

**CORPORATE SOCIAL
RESPONSIBILITY
REPORT**
**AND COMMUNICATION ON
PROGRESS (COP)**

2010



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PREFACE BY THE CEO



Dear Ladies and Gentlemen,

The regular publication of a sustainability report is part of our consistent efforts to make sustainable action and thinking a cornerstone of our Bank. With this in mind, I am pleased to present you with our third Corporate Social Responsibility Report.

The year 2010 was still strongly influenced by the crisis in the financial sector and the continued difficult macroeconomic development, which made it a year of tremendous challenges. Financial institutions will once again have to make major changes and adjustments in 2011.

It is therefore all the more important that we maintain our commitment to sustainable and responsible business practices and make this a fixed part of our activities.

When we talk about responsibility and sustainability, we are also referring to trust. However, the public's trust in the financial markets has been badly shaken in recent years. And we are well aware of this. It is therefore essential that BAWAG P.S.K. continue to earn the trust of its customers, investors and employees and take nothing for granted. We are aware that trust does not come easily, but must be earned through openness, transparency and dialogue – all things that you can expect of BAWAG P.S.K. This report is another step in that direction, and we invite you to enter into a dialogue with us.

In this report, we will present our efforts towards economic, ecological and social sustainability in a clear and transparent manner. We will show you that sustainability is anchored in our core business, for example with our New Chance Account (Neue Chance Konto), an account aimed at combating discrimination and social exclusion that now has more than double the number of customers it did in 2009, when the account was first launched.

But we are also showing responsibility with the new branch offensive we launched in the autumn. In cooperation with Austrian Post, we will open some 500 full-service BAWAG P.S.K. bank branches also offering Austrian Post's services over the next two years. In this way, we will help to ensure that financial services and postal services are offered from a single source throughout Austria.

“We are aware that trust does not come easily, but must be earned through openness, transparency and dialogue.”

This report also contains our annual progress report (Communication on Progress, or COP), which is required as part of our membership in the UN Global Compact. BAWAG P.S.K. joined the UN Global Compact in March 2009 and committed itself to complying with the compact's ten principles. With over 8,700 participating companies, the UN Global Compact is now the world's largest network for corporate social responsibility.

I would like to thank everyone whose commitment to sustainable and responsible business practices allowed BAWAG P.S.K. to live up to its social responsibilities and further increase its awareness of these responsibilities in 2010, and I hope to receive your continued support in the future.

Sincerely,



Byron Haynes

Chairman of the Managing Board and CEO

Vienna, March 2011

CSR TIMELINE 2010

JANUARY 2010 BAWAG P.S.K. waives the cash deposit fee for donations for the earthquake victims in Haiti. | As the sponsor of the annual pass for the Kunsthistorisches Museum, BAWAG P.S.K. sells 5,600 passes at its branches in just six weeks. | Employees are informed about workplace health promotion at two major events. **1**

FEBRUARY 2010 Launch of the national BAWAG One Billion for Energy (BAWAG Energiemilliarde) campaign. The One Billion for Energy is aimed at offering our customers affordable financing for construction, housing and renovation with a focus on energy-saving measures. The programme also includes a free renovation advice service for residential renovation and a EUR 450 voucher for an energy performance certificate. **2**

MARCH 2010 BAWAG P.S.K. supports a benefit evening for children suffering from epidermolysis bullosa organised by students of the Bergheidengasse tourism academy. | The BAWAG P.S.K. Women's Initiative celebrates its first anniversary. | A Chamber of Labour test on the process of switching banks shows that BAWAG P.S.K. provides very detailed information. | BAWAG P.S.K. offers municipalities an online energy check from Energy Globe. **3**

APRIL 2010 BAWAG P.S.K.'s New Chance Account celebrates its first anniversary. Some 5,000 customers have already signed up for this account aimed at combating discrimination and social exclusion, which makes their day-to-day lives easier. | The 2009 CSR Report – the Bank's second CSR Report – is published. | Daughter's day is held at the Bank for the second time on 22 April. | The Teleworking pilot project is launched. **4**

MAY 2010 BAWAG P.S.K.'s Born to be first (Born to be Vorn) youth campaign on Facebook gets under way for a good cause: The total number of points tallied during the campaign is converted into Euros and donated to a non-profit organisation that supports youths. | BAWAG Contemporary opens its new gallery space. | BAWAG P.S.K. launches an education initiative as part of the Enterprise Austria (Unternehmen Österreich) campaign. **5**

JUNE 2010 The BAWAG P.S.K. New Chance Account is nominated in the category of "Special Award for Measures Aimed at Combating Poverty and Social Discrimination" and is selected by the jury as one of the five candidates for the TRIGOS award. We see the nomination for the TRIGOS as a huge success and as recognition of BAWAG P.S.K.'s responsible business practices. At the time of this nomination, over 5,000 people had already been given a real second chance thanks to our account. **6**



JULY 2010 In July the first issue of the employee magazine, *patchwork* – *The Prospects of Diversity* (*patchwork – Die Chancen der Vielfalt*), is published. The name of the magazine was selected from employee suggestions and symbolises the fact that we always keep the diversity of our employees in mind. An important step for our diversity activities. | BAWAG P.S.K.'s educational sponsoring: The Fairness Award 2010, which is sponsored by BAWAG P.S.K. and *Die Presse*, is presented. **7**



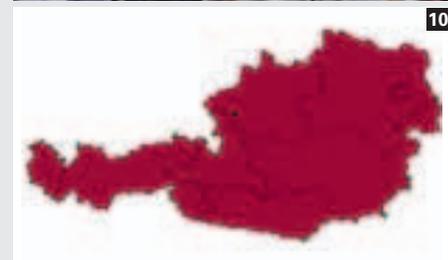
AUGUST 2010 Social responsibility is more than just a catchphrase for BAWAG P.S.K. Leasing: Each of the nine diocesan Caritas organisations in Austria will be provided with a new compact car by BAWAG P.S.K. Leasing. | Following the devastating flood disaster in Pakistan, BAWAG P.S.K. waives the cash deposit fee for donations. **8**



SEPTEMBER 2010 BAWAG P.S.K. once again sponsors the Red Nose Run all over Austria. Several employees, including Managing Board Member Christoph Raninger, take part in the race. Monica Culen, head of the RED NOSES Clown Doctors, is extremely pleased about the athletic efforts and the EUR 24,000 that were donated to the RED NOSES through the race. **9**



OCTOBER 2010 BAWAG P.S.K.'s branch offensive: BAWAG P.S.K. will expand its branch network from 150 to around 520 bank branches by 2012. By the end of 2012, all of the bank branches will offer postal services. An important step in providing Austria with high-quality banking products and postal services. | The Long Night of Museums is held for the 11th time. BAWAG Contemporary takes part for the first time and the WAGNER:WERK Museum for the second time. **10**



NOVEMBER 2010 BAWAG P.S.K. issues a clear commitment to diversity and becomes one of the first companies to sign the Diversity Charter in Austria. Gerhard Müller, head of Human Resources, represents the Bank at the signing ceremony. Yet another sign of our commitment to honouring our social responsibility. | A large employee information event on the topic of workplace health promotion at BAWAG P.S.K. is held in Graz. | easybank emerges as the winner of the Upper Austrian Chamber of Labour's account comparison test. **11**



DECEMBER 2010 BAWAG P.S.K. once again launches its Unwanted Christmas Presents campaign, this time for the benefit of Diakonie Austria. | The Energy Globe Award is presented. It is sponsored by BAWAG P.S.K., which is a cooperation partner of the Energy Globe climate protection and energy saving platform. | The charity evening held at Porgy & Bess, which is sponsored by BAWAG P.S.K., raises EUR 8,000 for the neunerHaus. | BAWAG P.S.K.'s sustainability funds become Eurosif-certified and are conferred with the transparency logo. **12**



1. PREPARATION OF THE REPORT



3.2

3.5

3.6

This report is the third 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 its headquarters is in Vienna. Approximately 99.5 per cent of the Bank's employees work in Austria. BAWAG P.S.K. is a non-listed stock corporation.

