounts belonging to Cuban nationals in 2007, discussions were initiated between BAWAG P.S.K. and Amnesty International Austria. This resulted in the signing of a memorandum by then acting CEO Ewald Nowotny, the works council and Amnesty International in which BAWAG P.S.K. agreed to enact measures in order to prevent future incidents of discrimination.

To ensure that this issue is addressed comprehensively, respecting human rights was defined as a fundamental principle of the Bank. Human rights are the only binding system of rules that are valid around the world and that apply not only to governments, but also to business enterprises. In line with this, BAWAG P.S.K. decided to assess where the Bank actually stands in these terms.

The "Human Rights Matrix" project was created to facilitate this at the end of 2007. Together with the firm Human Rights Consulting Vienna, which was recommended by Amnesty International Austria, a list of BAWAG P.S.K.'s points of contact with all of its stakeholders related to human rights obligations was drawn up and used to create a matrix which also details the current and target states with regard to respecting human rights.

The project group comprises employees from Human Rights Consulting, the works council, the Personnel department and the branches as well as the CSR officer.

The initial results showed that human rights are respected at BAWAG P.S.K. and that there is no direct discrimination. The Human Rights Matrix also contains a gap analysis, which was used to develop a series of measures. All of the measures resulting from the analysis were then ordered according to priority levels. The Bank also plans to regularly evaluate the progress of these efforts.

BAWAG P.S.K.'s goal is to be conscious of human rights at all times and to do everything possible to consider them in every aspect of its daily operations.

We have already developed and implemented initial measures in the course of this project. As a result, our credit policies (the basis of BAWAG P.S.K.'s lending business) now also include [ethical and antidiscriminatory guidelines for the awarding of loans](#).

A [Supplier Code of Conduct](#) has also been developed which requires BAWAG P.S.K.'s service providers and suppliers to commit themselves to respecting human rights in their operations in addition to other obligations.

The Bank again committed substantial resources in 2009 to applying the knowledge it has gained through these efforts.

As a logical consequence of the human rights strategy we have developed and to further underscore our commitment to sustainability, BAWAG P.S.K. joined the UN Global Compact in the middle of March 2009 ([see section 8](#)). The Austrian UN Global Compact network is currently being established. BAWAG P.S.K. is playing an active role in this, and its CSR officer is a member of the steering committee of the Austrian network.

The BAWAG P.S.K. Human Rights Matrix was also presented to the UN's special envoy on human rights and business, John Ruggie, and the human rights activist and former president of Ireland Mary Robinson during a workshop in June 2009.

Our "[New Chance Account](#)" (Neue Chance Konto) is one of the fruits of our proactive commitment to human rights, and for us is a way to counter discrimination and social exclusion. This brings respect for human rights directly into our core business in the form of a specific product.

The year 2009 also saw the launch of a dedicated diversity project at BAWAG P.S.K. Various measures such as workshops, podium discussions, a newsletter and a company-wide diversity survey all served to increase awareness for this subject among our staff. A group of high-potential staff members also spent the year working on a project to assess diversity within the Bank from all angles. A complete action plan is to be presented at the beginning of 2010 (see also the next section).

A separate "Women's Initiative" was also launched in 2009.

[Recruiting Policies](#) were created during the reporting period that actively address ensuring equal opportunities for all candidates and the prevention of discrimination.

To the best of our knowledge, BAWAG P.S.K. is the first bank in Austria that has evaluated the issue of human rights in such an extensive manner and that also systematically takes human rights into account and incorporates them into its daily operations.

No specific training related to human rights was performed at BAWAG P.S.K. in 2009. However, the human rights matrix was made available to all employees over the intranet. All new employees are also told about our human rights strategy in so-called "Welcome Seminars".

7.5.2. Diversity

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BAWAG P.S.K. is well aware of the fact that fairness, equality and diversity must become fundamental elements of the Bank's culture in times of social change, and especially in light of the ongoing change process within BAWAG P.S.K. In addition to the personal, human side of diversity, another important aspect is its potential to secure the success of our Bank over the long term. BAWAG P.S.K. intends to remain one of the leading banking institutions in Austria into the future, and one aspect of this is guaranteeing all of its employees equal opportunities.

BAWAG P.S.K. began dealing with the subject of diversity more intensely in 2009. Extensive measures such as workshops, podium discussions, a newsletter and a company-wide diversity survey on the intranet all served to increase awareness for this subject among our staff.

In addition, the Managing Board selected a group of high-potential employees (under the EMERGE programme) to spend a year working on a project to assess diversity within the Bank from all angles. A complete action plan is to be presented at the beginning of 2010.

The employee survey on diversity showed that the aspects of "age" and "gender" are very important to our staff. Initial measures are to be prepared to address this. In addition to the intranet survey, the EMERGE group also conducted personal interviews with staff and managers in the Bank to collect ideas and suggestions for measures.

A catalogue of measures will be discussed with the Managing Board, and a business plan will be submitted for the coming three years.

7.5.3. Women's Initiative

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BAWAG P.S.K.'s Women's Initiative was launched in May 2009 under the patronage of Managing Board member Regina Prehofer and Works Council Chairwoman Ingrid Streibel-Zarfl. The goal of this initiative is to create a working environment in which especially female employees can achieve success in accordance with their own abilities and performance. Key focuses in this are the harmonisation of salaries and training opportunities, as well as increasing the number of women in key, specialist and management positions.

There are relatively few women in the uppermost ranks of the banking world, and BAWAG P.S.K. is still no exception. Female managers and staff have now established a Women's Network to identify, analyse and communicate the reasons for this and to develop concrete measures for ensuring equal opportunities and for enabling the Bank to benefit from the diversity of its staff.

In addition to information events, there was also a series of round-table discussions with division managers.

An extensive programme has also been adopted for 2010. Awareness is to be increased, and communication measures are to be stepped up. Workshops and coaching will also be offered to help women take their next career steps.

All events and news about the topic of women and diversity will be covered in a women's newsletter.

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7.5.4. BAWAG P.S.K.'s "New Chance Account"

"The issue at stake is to ensure that everyone in the Union, including those in poverty or social difficulty, has access to a basic bank account which is effective, fair and reasonably priced."

Vladimír Špidla, EU Commissioner for Employment, Social Affairs and Equal Opportunities (2008)

It is estimated that 50,000 Austrians are unable to obtain a bank account for various reasons, making it impossible for them to complete cashless transactions. This makes it difficult for them to find jobs and housing, for example.

Since 1 April 2009, BAWAG P.S.K. has been offering all of these people an account. For many, this is the first step back to a settled life.

The "New Chance Account" does not include an overdraft facility to prevent the accumulation of new debt from the onset. ATM and credit cards also cannot be issued for the account, as their use would be restricted. Holders of a "New Chance Account" can use all account functions such as standing orders, direct debit orders, and e-banking.

The account fees are similar to those of the lowest-cost account from PSK BANK, the established "Konto-Box". No account management fee is charged when the average balance is EUR 880 per quarter or higher. Otherwise, a fee of EUR 13.50 per quarter (EUR 4.50 per month) is charged. No fee is charged for the first quarter after the account is opened.

Until now, people without a current account were required to pay a fee of around EUR 3.00 (or more at some banks) for each transaction using a payment slip. In total, these fees can often be far more than what the person would have to pay on average to have a bank account. Because of this, the "New Chance Account" also helps to save money!

In line with suggestions from the EU, consumer protection agencies and NGOs, access to the “New Chance Account” was made as simple as possible. The account can be opened and used at any of the roughly 1,230 post offices in Austria upon presentation of a valid ID. Personal contact between the account holder and customer advisor at the bank makes it easier to complete recurring transactions.

Some 3,500 people opened a “New Chance Account” between 1 April and the end of 2009.

Our “New Chance Account” is one of the fruits of our proactive commitment to human rights, and for us is a way to counter discrimination and social exclusion.

BAWAG P.S.K. is also maintaining ongoing contact with the relevant stakeholders to collect suggestions and feedback that will enable us to improve the “New Chance Account”.

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7.5.5. BAWAG P.S.K.’s Temporary Assistance for Unemployment after Bankruptcies

The year 2009 was very difficult in economic terms, and many businesses encountered considerable difficulties. When a business goes bankrupt, this not only affects the company’s owners and suppliers, but also all of its employees. Such employees are entitled to benefits from the bankruptcy compensation fund, but it can take several months for these benefits to be paid out. Until this happens, the bills still must be paid. In order to prevent households from having difficulties with their payments through no fault of their own, BAWAG P.S.K. began offering assistance throughout the country, in part based on advice provided by the Austrian Trade Union Federation.

The chamber of labour calculates the future benefit entitlement of each individual employee, and BAWAG P.S.K. provides an additional overdraft facility on the person’s current account of up to 60 per cent of this total. This service can be used until the benefits from the bankruptcy compensation fund are paid, or for a maximum of five months. Any credit used is repaid using the regular payments from the compensation fund.

With this service, BAWAG P.S.K. was able to help many people get through the first difficult months.

7.6. The Arts and Sponsoring

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BAWAG P.S.K. has always been extremely active in the arts and social sponsoring. In order to ensure that the funds needed for these efforts are available, the Bank consciously refrains from providing sponsoring for sport.

On the one hand, PSK BANK makes its infrastructure and services available in its role as the “bank for donations”. On the other, BAWAG actively supports charitable organisations such as Caritas, the Gruft, RED NOSES Clown Doctors, Licht für die Welt and others.

The majority of BAWAG P.S.K.’s art collection is on display in its employees’ offices and in areas that are accessible to customers.

The sculptures by Hrdlicka, Wotruba, Hanak and Truger that were displayed in the banking hall at the old BAWAG headquarters at Tuchlauben are on permanent loan to Belvedere and will form the core of the sculpture garden in the new museum of the 20th century that will open in 2011.

Since 2009, BAWAG P.S.K. has been the main sponsor of the internationally renowned jazz club Porgy & Bess, enabling it to continue its high-quality and well-loved programme. The 2009 season was the most successful in the club’s 15 years at the Riemergasse location.

The Bank also held a charity event together with Porgy & Bess for the benefit of Wiener Tafel.

www.porgy.at

www.wienertafel.at

maecenas for BAWAG P.S.K.

BAWAG P.S.K. also won the maecenas award for the best **art sponsorship project** in 2009, in particular for its collaboration with Porgy & Bess.

Since 1987, the Austrian Business Committee for the Arts (IWK) has been recognising companies for sponsoring artistic projects that never could have been realised without this support by conferring them with the Austrian Arts Sponsorship Award maecenas.



maecenas award presentation: (from left) Rudolf Leeb, Regina Prehofer, Barbara Rett, Christoph Huber (Porgy & Bess), Dick Jelinek

www.maecenas.at

In 2009, we began expanding our sponsoring activities within our three focus fields of the arts, education and social issues.

The focus in the arts is on contemporary art with emphasis on the visual arts, music, theatre and film.

In education, our focus is on collaboration projects with schools and universities, promoting talented people, and assisting graduates in applying for trainee positions.

In the area of social issues, our focus is on providing support to socially disadvantaged persons and persons suffering from illnesses in Austria, as well as to people in various underdeveloped regions around the world.

Objectives of BAWAG P.S.K.'s New Sponsoring Strategy

BAWAG P.S.K.'s new sponsoring strategy focuses on the areas specified above, and aims to improve the sustainability of the support that is provided by focusing the available financial means. For the Bank, it is important to achieve an optimal level of communication services through these partnerships. We do not see ourselves as patrons in the traditional sense, but as sponsors, which means that we expect to gain benefits in exchange for our financial support, especially to further the Bank's communication objectives.

These objectives include further improving the Bank's reputation on the Austrian market, and giving the Bank a more modern and younger image. We give priority to supporting projects through which we will be perceived more strongly as responsible and sustainable.

7.6.1. BAWAG Foundation

Founded by BAWAG (Bank für Arbeit und Wirtschaft) in 1974, the BAWAG Foundation is the oldest non-profit art centre in Austria. With the intention of contributing to a better understanding of art, the foundation committed itself from the very beginning to bringing international art to Vienna as well as to presenting the work of Austrian artists.

In 2009, the Foundation was the venue for Austrian premieres of the German media and art firebrand Christian Jankowski and the Belgian concept artist Jef Geys, who represented his country at last summer's Biennale in Venice. Roman Ondak did up Slovakia's pavilion at the festival. At the opening of the Biennale, BAWAG Foundation presented his art book "Measuring the Universe", which was produced as part of the BAWAG Foundation Edition series and accompanied his exhibit at the MoMA in New York.