The report also includes data from the wholly owned subsidiary easybank, and these data are disclosed separately (personnel, environment and energy). The subsidiaries easybank, BAWAG P.S.K. Leasing (excluding foreign leasing subsidiaries), BAWAG P.S.K. INVEST, BAWAG P.S.K. Wohnbaubank, NAVENSIS and BAWAG P.S.K. Immobilien AG are included in the environmental and energy-related parameters because their operations are based at the two central buildings at Georg-Coch-Platz and Quellenstraße/Buchengasse. Subsidiaries that are not members of the bank group are not included in this report. This primarily pertains to the shoe retailer Stiefelkönig, which has around 900 employees.

BAWAG P.S.K. also sells its products through the postal network, which currently comprises 1,116 locations operated by postal partners and 769 post 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 (Allgemeines 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.

This report covers all BAWAG branches that were in operation in 2010 and the employees who worked at them.

3.1 This report covers the period from 1 January 2010 to 31 December 2010.

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](#).

FS The GRI Reporting Framework is supported by Sector Supplements, which define additional, sector-specific sustainability aspects. There is also a Sector Supplement for financial services that was integrated into the report for the first time this year. The corresponding items are marked with FS xx

COP BAWAG P.S.K. joined the UN Global Compact in 2009 and committed to complying with the ten principles, which focus on labour standards, human rights, environmental protection and anti-corruption. 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](#).

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.

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 2010 CSR Report will not be published in printed form, but is only available electronically at www.bawagpsk.com under About Us/Responsibility or at www.bawagpsk-annualreport.com.

3.5 BAWAG P.S.K. as a company is aware of its role as a citizen of the countries in which it operates. We are prepared to accept our responsibility to society and make a clear commitment to honouring this responsibility. It is important to us as a company to find the right balance between economic, ecological and social objectives. This report covers the topics that we feel clearly illustrate our social commitment for our stakeholders. You will find BAWAG P.S.K.'s financial reports in the Annual Report, which can be viewed at www.bawagpsk-annualreport.com.

- 3.8 The Bank implemented a major consolidation of locations in 2008 and 2009. As a result, the consumption data from these two years are not indicative of the Bank's normal operations. Therefore, 2010 will likely be the first year that can be used as a reliable comparison value in the future. Ensuring the comparability of the indicators is very important to us, because it will allow us to track and analyse developments and make improvements.
- 3.7
- 3.9 The majority of the gaps that were identified while collecting data for the 2008 and 2009 reports have now been closed. Nevertheless, we are aware that we are not yet able to record all of the data we would like to (for example, the kilometres travelled by train for business purposes). However, over the medium term we aim to collect all data that is relevant for a sustainability report.
- 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.
- 3.10
- 3.11 The 2010 CSR Report has a new layout that was not used in the first two reports. This layout is based on BAWAG P.S.K.'s Annual Report and is primarily aimed at making this report clearer and easier to read. The presentation of the energy data (Section 6) has been changed somewhat in order to make the data clearer and easier to compare.
- 3.13
- FS 9 This report was not subjected to third-party review. However, we fully intend to have the CSR Report audited by a third party in subsequent years and this is an aspect of our sustainability planning.

2. ORGANISATIONAL PROFILE

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2.6

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.

Additional information about the Bank's history is available online at www.bawagpsk.com.

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.

Additional information about the Bank's history is available online at www.bawagpsk.com.



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.).

Social responsibility was already reflected in the Bank's founding ideas.

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 (Austrian Post), 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 change in ownership and management, a new market positioning strategy was developed and then implemented immediately.

2008 – A New Headquarters

David Roberts replaced Ewald Nowotny as CEO of BAWAG P.S.K. In the autumn of 2008 Regina Prehofer (Chief Executive for the Bank's business in Austria) and Byron Haynes (Chief Financial Officer) were appointed to the Managing Board. One of the Bank's main buildings, the central office located on Seitzergasse in Vienna's first district, 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 – Consolidation of Locations

A number of central locations were eliminated in 2009 as well, and several subsidiaries were relocated to the headquarters at Georg-Coch-Platz. Virtually all of the Bank's central activities are 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.

2010 – Launch of the Branch Offensive

There were several changes in the Managing Board during the year. Joseph Laughlin and Carsten Samusch left the Bank at the beginning of the year, followed by Regina Prehofer in the autumn of 2010. Sanjay Sharma was appointed as the new Chief Operating Officer.

The ranks of the Managing Board were filled again towards the end of the year with the appointment of Christoph Raninger, Andreas Arndt and Wolfgang Klein. The Bolero optimisation and efficiency programme was launched in April. In addition to extensive investments in the optimisation of many processes and workflows, the Bank announced plans to downsize around 500 full-time employees by 2013, and the majority of these staff reductions will be realised through natural staff fluctuation and retirements. The project is being accompanied by a comprehensive social compensation plan. BAWAG P.S.K. announced a branch offensive in the autumn: The Bank will expand its branch network from 150 to around 520 bank branches by 2012. By the end of 2012, all branches will be jointly operated with Austrian Post and postal services will be offered in all of our bank branches.

2.1.1. Awards in 2010

2.10

The **New Chance Account** was nominated in the category of “Special Award for Measures Aimed at Combating Poverty and Social Discrimination” and selected as one of the candidates for the TRIGOS award.

BAWAG P.S.K.’s staff recruiting activities were honoured with the CAREER’S BEST RECRUITERS certificate in 2010 (first place in the banking sector).

BAWAG P.S.K. INVEST was able to build on its successes in 2009 and won several awards for its products again in 2010:

Award	Winner	Category
Austrian Umbrella Fund Award	BAWAG P.S.K. Mix Konservativ	1st place in the “Bond-Oriented Mixed Fund” category; 3 years
	BAWAG P.S.K. Mix Konservativ	3rd place in the “Bond-Oriented Mixed Fund” category; 5 years
Austrian Fund Award	BAWAG P.S.K. Global High Yield Bond	1st place in the “Global Emerging Markets Bonds, EUR, 5 years” category
	BAWAG P.S.K. Global High Yield Bond	1st place in the “Global Emerging Markets Bonds, EUR, 3 years” category
	Absolute Return Mix	1st place in the “Conservative Global Mixed Fund, 3 years” category
	BAWAG P.S.K. Euro Rent	2nd place in the “Mixed European Investment Grade Bonds Ex-Eastern Europe, 5 years” category
	BAWAG P.S.K. Securo Rent	3rd place in the “Global Government Bonds, EUR, 5 years” category
	BAWAG P.S.K. Securo Rent	3rd place in the “Global Government Bonds, EUR, 3 years” category
LIPPER Fund Awards	BAWAG P.S.K. Euro Rent	1st place in the “Bond Euro” category; 5 years
	BAWAG P.S.K. Euro Rent	1st place in the “Bond Euro” category; 10 years
VisioFund Awards	BAWAG P.S.K. Global Growth Stock	Equity-oriented umbrella fund; 5 years

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. The customer is the focus of all of the Bank's activities.

FS 13 For several years now, BAWAG P.S.K. has been combining its strengths on the Austrian market. The Bank supports private, commercial and municipal customers with its Enterprise Austria initiative and in this way contributes to the positive development of Austria. With the branch offensive that was launched in the autumn of 2010, BAWAG P.S.K. is taking another step in serving the people of Austria: BAWAG P.S.K. is expanding into the country's rural areas, and all of the advantages the Bank has to offer – including comprehensive advice, personal service and attractive banking products – will be available at over 500 BAWAG P.S.K. locations in the future. These locations will also offer the full range of postal services.

BAWAG P.S.K.'s new branch offensive is further proof that we are committed to working in and on behalf of Austria.