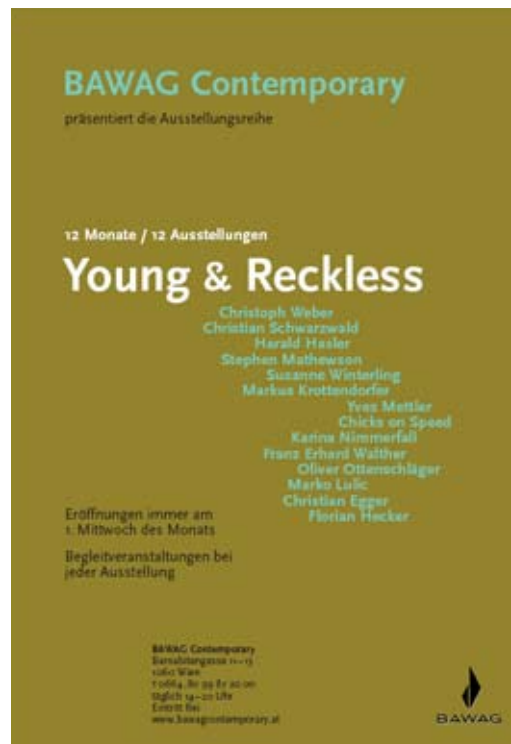
BAWAG Foundation and GENERALI Foundation shared the FOUNDATION(s)QUARTIER at Wiedner Hauptstraße 15, A-1040 Vienna, as partners until the end of 2009. After the successful implementation of the BAWAG Contemporary project in the Vienna art scene, BAWAG P.S.K. decided to operate its gallery independently again. BAWAG P.S.K. will open a new gallery in Vienna's first district, close to its headquarters at Georg-Coch-Platz, in early 2010.

In addition to its exhibitions, the BAWAG Foundation's work includes the curatorship of BAWAG P.S.K.'s art collection, which is made up of some 900 works, primarily from Austrian artists.

www.bawag-kultur.at, www.bawag-foundation.at

7.6.2. BAWAG Contemporary – A New Art Space for Vienna

BAWAG Foundation's Young & Reckless exhibition initiative, which was conducted under the brand BAWAG Contemporary and limited to a period of one year, was well received by the Austrian art scene, its target audience and the media. Twelve individual exhibitions by young artists, 20 concerts by leaders of Austria's musical avant-garde (including Philip Quehenberger, Gustav, Der Schwimmer and Sir Tralala), performances by Yves Mettler and Chicks on Speed as well as film screenings attracted over 12,000 visitors. The campaign for auctioning unwanted Christmas presents for the benefit of the Gruft homeless shelter was also a great success.



www.bawagcontemporary.at

7.6.3. WAGNER:WERK Museum

WAGNER:WERK Museum Postsparkasse features one of the most important Austrian architects of the 20th century, Otto Wagner, in a permanent exhibition dedicated to his perhaps most important monument, the overall design of the Austrian Postal Savings Bank building.

Using historical photographs, documents, newspaper articles, plans, innovative materials and a model, WAGNER:WERK Museum Postsparkasse presents Österreichische Postsparkasse as an innovative financial institution and as a seminal building in the modernist school of architecture in an exhibit occupying five rooms and covering 354 square metres.

WAGNER:WERK Museum Postsparkasse also conducts ongoing research into the life, work and influence of the architect Otto Wagner, his time and his creative universe. While the museum is a popular destination for architecture fans from around the world with its permanent exhibit, special exhibits on contemporary topics are also held to examine relationships and effects of Otto Wagner's understanding of design that have received little attention.

In celebration of the 90th anniversary of the establishment of Bauhaus in Germany, the exhibit schedule for 2009 opened in April with the presentation "German Silver after Bauhaus" from the silver museum in Antwerp.



German silver exhibit



Silver teapot

The exhibit "cubiCZm! Prague's Deconstruction of Modernism" marked the first time that legendary examples of the Czech cubists' furniture and design objects have been displayed in Vienna. The conflict at the exhibit's venue, the main banking hall, between Wagner's modernism and Czech cubism that arose in reaction to it represents the thesis and antithesis of architecture at the beginning of the 20th century.



CubiCZm exhibit



Cubist sofa

WAGNER:WERK Museum participated in the Vienna Design Week for the first time in the autumn of 2009 and made an exciting contribution to Vienna's design scene with the exhibit "Main Street. Design without Designers". Design is anonymous in most cases, regardless of its aesthetic qualities. Design with someone's name on it is the exception rather than the rule. The exhibit tells the "story of everyday things" and seeks to reveal good design in unknown and unnamed things. From anonymous classics of design such as Thonet's No. 14 through well-known brands such as Tupperware and Muji to the design flops all around us, "Main Street" covered a broad swath of design and economic history.



Opening of the Main Street exhibit



Stations in the exhibit

BAWAG P.S.K. demonstrated its direct social commitment as the host of the art auction for the anti-racism initiative **SOS Mitmensch**, which was held for the third time in the main banking hall.



Art auction for the benefit of SOS Mitmensch

WAGNER:WERK Museum also participated in the Long Night of Museums for the first time in 2009.

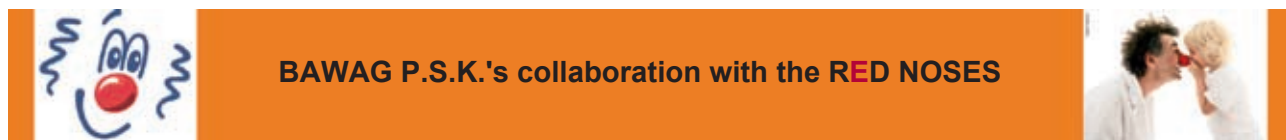
www.ottowagner.com

7.6.4. Music – Young Meets New

The *Jung trifft Neu*, or Young Meets New, concert series that was held in the main banking hall at Georg-Coch-Platz in 2009 offered a wide range of musical treats from classical performances and musicals all the way to jazz. Young artists and musicians, some of whom are still completing their studies and some of whom have already graduated, performed together with established musicians and even members of the Vienna Philharmonic. The aim of this series was to provide young artists with an opportunity to perform for an audience, to offer the audience high quality musical performances, and to fill the Otto Wagner banking hall at the new BAWAG P.S.K. headquarters with contemporary artistic spirit.

www.bawag-kultur.at

7.6.5. RED NOSES and BAWAG P.S.K.



BAWAG P.S.K.'s collaboration with RED NOSES that began in 2008 continued with the implementation of innovative projects in 2009. Together with Red Noses Clown Doctors, employees of BAWAG P.S.K. held an Italian evening at the Gruft the day before Mother's Day. There was cooking, good eating, singing, laughter and dancing, and the visitors to the Gruft had a very enjoyable evening.

In September, BAWAG P.S.K. customers and employees participated in the Red Nose Run in Vienna for the first time under this cooperation project.



BAWAG P.S.K.'s official Christmas card was also designed in collaboration with Red Noses again in 2009.



Every year, some 70,000 ill and elderly persons in over 100 hospitals and clinics are visited by the Red Noses Clown Doctors, a group of specially trained artists, to bring smiles to their bedside.

www.rotenasen.at

7.6.6. BAWAG P.S.K.'s Social Activities

“Gute Geschäfte” Marketplace

In a cooperation project between BAWAG P.S.K., Fundraising Verband Austria and respACT, a marketplace named “Gute Geschäfte” was held in the banking hall at Georg-Coch-Platz in April 2009. At this market, companies and non-profit organisations met to barter on non-monetary terms. The objective was not to raise donations or other financial support. A bazaar like this was where the collaboration between BAWAG P.S.K. and Red Noses got its start.