This means that every one of the more than 500 locations will be a full-service bank branch and a full-service post office – with no limitations. In this, the Bank is taking advantage of a one-of-a-kind opportunity to be precisely where we are needed – as close to our customers as possible. In the city and especially in the countryside.

BAWAG P.S.K. also has specialised subsidiaries such as easybank, BAWAG P.S.K. Leasing GmbH, BAWAG P.S.K. INVEST, NAVENSIS, 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

EC 1

2.8

BAWAG P.S.K. Group amounts in millions of Euros	2010	2009	2008
Consolidated assets	38,556	41,225	41,578
Receivables from customers	22,288	21,066	20,697
Payables to customers	21,733	22,674	22,585
Eligible own funds	2,908	2,826	2,183
Core capital ratio	9.9%	10.0%	6.6%
Profit before tax adjusted for non-controlling interests*	138.1	35.1	-614.6
Employees as of 31 December 2010 (full-time)	4,812	4,954	5,351
Bank branches	150	153	166
Outlets	1,038	1,230	1,298
Cost/income ratio**	64.4%	68.5%	174.4%
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 holders of non-controlling interests. These securities are subject to substantial fair value fluctuations. In order to improve the comparability of the results, the valuation results attributable to holders of non-controlling interests 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 11.2 million lower (2009: EUR 186.6 million lower). Accordingly, the item Profit before tax presented above is EUR 11.2 million lower (2009: EUR 186.6 million lower) than the Profit before tax presented in the Consolidated Financial Report according to IFRS.

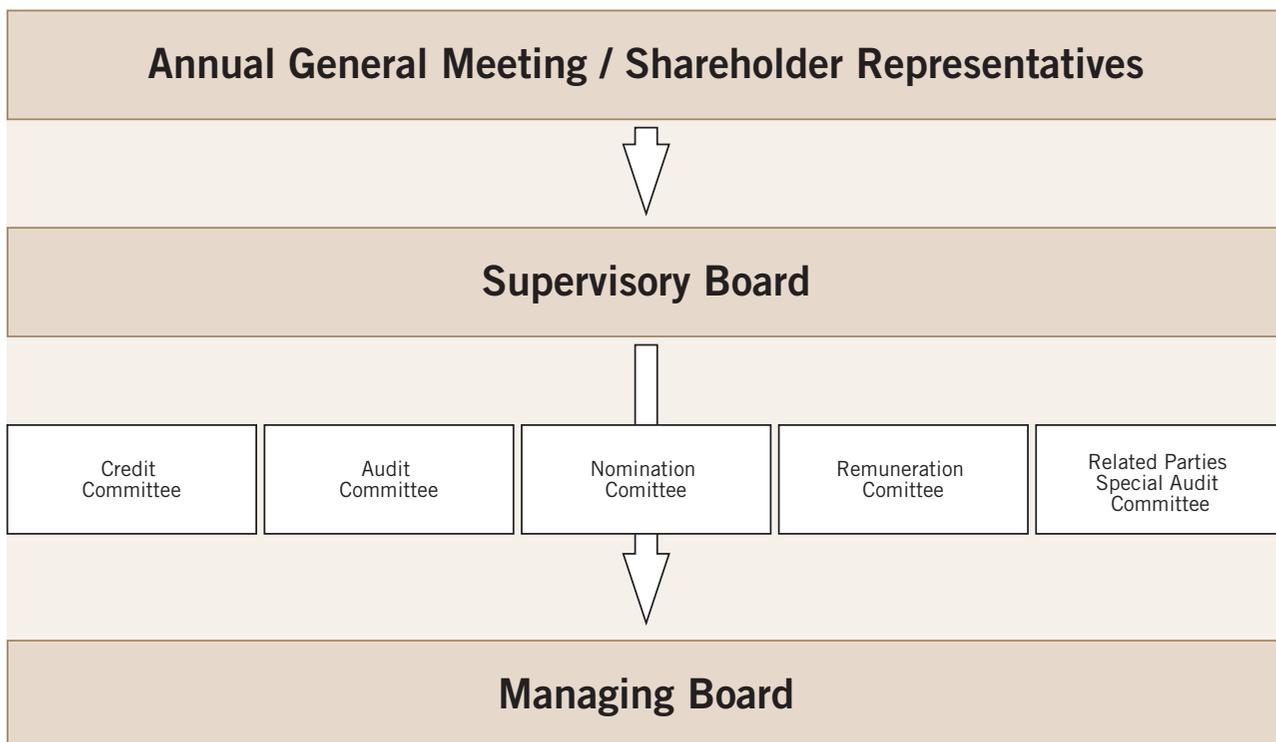
**Operating income: net interest income, income and expenses from fees and commissions, other income and expenses, gains and losses on financial assets and liabilities; Operating expenses: administrative expenses, scheduled amortisation and depreciation on intangible and tangible assets.

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. 2010 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 consisted of the following national and international experts as of the end of 2010:

Supervisory Board of BAWAG P.S.K. as of 31 December 2010	Function
Cees MAAS	Chairman
Pieter KORTEWEG	Deputy Chairman
Rudolf JETTMAR	Member
Marius J.L. JONKHART	Member
Ronald E. KOLKA	Member
Keith TIETJEN	Member
Ingrid STREIBEL-ZARFL	Works Council Delegate
Brigitte JAKUBOVITS	Works Council Delegate
Beatrix PRÖLL	Works Council Delegate
Beate SCHAFFER	State Commissioner
Markus CHMELIK	Deputy State Commissioner

Scott Parker stepped down from the Supervisory Board in 2010 due to a career change. Ronald Kolka was appointed to the Supervisory Board in August and Keith Tietjen in October in order to make the Board complete.

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, which were made up of the listed Supervisory Board members, were active at BAWAG P.S.K. in 2010:

Supervisory Board committees and their members	Credit Committee	Nomination Committee	Remuneration Committee	Audit Committee	Related Parties Committee
Cees MAAS	Chairman	Chairman	Chairman	❖	❖
Pieter KORTEWEG		❖	❖		❖
Rudolf JETTMAR	❖			❖	❖
Marius J.L. JONKHART	❖			Chairman	Chairman
Ronald E. KOLKA		❖		❖	
Keith TIETJEN	❖		❖		
Ingrid STREIBEL-ZARFL	❖	❖		❖	❖
Brigitte JAKUBOVITS		❖		❖	❖
Beatrix PRÖLL	❖				

Credit Committee

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.

Nomination Committee

4.7

This 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.

Remuneration Committee

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.

Audit Committee

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.

Related Parties Special Audit Committee

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.

2.4.1.2. Managing Board

2.9 The following changes were made to BAWAG P.S.K.'s Managing Board in 2010:

Sanjay Sharma was appointed Chief Operating Officer effective 1 January 2010. Mr. Sharma can draw on many years of experience at Barclays Bank plc and became Managing Director of Operations at BAWAG P.S.K. in August 2008.

Christoph Raninger joined the Managing Board effective 17 May 2010. He succeeded Carsten Samusch, who announced in January of 2010 that he would not be seeking the extension of his contract. Christoph Raninger is now the director of Corporate and Financial Markets and bears part of the responsibilities of Regina Prehofer, who left the Managing Board at the end of September 2010. Before taking on these duties, Christoph Raninger was managing director and member of the managing board of UniCredit CAIB AG, where he was responsible for the Markets & Investment Banking division.

Andreas Arndt became Chief Financial Officer on 1 October 2010. Prior to this, he spent many years in managerial positions in the Deutsche Bank group, including a tenure on the board of Deutsche Bank Privat- und Geschäftskunden AG.

The retail and small business banking activities have been directed by **Wolfgang Klein** since 1 November 2010. Wolfgang Klein worked at Deutsche Postbank for the last ten years. During this time, he was a member of the board and responsible for the various aspects of retail banking. He was CEO for his last two years at the bank.

The responsibilities of the Managing Board members are listed in detail in the [organisational chart](#).