The interactive afternoon brought 23 NPOs and 20 companies together, provided them with a venue for organised negotiation and generated a great deal of social value. A total of 62 agreements were made with a value of EUR 100,120.



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BAWAG P.S.K. Holds the Largest “Coffee to Help” Campaign of Any Company in Austria

Caritas has benefited from BAWAG P.S.K.’s know-how for over 30 years. In addition to providing traditional services, the Bank also helps Caritas implement selected social projects. On 16 September 2009, the largest “Coffee to Help” campaign of any company in Austria to date was held at BAWAG P.S.K.’s headquarters at Georg-Coch-Platz.

Caritas president Franz Küberl took advantage of the successful donation drive in August to thank BAWAG P.S.K.’s entire staff. The stage for this was a further collaboration project between Caritas and BAWAG P.S.K.

**Coffee
to help**

**Laden Sie Ihren Freundeskreis ein
und helfen Sie Kindern in Not!**

Customers and employees of the Bank were encouraged to consume Fair Trade coffee and to support Caritas in its effort to help people in need. We used this opportunity to present the simple and efficient “Coffee to Help” idea to all of the Bank’s employees. Donations totalling EUR 2,500 were collected by the end of the day, and further “Coffee to Help” events will follow.

www.coffeetohelp.at

COP 1 **Light for the World at BAWAG P.S.K.**

During the advent season, an exhibition was held in the banking hall in cooperation with and to support Light for the World. This organisation seeks to enable people in Africa to access medical care that will restore or preserve their eyesight, as well as to enable the training of local eye doctors – in other words to help these people help themselves.

www.licht-fuer-die-welt.at

COP 1 **Tesfaye****COP 4–6**

Another project to which the Bank and especially our employees are committed is Tesfaye. An employee of BAWAG P.S.K. is one of the founders of Tesfaye, an organisation striving to enable Ethiopian children to attend school regularly by means of sponsorships. One hundred children are currently being sponsored, and a number of these sponsorships are being provided by managers and employees of BAWAG P.S.K.

www.tesfaye.at

COP 1 **Donate Unwanted Christmas Gifts to Help Needy People in the Gruft Homeless Shelter**

Our temporary BAWAG Contemporary gallery on Barnabitenngasse was located next to the Gruft, a project of Caritas Vienna for homeless persons.

As a good neighbour, we launched the “Unwanted Christmas Presents” campaign. From 25 December 2008 to 7 January 2009, anyone with an unwanted gift was invited to donate it at BAWAG Contemporary. These presents were then auctioned off as part of the opening of an exhibition. We are pleased to report that the campaign raised EUR 5,000 for the Gruft shelter.

www.gruft.at

Employees Make Donations to St. Anna Kinderspital

Like every year, our employees had the chance to support children’s cancer research at St. Anna Kinderspital (St. Anna Children’s Hospital) with the Luki campaign together with BAWAG P.S.K.’s works council.

Bank employees bought a total of 1,155 Luki mascots (139 more than in 2008), raising EUR 11,549 for children’s cancer research at the hospital.

www.stanna.at

COP 6

Vienna Daughter's Day at BAWAG P.S.K.

During the well established Vienna Daughter's Day, young girls are encouraged to learn about different occupations, because the freedom to choose a field of education and subsequently an occupation is one of the most important prerequisites for a successful life.

In 2009, all employees were encouraged for the first time to invite their daughters to participate. BAWAG P.S.K. offered a varied programme to give young women and girls an overview of work in different areas of the Bank, and to show them what could be their dream job as a banking specialist.

As a forward-looking business, one of BAWAG P.S.K.'s objectives is to continuously increase the number of women in management positions. To this end, we want to make an unequivocal statement about the future role of women in the business world and in the Bank.

www.toechtertag.at

Blood Drives for the Red Cross

BAWAG P.S.K. holds blood drives for the Red Cross at its central locations twice a year. Every employee is given the opportunity to donate urgently needed blood during working hours.

www.rotekreuz.at/blutspende/

BAWAG Endowment Fund for the Vienna University of Economics and Business

BAWAG formed an endowment fund for the benefit of the Vienna University of Economics and Business in the middle of the 1990s. The revenue from the endowed funds, which amounts to around EUR 20,000 a year, benefits the university and its students. The endowment fund's board of trustees decides which of the university's projects will receive funding at its annual meeting.

www.wuwien.at

SO 5

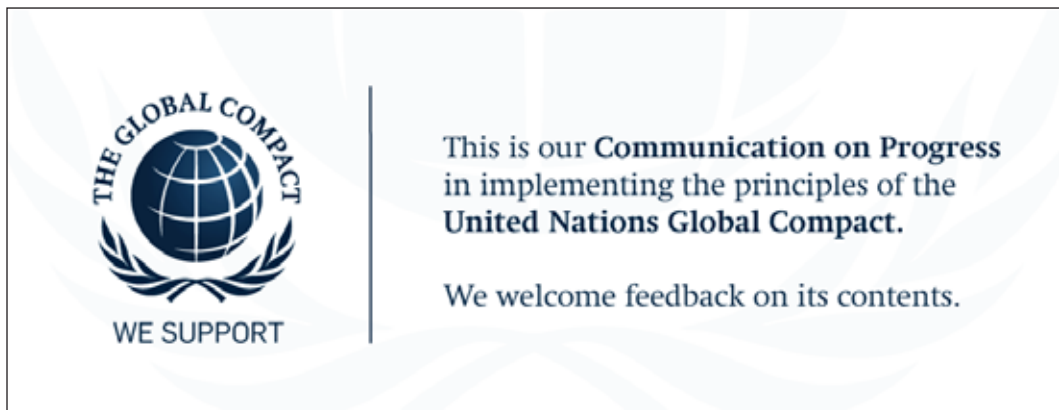
SO 6

COP 1–10

7.7. Politics

BAWAG P.S.K. does not make any direct or indirect contributions or provide any other form of financial consideration to any political parties in Austria. However, the Bank does place advertisements in all Austrian media (daily newspapers, monthly magazines, association magazines, etc.), as does every bank in Austria. These media sometimes include publications of clubs or associations that are affiliated with political parties. We pay the official list price for all such advertisements.

8. UN GLOBAL COMPACT – COP



As a logical consequence of our human rights project and the resulting human rights strategy, and to further underscore our commitment to corporate social responsibility, BAWAG P.S.K. joined the UN Global Compact in the middle of March 2009, thereby committing to follow its ten principles.