Managing Board of BAWAG P.S.K. as of 31 December 2010

Name	Function
Byron HAYNES	Chairman of the Managing Board/CEO
Stephan KOREN	Deputy Chairman of the Managing Board
Andreas ARNDT	Member
Wolfgang KLEIN	Member
Christoph RANINGER	Member
Sanjay SHARMA	Member

Members who stepped down from the Managing Board in 2010

Name	Function
Carsten SAMUSCH	Member
Regina PREHOFER	Member

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

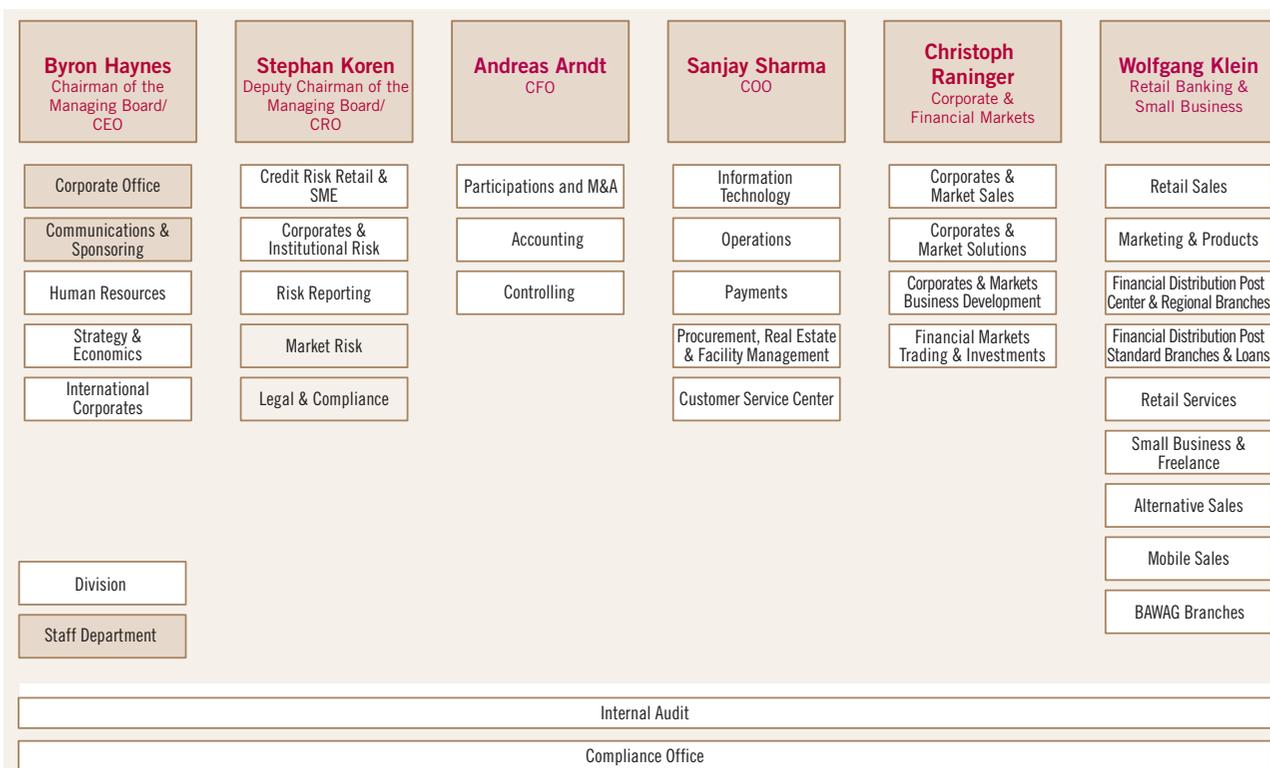
With the exception of the employee representatives, all members of the Supervisory Board are independent of the operational management of the Bank (the Managing Board). The requirements for the independence of the Supervisory Board are standardised by the Austrian Stock Corporation Act.

2.3
2.9
4.9
4.11

2.4.3. Organisational Structure

The Bank underwent a major restructuring in September of 2010 in which the number of divisions was reduced. The goal was to achieve a more efficient and faster organisation. The structure was as follows as of January 2011:

Organisational Chart for BAWAG P.S.K. as of 31 January 2011



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

The consolidation of locations that started in 2008 and 2009 was completed in 2010. As a result, the subsidiaries BAWAG PSK Leasing GmbH, BAWAG P.S.K. INVEST, BAWAG P.S.K. Immobilien, NAVENSIS and easybank are located at the Georg-Coch-Platz location in Vienna's first district or at the Centre of Technology on Buchengasse in Vienna's tenth district. In addition to these two main buildings, the Bank still has the Am Tabor location, 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, primarily 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. The following measures were also introduced in 2006:

- ▶ 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 following codes have been created since then and are also 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 binding framework for conduct during everyday business and also for acting in accordance with the Bank's policies. The Code of Conduct was last revised in 2010.

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.

BAWAG P.S.K.'s success is inextricably linked with the trust of our customers and our employees. The Code of Conduct provides a binding framework for conduct in our everyday business ...

Excerpt from our Code of Conduct

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.

HR 6 The complete Code of Conduct can be found on our web site at www.bawagpsk.com.

HR 7

FS 2–3

2.4.5.2. Supplier Code of Conduct

COP 1, 2

COP 4, 5

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.

The key elements of 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 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 2010 because we are familiar with the suppliers and their sources. 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

HR 1

FS 15

COP 1–6

2.4.6.1. Lending Policies

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, gender, sexual orientation, disabilities or other such factors.

2.4.6.2. Conflict of Interest Policy

SO 1

The Conflict of Interest Policy applies throughout the bank 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. Anti-Corruption and Gift Acceptance Policy

SO 1

COP 10

In addition, a detailed, Group-wide policy concerning the acceptance and giving of gifts that goes beyond the provisions of the Conflict of Interest Policy and the Code of Conduct was created in 2010. The policy explains in detail which forms of gift acceptance/giving are acceptable in order to prevent corruption and conflicts of interest both within the Bank and on the part of the Bank vis-à-vis external parties. Along with rules of conduct and value limits, the policy defines a detailed documentation process as well as an approval process for all acceptable gifts, regardless of whether they are worth more or less than the defined value limits. In addition, a notification and investigation process has been put into place that aims to ensure that the proper action is taken on the part of the Bank in the event of suspicion that this policy or the anti-corruption regulations have been violated. In the case of suspicion that this policy and/or the applicable anti-corruption laws have been violated, the Compliance Office will conduct appropriate investigations together with the Internal Audit division and the Personnel division and take suitable measures.

Corporate governance aims to ensure the responsible management and control of our Bank with an emphasis on sustainable, long-term value creation.

2.4.6.4. Recruiting Policies

COP 1

COP 2

COP 6

In 2009, new policies for the external 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. It is also focused on equal treatment and equal opportunity. 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, ethnicity, 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

2.4.6.5. 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. The Risk Policy Guidelines define the framework for selecting the level of risk in the Bank's transactions.

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

We know that we do not have all the answers. We aim to listen to our stakeholders, to talk to them and learn from their experiences.

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. With this in mind, our CSR Report should be seen as both a report and an invitation for our stakeholders to engage in a dialogue with the Bank.

We know that we do not have all the answers, which is why we talk to our stakeholders.

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



4. CUSTOMERS

4.1. General

FS 14 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. In 2010 we saw considerable improvements in customer satisfaction compared to the prior year. Among retail customers, we are among the leaders in the industry in terms of overall satisfaction, and we achieved particularly high scores with regard to satisfaction with the service offered.

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 2010 were 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 and Sparda.

We offer a range of standardised products and services for all of our customers' needs. The Bank also offers additional products, especially financing products, to meet the special needs of major corporations, institutional customers and public-sector customers.

PR 1 **4.2.1. Sustainable Products**

FS 1
COP 1 In 1997, BAWAG P.S.K. INVEST launched **BAWAG P.S.K. Öko Sozial Stock**, its 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. 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.

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-ecological elimination criteria related to issues such as respect for human rights, climate protection, genetic engineering, child labour and nuclear power. 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.

BAWAG P.S.K. INVEST GmbH attaches particular importance to transparency, which is why it had the sustainability and environmental funds BAWAG P.S.K. Öko Sozial Rent and BAWAG P.S.K. Öko Sozial Stock certified in accordance with the Eurosif Transparency Code.



The official transparency logo is an important identifier of the European Transparency Code for sustainable retail funds. It is awarded by the European Sustainable and Responsible Investment Forum (Eurosif).

Eurosif is an initiative of the European Sustainable Investment Forums in France, the Netherlands and Great Britain as well as the German, Austrian and Swiss Sustainable Investment Forum. In addition to the national forums, a number of companies and institutions are direct members of Eurosif. The overall objectives of Eurosif are to facilitate the development of sustainable investments in Europe and to promote a mutual European approach.

FS 11

As of the end of 2010, the **total volume** of funds managed by BAWAG P.S.K. INVEST in socially responsible investments (SRI funds) was **EUR 514 million**. This represents an **increase of around 25 per cent** compared to the prior year. BAWAG P.S.K. INVEST's funds under management totalled around EUR 4,000 million as of the end of 2010, which means that around 13 per cent of the total funds under management are invested in sustainable products (+2 per cent compared to the prior year).

FS 7

New Chance Account

FS 15

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 by PSK BANK 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 exclusion.

FS 8

BAWAG One Billion for Energy

There is great demand for energy-saving measures in Austria's households: Over 1 million of the 1.26 million single family homes in Austria are more than 20 years old, and poor insulation or outdated heating systems cause unnecessarily high energy costs in these households. Our One Billion for Energy (Energiesparmilliarde) initiative was intended to help many of these households make energy-related improvements by offering our customers loans for construction, housing and renovation with a focus on energy-saving measures. Although the campaign was aimed at our retail customers, the inclusion of a wide range of companies in the construction industry helped and will continue to help revitalise the entire Austrian economy, which means that the One Billion for Energy also fits into the overall Enterprise Austria concept extremely well. Along with affordable conditions, the programme also included a free renovation advice service for residential renovation and a EUR 450 voucher for an energy performance certificate.

FS 8

Energy-Saving Municipalities (in Cooperation with Energy Globe)

By providing One Billion for Municipalities (Kommunalmilliarde) in 2009, BAWAG P.S.K. made important financing available to local public budgets. In 2010 we offered municipalities assistance with saving energy. The Energy-Saving Municipalities (Energiespargemeinde) initiative was developed together with Energy Globe. Energy-saving projects were implemented with municipalities in four phases (introduction phase, motivation phase, survey phase, implementation phase).

FS 7

BAWAG P.S.K. Education Initiative

Many people in Austria have long been aware of the fact that continuing education is an important factor of success in shaping one's career path, especially in our knowledge society. One-fifth of the population is already taking advantage of the adult education institutions available in Austria, and there has been a dramatic increase in the number of people taking educational leave. Around 350,000 of the 2.4 million career-related continuing education activities that take place each year are financed completely privately. BAWAG P.S.K. supports Austrians' continuing education with product solutions that are designed to meet the personal and financial needs of people who are pursuing an education.

Incorporating sustainability into our products: the New Chance Account, BAWAG P.S.K. Öko Sozial Rent and Öko Sozial Stock, One Billion for Energy, Energy-Saving Municipalities and our education initiative.

FS 2

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

FS 15

However, the BAWAG P.S.K. Group Credit Policies were already 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 of 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. In addition to 150 BAWAG branches, BAWAG P.S.K. sells its products through the postal network, which currently comprises 1,116 locations operated by postal partners and 769 branches operated by Austrian Post.

2.7

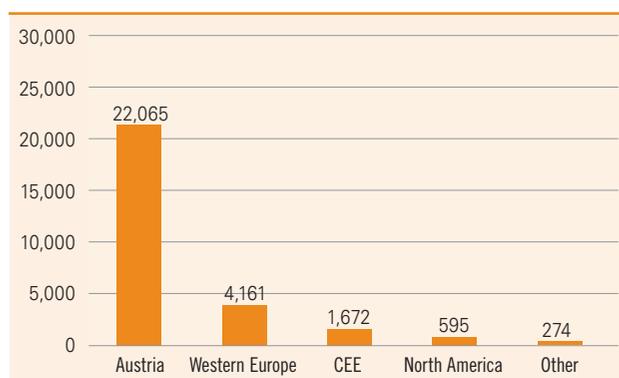
FS 6

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

The Bank has small subsidiaries in Slovenia and Malta ([see 5.1.1.](#)). In addition, the Bank has a representative office in Libya with one representative. The subsidiary BAWAG P.S.K. Leasing is also active in Hungary, the Czech Republic, Poland and Slovakia with a total of 58 employees.

The following chart shows the geographical breakdown of our credit portfolio, which clearly demonstrates our business focus on Austria.

Geographical distribution of the loan portfolio as of 31 December 2010, in millions of Euros



4.2.3. BAWAG P.S.K.'s Branch Offensive

FS 13

At the end of 2010 BAWAG P.S.K. launched a branch offensive that will expand and intensify the cooperation between BAWAG P.S.K. and Austrian Post and create a new branch concept for all of Austria. As a result, Austrian Post and BAWAG P.S.K. will have an even closer relationship in the future. The two companies are combining their strengths and expertise, and will soon offer their customers an enduring network of over 500 locations throughout Austria offering the entire range of postal and banking services. The collaboration between these two traditional Austrian companies, which goes back over 120 years, has shown that the concept of providing banking and postal services from a single source is well received by customers. The new branch concept will ensure that banking and postal services are provided locally in all of Austria. This is especially aimed at giving our customers in rural areas access to all of the banking services we offer throughout Austria.

Over 500 New Bank Branches

This branch concept stipulates that all of BAWAG P.S.K.'s locations will be operated as full-service bank branches in the future. The locations offering PSK BANK service, which up until now only offered basic financial services, will be upgraded and expanded to include the entire spectrum of BAWAG's banking services. At the same time, the complete range of BAWAG P.S.K. products will be added to the products and services offered at Austrian Post's locations. In the future it will therefore be possible to take advantage of all of the products and services offered by both BAWAG P.S.K. and Austrian Post in over 500 branches all over Austria – regardless of whether the branch is located in the city or in the countryside. In the future, 280 locations in rural regions and 240 locations in urban areas will become branches of BAWAG P.S.K. and Austrian Post. Financial advice will be provided by competent BAWAG P.S.K. employees and trained Austrian Post financial advisors. This concept will be rolled out across the country by the end of 2012, and the first branches opened at the end of 2010.

BAWAG and PSK BANK
will operate as a SINGLE
strong brand throughout
Austria: BAWAG P.S.K.

This reorientation of our sales and distribution structure is a logical continuation of our Enterprise Austria concept. We are also emphasising this new concept with a new brand image: In the future, our Bank will operate as a SINGLE strong brand throughout Austria: BAWAG P.S.K. (up until now, the Bank has had two brands, BAWAG and PSK BANK).

4.2.4. 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 Small and medium-sized enterprises 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

4.2.5. Children's and Youth Products

2.2 FS 16 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 is also aimed at teaching children about issues such as money and health through suitable articles.

2.2
PR 6
FS 15

4.2.6. 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.

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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 (www.bawag.com).

FS 13

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. The web site also makes it very easy for customers to contact our **HELP Centre or Ombudsman** if they have problems. We offer our customers the option of receiving their **account statements electronically** as PDF files in order to eliminate the need to print them out.

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 130 employees speak **additional languages** such as Bulgarian, Croatian, Polish, Serbian, Slovakian, Czech, Turkish and Hungarian, and can therefore discuss even complex financial matters with customers whose native language is not German.

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.

A barrier-free web site, multilingual self-service banking machines, employees who speak additional languages, an ombudsman to deal with problems and an SMS and e-mail reminder service.