The UN Global Compact is the world's largest initiative for corporate social responsibility and sustainable development. With more than 7,000 participating companies and organisations and over 70 local networks, the Global Compact is the world's fastest-growing organisation for corporate social responsibility. The UN Global Compact was founded in 2000 at the initiative of former UN Secretary General Kofi Annan. The Global Compact is intended to create sustainable markets and encourage companies to play an active and constructive role in the societies in which they are active.

As a signatory to the UN Global Compact, we have committed to complying with its ten principles, which focus on labour standards, human rights, environmental protection and anticorruption. However, we do not intend to simply comply with these principles; we also want to make an active contribution to their further development.

Communication on Progress (COP)

Companies that have joined the Global Compact are required to present a yearly report, the Communication on Progress (COP), to the Global Compact Office in New York.

This report shows how the member company is working on the implementation of the ten principles of the Global Compact and what concrete measures it has taken and is taking in the area of corporate social responsibility. The COP also ensures the integrity of the Global Compact by requiring companies to regularly report on their progress in the areas of human rights, labour standards, the environment and combating corruption. For companies, the COP provides an opportunity to continuously improve, and to increase communication with their stakeholders.

Thus, this CSR Report is also an annual Communication on Progress (COP).

In the following, the ten principles will be presented, each with one example of how it has been and is being implemented at BAWAG P.S.K. All relevant topics in the CSR Report are also labelled with the corresponding principle (COP1, COP2, COP3, etc.) as for the GRI guidelines.

A complete overview can also be found in the [GRI Index](#), where the principles are linked with the corresponding sections in the report.

The Ten Principles of the UN Global Compact

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights. (COP 1)

Example: In its Code of Conduct, BAWAG P.S.K. has expressly committed to protecting [human rights](#) and has created a basis for respecting and protecting human rights in its area of influence with its [Human Rights Matrix](#).

Principle 2: Businesses should make sure that they are not complicit in human rights abuses. (COP 2)

Example: Our [Human Rights Matrix](#) and our [Supplier Code of Conduct](#) are also relevant here. A concrete example is our [“New Chance Account”](#), which we see as an active instrument for combating discrimination and social exclusion.

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining. (COP 3)

Example: The freedom of association and the authorisation of labour unions are protected by law in Austria. There is also a works council at BAWAG P.S.K. that represents the interests of all employees. All employees are covered by [collective bargaining agreements](#). There are regular meetings between the management and the works council, for example regarding [works agreements](#).

Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labour. (COP 4)

Example: Our [Supplier Code of Conduct](#) is relevant here as well. Roughly 90 per cent of our suppliers are located in Austria.

Principle 5: Businesses should uphold the effective abolition of child labour. (COP 5)

Example: Our [Supplier Code of Conduct](#), which obligates our suppliers and service providers to impose its provisions on their suppliers and service providers, is also relevant here.

Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation. (COP 6)

Example: This is not only expressly stated in our Code of Conduct, BAWAG P.S.K. also has [Recruiting Policies](#) that expressly prohibit discrimination.

Principle 7: Businesses should support a precautionary approach to environmental challenges. (COP 7)

Example: BAWAG P.S.K. has placed a special focus on the topic of the environment with its [THINK GREEN!](#) initiative. At the beginning of 2010, BAWAG P.S.K. will offer private customers one billion in capital for residential construction and renovation projects placing a focus on energy conservation under its “One Billion for Energy” programme.

Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility. (COP 8)

Example: In the prior year, extensive information campaigns were implemented for the projects [pay-per-page](#) and [Waste Day](#) to increase staff awareness of environmental issues within the company.

Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies. (COP 9)

Example: In the prior year, a [solar heating system](#) was installed to provide hot water, and BAWAG P.S.K. uses an [on-site well](#) at its Georg-Coch-Platz location to save valuable drinking water.

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery. (COP 10)

Example: BAWAG P.S.K. has a separate [compliance unit](#) that monitors the Bank's adherence to all relevant provisions. The Code of Conduct also contains clear guidelines, and employees receive specific training for dealing with issues of corruption and money laundering.

www.unglobalcompact.org

The Austrian Global Compact Network

The Global Compact is becoming more and more important in Austria.



Global Compact Netzwerk
Österreich

(Excerpt from the 2009 report for the Austrian network)

The Austrian network grew by 50 per cent in 2009. In a country where 99.7 per cent of all businesses are small or medium-sized enterprises, the strong presence of a globally oriented organisation should not be taken for granted. The number of Global Compact members was correspondingly low in the middle of 2008. Only 18 companies and no non-private sector organisations whatsoever had signed the Global Compact and undertaken to comply with its ten principles at that point. Eighteen months ago, respACT began an initiative as a focal point to raise awareness of the Global Compact and to promote commitment to its principles in Austria. After the initiative was launched, the network grew by over 50 per cent, and important public and private partners such as ICEP and the Austrian Development Agency came on board. At the end of 2009, the Austrian network already had 31 active members.

BAWAG P.S.K. is also a member of the Austrian network, and is represented on the steering committee that plans and coordinates its activities in the country.

In 2010, a key focus will be on the tenth principle of the Global Compact – combating corruption. Additional plans include workshops and a separate working group in cooperation with Transparency International Austria. BAWAG P.S.K. will also be participating in these activities.

www.unglobalcompact.at

9. GOALS AND PLANNED MEASURES

The CSR Report 2008 includes goals and planned measures for 2009 and beyond. Some of these goals have already been achieved. Others have been pushed back, for example when they were not defined as priorities or when other projects have been deemed to be more important. A small number of projects have also been abandoned. The status of the goals defined in the prior year is presented below.

Some of the projects that were implemented in 2009 were not included in this list in 2008 because they were still too vague, or because they gained new importance as a result of current developments. The THINK GREEN! initiative was not launched until after the CSR Report was completed, for example, because it became clear during the preparation of the report that we need to take action with regard to environmental issues. While we focused only on individual aspects in the beginning, we soon realised that we need to take a strategic and holistic approach. We also took concrete steps in this context during the reporting period, for example by installing our solar water heating system.

Development work for the “New Chance Account” was already underway during the preparation of the report, and the product was launched in April 2009. In the list, it was reported as “Completion of a human rights project at the Bank”.

Working from the results of the report for the prior year and ongoing discussions in the Bank, we have again set objectives that we would like to reach for this year (and of course beyond). These are also included in the table.

Because we consider sustainability and corporate responsibility to be ongoing processes, this list only depicts the current situation, which we will work to improve on a continuous basis and which will be subject to change, as discussed above.

Measures and Objectives at BAWAG P.S.K.