PR 3
FS 15
COP 8

4.3. Transparent Prices and Terms

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. and easybank offer their 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 in a timely manner. 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 [4.5](#).

4.4. The BAWAG P.S.K. Ombudsman – Central Contact for Customers

FS 13

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The Bank established the BAWAG P.S.K. HELP Centre/Ombudsman department ten years ago as a central point of contact for customer concerns and complaints from all over Austria.

The department name HELP Centre stands for

- ▶ **H**ELP
- ▶ **D**EDICATION
- ▶ **L**EADING SERVICE
- ▶ **P**ARTNERSHIP

Because strong emphasis is placed on all of these factors at our Bank, HELP stands for more than just help for our customers. The employees of the HELP Centre/Ombudsman are available to customers as well as their fellow employees throughout Austria for enquiries, suggestions, recommendations, complaints and disputes, and they therefore make up the core of the Bank's complaint and customer satisfaction management.

The ombudsman is also the contact person for cases of suspected discrimination.

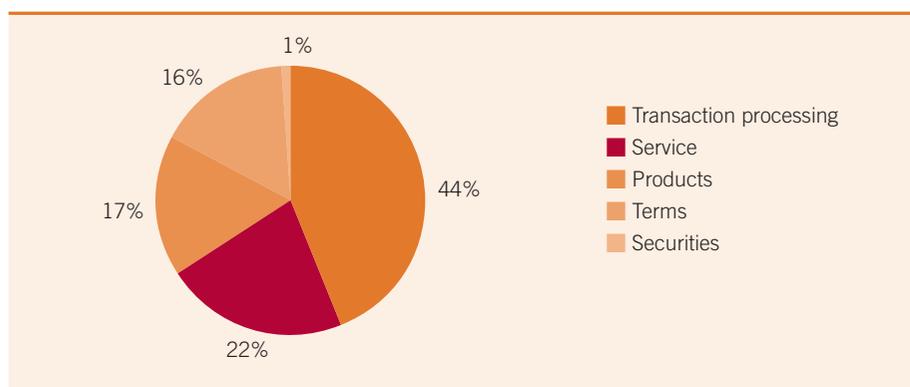
Our Goal and Our Commitment

Our goal is to work together with our customers to create the basis for an optimal business relationship and to take action to resolve any service deficits identified by our customers. We act as a mediator between the customer and the Bank in difficult, controversial situations and try to find solutions that are amicable for both sides. All customer feedback facilitates our work in BAWAG P.S.K.'s service management and helps us to become more aware of the needs and expectations of our customers and, most importantly, to make improvements. We offer our customers the ability to contact us in person and by e-mail, fax, mail or telephone in order to find solutions as quickly and unbureaucratically as possible with the involvement of the responsible divisions within the Bank. Our customers must be informed of new sales strategies, new service options, changes in the operation of our branches and changes to our transaction processing methods in a timely and appropriate manner. A lack of information in these areas can lead to dissatisfaction that could have been avoided, and we aim to prevent this from happening. Therefore, we see this as an important aspect of the HELP Centre team's work. Over the years, we have observed that our banking customers are increasingly concerned with complex topics and are requesting much more detailed information about their banking products and services than even a few years ago. This trend shows us how important it is to provide comprehensive, tailored advice.

Distribution of Material Customer Service Encounters

The distribution of material customer service encounters (see the chart below) among the most important topics shows that the vast majority of these encounters are related to transaction processing, which reflects the importance of BAWAG P.S.K. as a hub for domestic payment transactions in Austria. Naturally, customers also contact us about service deficits, which we work to resolve with appropriate measures, such as our recently launched branch offensive. We are also available to answer customer enquiries about products, services and conditions, all of which are relatively evenly distributed.

Topics of customer service encounters



Resolution Rate for Customer Concerns

The Bank attaches great importance to maintaining a high resolution rate for customer concerns because this allows us to improve our customer service encounters, to quickly rectify issues that cause dissatisfaction and to leave customers feeling satisfied: Because fast help makes all the difference! In 2010 more than three-fourths of the Bank's customer service encounters were resolved on the same business day or on the next business day at the latest. Despite our intense efforts on behalf of our customers, our attempts to find solutions that are amicable for both sides and our very high standards for ourselves, we cannot always satisfy every customer. Nevertheless, with the exception of just a few cases, we have generally been able to prevent customers from deciding to terminate their relationship with the Bank.

The HELP Centre and Ombudsman provide quick and easy assistance to BAWAG P.S.K.'s customers. Because fast help makes all the difference!

Availability

Along with quick resolution, one of the most important aspects of our customer service is ensuring that the employees in the HELP Centre/Ombudsman department are easy to reach. Customers can use the following contact options to communicate their problems, vent their anger or express their satisfaction:

- ▶ Special, direct contact option through our web site:
www.bawagpsk.com – Service – “Wir helfen weiter”
- ▶ Directly by phone at 05 99 05 – 905 (within Austria) or
at +43 5 99 05 – 905 (from abroad)
- ▶ By fax at 05 99 05 – 31718
- ▶ By e-mail at ombudsstelle@bawagpsk.com

4.5. Customer Security in Banking Transactions

PR 1

COP 1

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. are able to use either their Maestro card with the a.sign premium function or the citizen’s card function on their e-card to digitally sign their Internet banking orders. 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.

FS 15

BAWAG P.S.K.'s Security Barometer

FS 16

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. Naturally, the Security Barometer cannot replace advice provided by a competent expert.



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 of these types of security.

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

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!

Post-Nr.: 09 1010 / Änderungen vorbehalten www.pskbank.at

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.

PR 6

FS 2

FS 15

4.6. Advertising

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 drawn up 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:

- ▶ 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 campaign. In 2009 the Bank 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 campaign aimed at assisting private households with sustainable renovations under this umbrella brand. In 2010 BAWAG P.S.K. implemented an education initiative and a campaign aimed at helping municipalities save energy.

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 campaign.

More information about where and how BAWAG P.S.K. is investing in Austria and accepting responsibility is available at www.unternehmeneroesterreich.at.



Another example of the "responsible marketing measures" described above and our communications strategy is the introduction of the Security Barometer (see also [Section 4.5](#)).

Based on the merger of the two brands BAWAG and PSK BANK into the single BAWAG P.S.K. brand in the future, the Bank has developed a new advertising strategy that will go into effect starting in March 2011.

4.7. 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 sponsorship activities with such organisations (see also [Section 7](#)).

BAWAG P.S.K. also founded the donation platform www.meineSpende.at.

The platform was completely redesigned in 2010 and is now closely linked with social media applications. This allows donors to immediately send a message to the online community of their choice after making a donation and in this way increase communication about the individual charity organisations and donation drives. The relaunch also allows for donation drives to be created very quickly after a disaster occurs. Separate social media profiles on Facebook and Twitter inform the entire community about activities on the platform. In addition, the options for making donations were expanded to allow customers of any Austrian bank to make donations directly or by credit card through the payment provider MPAY24.

BAWAG P.S.K. makes this platform available for free as part of its social sponsoring activities. Non-profit and charitable organisations have the opportunity to present themselves and their objectives on this site.

4.8. Support for People with Disabilities

4.12

FS 14

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4.8.1. Barrier-Free Internet

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), which were completely redesigned in 2010, are all virtually free of technical barriers. In adapting our sites, we oriented ourselves towards W3C's priority 1 and 2 Web Content Accessibility Guidelines (version 1.0).

The following improvements were made and service standards defined 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
- ▶ Pop-ups are used to a much lesser extent
- ▶ 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

Account statements in Braille for blind people, barrier-free web sites and easily accessible branches: Barrier freedom is important to us!

“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.

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

4.8.2. 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.

FS 14

BAWAG had a total of 150 branches in 2010, **120 of which are already barrier-free for the most part**. A number of branches were also adapted in 2010. 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.

Barrier-Free Branch Offensive

During the new branch offensive, which will increase the number of BAWAG P.S.K. branches to around 500 by 2012, there will be a strong focus on barrier freedom in all of the renovation work from the start.



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 also 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.

4.8.3. Account Statements for Blind Customers

FS 14

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 staff numbers have declined in recent years as a result of planned measures related to the new company strategy and economic conditions. The Bolero project that was launched in 2010 is aimed at boosting efficiency and productivity through transparent structures, streamlined processes, clearly defined responsibilities, quick communication and rapid decision-making. After flattening and simplifying the Bank's organisational structure – the number of divisions was reduced from over 40 to 28 – the project will now focus on process optimisation and increased automation, which will eliminate over 500 positions by 2013. In order to mitigate the social hardships related to this downsizing, a social plan was agreed with the works council and around 200 agreements were concluded on the basis of this plan in 2010. In addition, the Bank still aims to realise a considerable portion of the planned staff reductions through natural staff fluctuation and retirements as well as to reintegrate employees who are laid off internally by providing them with retraining, a measure that was very successful in 2010 with a total of 52 reintegrations.

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 contract (limited/indefinite). The employees of Stiefelkönig are not included in this report.

BAWAG P.S.K. staff:	Change compared to previous year in %	As of 31 December 2010	in %	As of 31 December 2009	As of 31 December 2008
Full-time employees:	-3.27	3,196	75	3,304	3,516
Part-time employees:	6.42	1,061	25	997	926
Total	-1.02	4,257	100	4,301	4,442

Contract type BAWAG P.S.K.	Change compared to previous year in %	As of 31 December 2010	in %	As of 31 December 2009	As of 31 December 2008
Indefinite employment contracts:	-3.25	4,114	97	4,252	4,288
Limited employment contracts:	191.84	143	3	49	154

easybank staff:	Change compared to previous year in %	As of 31 December 2010	in %	As of 31 December 2009	As of 31 December 2008
Full-time employees:	-13.16	66	68	76	69
Part-time employees:	19.23	31	32	26	21
Total	-4.90	97	100	102	90

Contract type easybank	Change compared to previous year in %	As of 31 December 2010	in %	As of 31 December 2009	As of 31 December 2008
Indefinite employment contracts:	-1.02	97	100	98	90
Limited employment contracts:	-100.00	–	0	4	–

In 2010 the percentage of part-time workers at BAWAG P.S.K. and easybank was once again above the average for all Austrian financial services providers of 15.2 per cent (source: ÖGUT brochure *Benchmarking für Finanzdienstleister – 2010*). BAWAG P.S.K.'s part-time employee ratio of 25 per cent is a reflection of a large proportion of phased retirement models on the one hand, and the fact that part-time employment, and in particular parental part-time employment, is very popular among women who are returning to work after maternity leave on the other. In order to facilitate a better work-life balance, the Bank approves employees' requests for part-time employment whenever possible.

5.1.1. Total Staff by Region and Employment Type

LA 1

LA 13

The employees of BAWAG P.S.K. and its subsidiaries **work in all of Austria's provinces**. Two of BAWAG P.S.K.'s employees work abroad in Malta. BAWAG P.S.K. does not have any employees in Libya, but instead relies on the services of one representative. The Bank does not have any employees in Slovenia either; 20 people are employed by BAWAG banka d.d. in accordance with Slovenian labour law, which is very similar to Austrian labour law. BAWAG P.S.K. Leasing has subsidiaries in Hungary, the Czech Republic, Poland and Slovakia with a total of 58 employees.

Province/Region	Employees of BAWAG P.S.K.	in per cent	Employees of easybank	in per cent
Vienna	3,211	75.0	97	100.0
Lower Austria	167	4.0		
Burgenland	44	1.0		
Styria	288	7.0		
Upper Austria	171	4.0		
Salzburg	108	3.0		
Carinthia	135	3.0		
Tyrol	89	2.0		
Vorarlberg	42	1.0		
On foreign assignment in Malta	2	0.0		
On foreign assignment in Slovenia	–	0.0		
Total	4,257	100.0	97	100.0
Thereof				
Women	2,449	58.0	66	68.0
Part-time employees	1,061	25.0	31	32.0
Employees with limited employment contracts	143	1.0	–	–

EC 7

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

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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 is increasing. The new employees come from the USA, Great Britain and Germany, among other countries. This diversity has had a very positive effect within the company.

Staff composition 2010	Total staff	Thereof non-Austrians
Managerial employees	436	25
Employees	3,821	88
Total	4,257	113

Local personnel in managerial positions	Change compared to previous year in %	2010 in %	2009 in %	2008 in %
BAWAG P.S.K.	-1.77	94	96	97
easybank	0.00	100	100	100

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

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Recruiting Policies

The Bank's recruiting policies ensure equal opportunity and transparency in the hiring of new staff and in the internal job exchange. 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.

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

5.1.2. Staff Breakdown by Age and Function

Age group BAWAG P.S.K. 2010	<30		30-50		>50	
Managing Board	0	0.0%	4	0.1%	3	0.1%
Division directors/ managing directors	0	0.0%	31	0.7%	8	0.2%
Sales directors, department managers, branch managers	6	0.1%	180	4.2%	55	1.3%
Group managers, team managers	10	0.2%	107	2.5%	32	0.8%
Employees (non-managerial)	598	14.0%	2,302	54.1%	921	21.6%
Total	614	14.0%	2,624	62.0%	1,019	24.0%

Age group easybank 2010	<30		30-50		>50	
Managing Board	0	0.0%	1	1.0%	1	1.0%
Dept./group managers	0	0.0%	8	8.2%	0	0.0%
Employees (non-managerial)	31	32.0%	51	52.6%	5	5.2%
Total	31	32.0%	60	61.8%	6	6.2%

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 2010 in comparison to 2009 (as it did in 2009 in comparison to 2008), while the number of employees under 30 decreased by 1 per cent.

This also brings new challenges in personnel recruiting and personnel development. It is becoming increasingly important to be able to provide 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.

Along with social benefits and workplace health promotion, these measures include the BAWAG P.S.K. Retraining Centre. 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.

Demographic developments are leading to new challenges for BAWAG P.S.K. It is becoming increasingly important to be able to provide working conditions that are compatible with different life phases.

5.1.3. Breakdown of Managerial Staff

LA 13

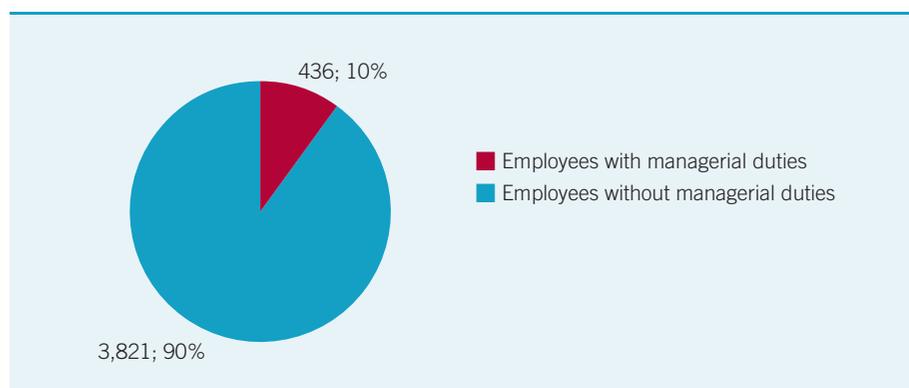
The following is a brief overview of the distribution of managerial staff at BAWAG P.S.K. (as a percentage of the Bank's total staff of 4,257):

Managers make up: 10 per cent of the total staff, 17 per cent of men, 5 per cent of women, 3 per cent of employees under 30, 12 per cent of employees aged 30–50 and 10 per cent of employees over 50.

Among the managers: 71 per cent are men, 29 per cent are women, 4 per cent are under 30, 74 per cent are aged 30–50 and 22 per cent are over 50.