Objective	Planned measure	Status
Strategy and general issues		
Development of a new sponsoring strategy		Implemented in 2009
Development of an ethical lending policy and ethical exclusion criteria for lending		Implemented in 2009
Development of methods for the increased involvement of stakeholders	Concept already created	Delayed until 2010
Completion of a human rights project at the Bank		Implemented in 2009 (“New Chance Account”)
Continue efforts related to the Human Rights Matrix	Increasing awareness, communication, projects	Ongoing
Implementation and communication of the results of the human rights project		Implemented in 2009 – communication on an ongoing basis
Employees		
Audit – Career and family	Kick-off in 2010	To be launched in 2010
Diversity	Project work	Ongoing
Implementation of an employee suggestion system		Planned for 2010
Employee satisfaction survey		Planned for 2010
Projects in the course of the “Workplace Health Promotion” initiative		Planned for 2010
Expanded training offerings to teach branch staff sign language		Delayed
Measures to assist persons on leave in returning to work		Implemented in 2009, to be expanded
Environment		
Reduction of power consumption per employee and year	Initiatives for reducing electricity use	Achieved in part, new THINK GREEN! initiative
Methods for calculating emissions	To be addressed in ÖGUT working group	2010
Reduction of paper use	Increasing awareness	Implemented in 2009, but still ongoing
Procurement: development of ethical guidelines for procurement	Supplier Code of Conduct	Implemented in 2008

Objective	Planned measure	Status
Procurement: increased consideration of ecological criteria in assessing product quality	Development and implementation of procurement guidelines, training measures	Planned for 2010, new THINK GREEN! initiative
Signing of the UNEP declaration for financial institutions	Assessment for sensibility and relevance completed	Result: Currently not relevant for BAWAG P.S.K. because the Bank is not involved in this type of project financing
Elimination of printers to save paper, power and equipment costs	Conversion to all-in-one devices; pay-per-page agreements	Implemented in 2009
IT power cost reductions for storage systems	Use of consolidated storage systems for open systems and mainframes	Implemented in 2009
IT power cost reductions for workstations	Automatic shutdown of computers overnight and on weekends	Implemented in 2009
Creation of an Environmental Officer position	Assessment for sensibility and relevance	Planned as part of the THINK GREEN! initiative
Products and Services		
Development of sustainable products		Ongoing – 2009: BAWAG P.S.K. Öko Sozial Rent
Involvement of the CSR officer in the product introduction process	Involvement of product management	Involved in all aspects of the introduction of BAWAG P.S.K. Öko Sozial Rent

10. GRI INDEX AND COP OVERVIEW

Overview (*C = Core Indicator; A = Additional Indicator*)

The Global Reporting Initiative (GRI) cooperates closely with companies, non-governmental organisations, government institutions and various stakeholders. GRI has developed Sustainability Reporting Guidelines which cover the essential economic, environmental and social aspects of sustainability. These guidelines have become the international standard and make it easier to compare organisations. However, application of the GRI Index is voluntary.

www.globalreporting.org

As this report is also our Communication on Progress (COP) as required by our membership in the UN Global Compact, the corresponding principles have been assigned to the GRI criteria.

www.unglobalcompact.org

Standard Disclosures

Profile

1.1	C	Statement from the most senior decision-maker of the organisation.	Preface
1.2	C	Risks and opportunities.	Preface

Organisational Profile

2.1	C	Name of the organisation.	Section 2. , page 11
2.2	C	Products and services.	Section 4.2. , pages 30–31, 34, 35
2.3	C	Organisational structure.	Section 2.4. , page 23
2.4	C	Location of the organisation's headquarters.	Section 2. , page 11
2.5	C	Locations.	Section 4.2. , page 33
2.6	C	Nature of ownership and legal structure.	Section 2. , pages 11, 14
2.7	C	Geographic breakdown according to location.	Section 4.2.2. , page 33
2.8	C	Scale of the reporting organisation including net sales and the number of employees.	Section 2.3. , page 17
2.9	C	Significant changes during the reporting period.	Section 2.4.1.2. , 2.4.3. , 2.4.4.
2.10	C	Awards received in the reporting period.	Section 2.1.1. , page 15

Report Parameters			
3.1	C	Reporting period.	Section 1. , page 8
3.2	C	Date of the most recent previous report.	Section 1. , page 8
3.3	C	Reporting cycle.	Section 1. , page 9
3.4	C	Contact point.	Section 11. , page 140
3.5	C	Priorities of the report.	Section 1. , page 8, section 3. , page 29
3.6	C	Boundary of the report.	Section 1. , page 8
3.7	C	Specific limitations on the scope or boundary of the report.	Section 1. , page 10
3.8	C	Basis for reporting on business units that significantly affect comparability between reporting periods.	Section 1. , page 9
3.9	C	Basis of data collection.	Section 1. , page 10
3.10	C	Effects of any re-statements of information provided in earlier reports.	No new disclosures
3.11	C	Significant changes in the reporting methods.	No significant changes
3.12	C	GRI Index.	Section 10.
3.13	C	Certification.	Section 1. , page 10

Governance, Commitments and Engagement			
4.1	C	Corporate governance.	Section 2.4. , page 18 and section 7.3. , page 103
4.2	C	Independence of the supervisory body.	Section 2.4.2. , page 23
4.3	C	Independence of the highest governance body.	Section 2.4.2. , page 23
4.4	C	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Section 2.4.1. , page 24
4.5	C	Additional components of remuneration.	Section 5.2.1. , page 57
4.6	C	Processes in place for the Managing Board to ensure conflicts of interest are avoided.	Section 2.4.5. , page 24
4.7	C	Qualifications of the Managing Board members.	Section 2.4.1.1. , page 21
4.8	C	Codes of conduct.	Section 2.4.5. , page 24 and page 101
4.9	C	Internal auditing.	Section 2.4.3. , page 23 and section 7.2.1. , page 101
4.10	C	Processes for evaluating the highest governance body.	Section 2.4.1.1. , page 19
4.11	C	Risk management.	Section 2.4.3. , page 23, section 2.4.6.4. , page 28, section 7.4. , page 105
4.12	C	Commitments to external initiatives.	Section 4.7.1. , page 44

Governance, Commitments and Engagement

4.13	C	Memberships.	Section 12. , page 141
4.14	C	Stakeholder groups engaged by the organisation.	Section 3. , page 29
4.15	C	Basis for identification of stakeholders.	Section 3. , page 29
4.16	C	Frequency and type of stakeholder engagement.	Section 3. , page 29
4.17	C	Results of dialogue with stakeholders.	Section 3. , page 29

Performance Indicators

Economic Performance Indicators

EC 1	C	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Section 2.3. , page 17
EC 2 COP 7	C	Financial implications and other risks and opportunities for the organisation's activities due to climate change.	Section 6.1.1. , page 78
EC 3	C	Coverage of the organisation's defined benefit plan obligations.	Section 5.2.5. , page 59, Section 5.3.1. , page 61
EC 4	C	Significant financial assistance received from government.	BAWAG P.S.K. has issued participation capital that was subscribed by the Austrian government under the Financial Market Stability Act and has been granted a government guarantee for certain assets (against payment of a fee).
EC 5 COP 1	A	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	Section 5.2.3. , page 58
EC6	C	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Section 6.3. , page 84
EC 7 COP 6	C	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.	Section 5.1. , page 49
EC 8	C	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Section 6.2. , page 80
EC 9	A	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Section 2.2. , page 16

Ecological Performance Indicators

EN 1 COP 8	C	Materials used by weight or volume.	Section 6.3. , page 82
EN 2 COP 8 COP 9	C	Percentage of materials used that are recycled input materials.	Section 6.3. , page 83
EN 3 COP 8	C	Direct energy consumption by primary energy source.	Section 6.4. , page 84
EN 4 COP 8	C	Indirect energy consumption by primary source.	Section 6.4. , page 84
EN 5 COP 8 COP 9	A	Energy saved due to conservation and efficiency improvements.	Section 6.4. , page 88, section 6.5. , page 89
EN 6 COP 8 COP 9	A	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Section 6.2. , page 79
EN 7 COP 8 COP 9	A	Initiatives to reduce indirect energy consumption and reductions achieved.	Section 6.4. , page 88
EN 8 COP 8	C	Total water withdrawal by source.	Section 6.6. , page 91
EN 9 COP 8	A	Water sources significantly affected by withdrawal of water.	Not applicable
EN 10 COP 8 COP 9	A	Percentage and total volume of water recycled and reused.	Not applicable
EN 11 COP 8	C	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Not applicable
EN 12 COP 8	C	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Not applicable
EN 13 COP 8	A	Habitats protected or restored.	Not applicable
EN 14 COP 8	A	Strategies, current actions, and future plans for managing impacts on biodiversity.	Not applicable

Ecological Performance Indicators

EN 15 COP 8	A	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	Not applicable
EN 16 COP 8	C	Total direct and indirect greenhouse gas emissions by weight.	Section 6.8. , page 97
EN 17 COP 8	C	Other relevant indirect greenhouse gas emissions by weight.	Not applicable because the Bank is a service business
EN 18 COP 7–9	A	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Section 6.8. , page 99
EN 19 COP 8	C	Emissions of ozone-depleting substances by weight.	Not applicable because the Bank is a service business
EN 20 COP 8	C	NO _x , SO _x and other significant air emissions by type and weight.	Not applicable because the Bank is a service business
EN 21 COP 8	C	Total water discharge by quality and destination.	Section 6.6. , page 91
EN 22 COP 8	C	Total weight of waste by type and disposal method.	Section 6.7. , page 94
EN 23 COP 8	C	Total number and volume of significant spills.	Not applicable because the Bank is a service business
EN 24 COP 8	A	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	This item is not applicable to our operations.
EN 25 COP 8	A	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organisation's discharges of water and runoff.	Section 6.6. , page 92
EN 26 COP 7–9	C	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Section 6.1.1. , page 78 and section 6.3. , pages 80, 81, 88, 89
EN 27 COP 8 COP 9	C	Percentage of products sold and their packaging materials that are reclaimed by category.	Not relevant

Ecological Performance Indicators

EN 28 COP 8	C	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	No monetary fines or pending criminal proceedings
EN 29 COP 8	A	Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce.	Section 6.8. , page 97
EN 30 COP 7–9	A	Total environmental protection expenditures and investments by type.	Section 6.9. , page 99

Labour Practices and Decent Work			
LA1	C	Total workforce by employment type, employment contract, and region.	Section 5.1. , page 48
LA 2 COP 6	C	Total number and rate of employee turnover by age group, gender, and region.	Section 5.1.5. , page 54
LA 3	A	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Section 5.3. , page 61
LA 4 COP 1 COP 3	C	Percentage of employees covered by collective bargaining agreements.	Section 5.2.1. , page 56
LA 5 COP 3	C	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.	Section 5.2.1. , page 57
LA 6 COP 1	A	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programmes.	Section 5.4. , page 64
LA 7 COP 1	C	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	Section 5.5. , page 65
LA 8 COP 1	C	Education, training, counselling, prevention, and risk-control programmes in place to assist workforce members, their families, or community members regarding serious diseases.	Section 5.3. , page 63, section 5.6. , page 66
LA 9 COP 1	A	Health and safety topics covered in formal agreements with trade unions.	Section 5.5. , page 65
LA 10	C	Average hours of training per year per employee by employee category.	Section 5.7.2. , page 69
LA 11	A	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Section 5.7.3. , page 69
LA 12	A	Percentage of employees receiving regular performance and career development reviews.	Section 5.7.1. , page 68
LA 13 COP 1 COP 6	C	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	Section 5.1.1. , page 48, section 5.1.2. , page 50, section 5.1.3. , page 51, section 5.1.4. , page 52
LA 14 COP 1 COP 6	C	Ratio of basic salary of men to women by employee category.	Section 5.2.2. , page 58

Human Rights Performance Indicators			
HR 1 COP 1–6	C	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	Section 2.4.6.1. , page 26
HR 2 COP 1–6	C	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	Section 2.4.5.2. , page 26
HR 3 COP 1–6	A	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	Section 7.5. , page 107
HR 4 COP 1 COP 2 COP 6	C	Total number of incidents of discrimination and actions taken.	Section 7.5. , page 106
HR 5 COP 1–3	C	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	Freedom of association and the authorisation of labour unions are protected by law in Austria, so this indicator is not directly relevant. Section 5.2.1. , page 57, Section 7.5. , page 106, section 8.
HR 6 COP 1 COP 2 COP 5	C	Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour.	Section 2.4.5.2. , page 26, section 8.
HR 7 COP 1 COP 2 COP 4	C	Operations identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of forced or compulsory labour.	Section 2.4.5.2. , page 26, section 8.
HR 8 COP 1 COP 2	A	Percentage of security personnel trained in the organisation's policies or procedures concerning aspects of human rights that are relevant to operations.	Not relevant
HR 9 COP 1 COP 2	A	Total number of incidents of violations involving rights of indigenous people and actions taken.	Not relevant

Society Performance Indicators

SO 1	C	Nature, scope, and effectiveness of any programmes and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	Section 2.4.5. , page 26, section 3. , page 29, section 4.6. , page 43, section 7.2.1. , page 101, section 7.2.2. , page 101, section 7.3.1. , section 7.4. , section 7.5. , section 7.5.1. , section 7.5.4. , section 7.5.5. , section 8.
SO 2 COP 10	C	Percentage and total number of business units analysed for risks related to corruption.	Section 7.2.2. , page 102
SO 3 COP 10	C	Percentage of employees trained in organisation's anti-corruption policies and procedures.	Section 7.2.2. , page 102
SO 4 COP 10	C	Actions taken in response to incidents of corruption.	Section 7.2.2. , page 102
SO 5 COP 1-10	C	Public policy positions and participation in public policy development and lobbying.	Section 7.7. , page 122
SO 6 COP 10	A	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	Section 7.7. , page 122
SO 7	A	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes.	One lawsuit (two additional banks are defendants in addition to us). The suit is in its initial phase; statutes of limitations and the validity of the plaintiff's grounds for legal action are being clarified.
SO 8	C	Monetary value of significant fines and number of non-monetary sanctions for non-compliance with laws and regulations.	No monetary fines were paid in this context in 2009.

Product Responsibility Performance Indicators

PR 1 COP 1	C	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	Section 4.2. , page 32, section 4.4. , page 38, section 7.4. , page 105
PR 2 COP 1	A	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	No incidents
PR 3 COP 8	C	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	Section 4.3. , page 37
PR 4 COP 8	A	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes.	One lawsuit, which ended with a court settlement that was equivalent to acknowledgement on our part (except for public notice).
PR 5	A	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Section 4.1. , page 30
PR 6	C	Programmes for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	Section 4.5. , page 40
PR 7	A	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	No incidents of this kind in the reporting period.
PR 8 COP 1	A	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	There were no violations related to breaches of customer privacy.
PR 9	C	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	No monetary fines were paid in this context in 2009.

11. CONTACT INFORMATION FOR QUESTIONS ABOUT THE REPORT AND ITS CONTENTS

3.4 For any questions concerning this CSR Report, our Communication on Progress or any other matters, please contact:

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You will also find this report and a great deal of additional information about our Bank on our web sites: www.bawagpsk.com, www.bawag.com, www.pskbank.at and www.easybank.at
Our annual reports and CSR Report can also be found at www.bawagpsk-annualreport.com

BAWAG P.S.K. is a member of



respACT – austrian business council for sustainable development is the leading platform for corporate social responsibility (CSR) and sustainable development in Austria. This association emerged in October 2007 from the fusion of the Austrian Business Council for Sustainable Development (ABCSD) and respACT austria.

The name respACT stands for “responsible action” and designates socially responsible action on the part of companies. Such action pertains to the workplace, the market, the environment and society within the company’s direct sphere of action. respACT – austrian business council for sustainable development is geared towards companies of all sizes that are based in Austria: from small businesses to large corporations. www.respact.at

12. MEMBERSHIPS

4.13 BAWAG P.S.K. is a member of Austrian society. Associations and clubs actively contribute to a lively exchange of knowledge in this society. For this reason, BAWAG P.S.K. is also a member of the following associations, clubs and societies:

ACI Austria (formerly Forex-Club)
 American Chamber of Commerce in Austria
 Austrian Financial Planners (AFP)
 AIMR Association for Investment Management and Research (CFA, ASIP)
 ARBÖ
 ARGE DATEN (Austrian Society for Privacy and Data Protection)
 Austrian Smart Card Association (ASA)
 CAIA (Chartered Alternative Investment Analyst Association)
 CMG Computer Measurement Group
 Commercial Crime Services (ICC)
 Corporate Executive Board – Audit Director Roundtable
 Creditreform
 Dachverband aller Österr.-Ausländ. Gesellschaften (PaN)
 Deutsche SAP-Anwendergruppe e.V (DSAG)
 Deutsches Institut für interne Revision (DIIR)
 Dialog Marketing Verband Österreichs (DMVÖ)
 Einlagensicherung der Banken und Bankiers
 Europäisches Forum Alpbach
 Vocational Training Institute Vienna
 Finanzmarketingverband Österreich
 Forum für Bankrecht – BWG
 Französisch-Österreichische Handelskammer
 Gesellschaft der Freunde der bildenden Künste
 Gesellschaft der Freunde der Österreichischen Akademie der Wissenschaften
 Guide Share Europe
 International Confederation of Architectural Museums (ICAM)
 IIA Austria (Institut für Interne Revision Österreich)
 IssuerInformationCenter (IIC)
 Federation of Austrian Industries
 Industriewissenschaftliches Institut
 Institut für Finanzwissenschaften und Steuerrecht

IIA Austria (Institut für Interne Revision Österreich)
International Chamber of Commerce (ICC Austria)
Information Systems Audit and Control Association (ISACA)
Internet Service Providers Austria (ISPA)
IT Service Management Forum Austria (itSMF)
Austrian Institute for SME Research
Kreditschutzverband von 1870
Kuratorium zur Förderung der WU-Wien
ÖAMTC
Austrian Society for Environment and Technology (ÖGUT)
Österreichisches Produktivitäts Zentrum/ÖPWZ – ARGE Personal
Austro-American Society
Austrian Society for Bank Research – BWG
Österreichische Gesellschaft für Absatzwirtschaft
Österreichische Technion-Gesellschaft
Austrian Association for Financial Analysis and Asset Management (ÖVFA)
Österreichische Werbewissenschaftliche Gesellschaft (WWG)
Österreichisches Controller-Institut
Österreichisches Institut für Wirtschaftsforschung WIFO
Projekt Management Austria (PMA)
Public Relations Verband Austria (PRVA)
respACT (austrian business council for sustainable development)
Joint Conciliation Board of the Austrian Banking Industry
Sicherheitsrat für Verbrechensvorbeugung
Society for Payment System Research and Cooperation (STUZZA)
Society for Worldwide Interbank Telecommunication (SWIFT)
UN Global Compact
Unser Stephansdom – association for the preservation of St. Stephen's Cathedral
Verband der Marktforscher Österreich (VMÖ)
Verband für integrierte Kommunikation (ViKOM)
Austrian Bankers' Association
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Verein der Freunde des Austrian Centers an der Hebräischen Universität Jerusalem
Verein der Freunde des Österreichischen Gartenbaumuseums
Verein für die Geschichte der Arbeiterbewegung
Verein Gedänkstätte Dr. Karl Renner
Sozialfonds des Herrn Bundespräsidenten – Österreicher in Not
VISA Austria G.n.b.R.

Vienna Institute for International Economic Studies (wiiw)
Wirtschaftsverband Wien
zBp Career Centre

We took the utmost care in the collection and preparation of the data provided in this report. Nevertheless, errors cannot be completely ruled out.

Any statements regarding future developments or expectations expressed in this report are assumptions that were made based on the data and information available at the time of preparation. Thus, unforeseeable events could lead to deviations from the projections and expectations expressed in such statements.

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