Managerial employees by age BAWAG P.S.K.	Employees	As a percentage of total staff
<30:	16	0.4%
30–50:	322	7.6%
>50:	98	2.3%
Total	436	10.2%

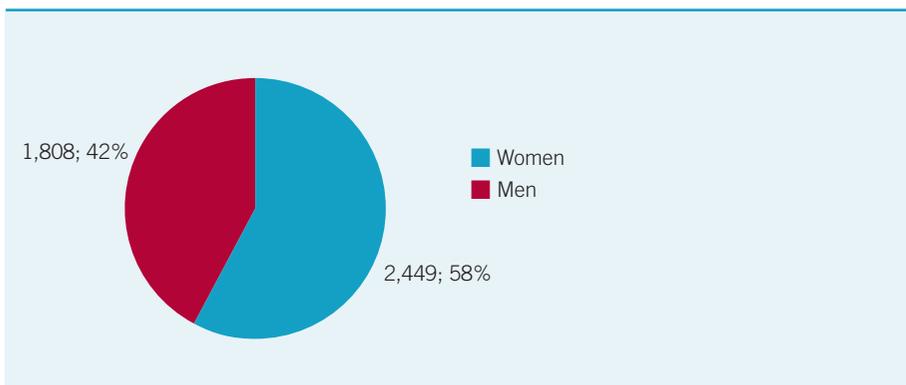
Breakdown by managerial function – BAWAG P.S.K.



5.1.4. Breakdown by Gender

LA 13 More than half of the employees at BAWAG P.S.K. (not including easybank) are women.

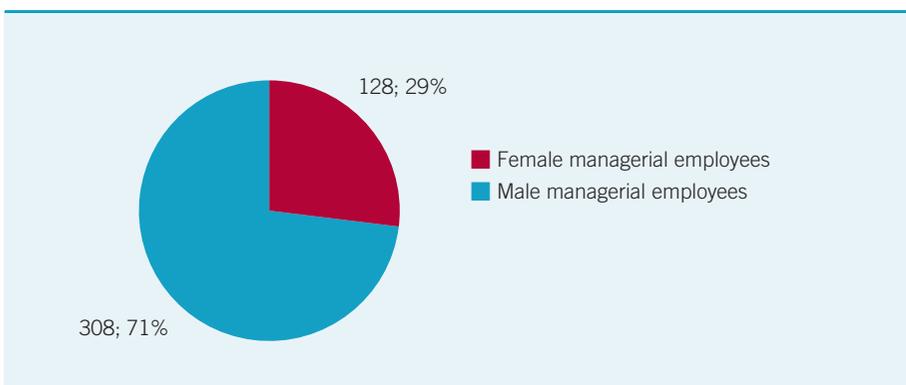
Breakdown of total staff by gender



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. There are currently no female members of the Managing Board, and women are also under-represented at the lower levels of management with a share of 29 per cent (while they make up 58 per cent of the total staff).

Breakdown of managers by gender



Nevertheless, the proportion of female managers at BAWAG P.S.K. is higher than the Austrian average. 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*). 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 2010. 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.

Women make up 58 per cent of BAWAG P.S.K.'s staff, which is much higher than the average for all Austrian financial services providers.

easybank

Managerial employees by age easybank	Employees	% of total staff
<30:	0	0.0
30–50:	9	9.0
>50:	1	1.0
Total	10	10.0

Total staff easybank	Employees	% of total staff
Female managerial employees	5	5.0
Male managerial employees	5	5.0
Female employees	66	68.0
Male employees	31	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.

Thus, easybank can be seen as a model example with regard to the proportion of female managers. 50 per cent of the managers there are female, and this ratio is consistent at all levels of management.

5.1.5. Employee Turnover

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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 2010 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 2010	in per cent	easybank employees 2010	in per cent
Vienna	219	7	8	8
Provinces	89	9		
Total withdrawals	308	7	8	8
Men	147	48	1	13
Women	161	52	7	88
<30	81	26	4	50
30–50	123	40	3	38
>50	104	34	1	13

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

BAWAG P.S.K.

Turnover by age group:	Change compared to previous year in %	Employees 2010	Employees 2009	Employees 2008
<30:	22.73	81	66	104
30–50:	3.36	123	119	139
>50:	-16.80	104	125	107
Total	-0.65	308	310	350

Turnover by gender:	Change compared to previous year in %	Employees 2010	Employees 2009	Employees 2008
Female:	-21.81	147	188	180
Male:	31.97	161	122	170

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

Turnover by age group:	Change compared to previous year in %	Employees 2010	Employees 2009	Employees 2008
<30:	100.00	4	2	8
30–50:	0.00	3	3	6
>50:	100.00	1	0	0
Total	60.00	8	5	14

Turnover by gender:	Change compared to previous year in %	Employees 2010	Employees 2009	Employees 2008
Female:	133.33	7	3	12
Male:	-50.00	1	2	2

5.2. Remuneration, Working Hours and Post-Employment Benefits

5.2.1. Collective Bargaining Agreement and Salary Components

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. Managing Board members are not covered by a collective bargaining agreement.

The employees of Stiefelkönig are not included in the CSR Report, but they are covered by a collective bargaining agreement and their interests are represented by a works council.

Employees who fall under a collective bargaining agreement	Total ratio in %	Change compared to previous year in %	Employees 2010	Employees 2009	Employees 2008
Number of employees who are civil servants	14	-5.25	577	609	661
Number of employees who fall under the collective bargaining agreement for banks or the works agreement for cleaning staff	86	-0.38	3,673	3,687	3,774
Total	100	-1.07	4,250	4,296	4,435

easybank

Employees who fall under a collective bargaining agreement	Total ratio in %	Change compared to previous year in %	Employees 2010	Employees 2009	Employees 2008
Number of employees who fall under the collective bargaining agreement for banks	100	-4.90	97	102	90
Total	100	-4.90	97	102	90

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 based on their performance. 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.

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A number of works agreements, including 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 and WA Customer Service Centre – Working Hours and Telephone Software, are also in force at the Bank and govern employee data protection, among other things.

Works agreements are legally binding contracts.

In 2010, 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 telework at BAWAG P.S.K.
- ▶ WA regarding work on public holidays in the customer service centre
- ▶ WA regarding the Wipplinger Straße competence centre pilot project, including an expansion to several locations in the BAWAG P.S.K./Austrian Post branch offensive
- ▶ WA regarding the preparation of a social plan and the framework conditions for the service unit (Bolero)
- ▶ WA regarding the management by objectives employee review (MBO system)
- ▶ WA regarding the automatic recording of telephone calls (Treasury)
- ▶ WA regarding the permissibility of the electronic collection and analysis of personal data in sales divisions for the purpose of participation in the bonus system

In addition, an agreement was concluded that does not have any direct impact on the rights of individual employees, but does regulate the workflows and framework conditions for important projects at the Bank and the involvement of the works council in these projects.

- ▶ Agreement regarding the involvement of the works council in the workflow and project controlling for Bolero

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. 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.

The ongoing dialogue between the works council and the Managing Board has a long tradition at the Bank.

LA 9
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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. More than seven works agreements between the works council and management were developed and concluded in 2010 alone. These works agreements are legally binding contracts (see above).

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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.

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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 2010	Secondary school graduates	Amount in excess of minimum wage in %	Hourly rate
Minimum wage as per banking collective agreement: C1	€ 1,772.50		€ 10.71
Starting salary 2010: C4 + graduate allowance	€ 2,005.42	13.10	€ 12.11

The starting salaries are the same throughout Austria.

All employees of BAWAG P.S.K. and easybank are paid salaries that are in compliance with 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.

Part-Time Models

BAWAG P.S.K. offers flexible part-time models for all employees.

Telework

In 2010, the Bank examined the feasibility of telework – the option of working from home – as part of a pilot project. The project was very successful and will now be integrated into our normal operations. In addition, a works agreement regarding telework was concluded with the works council. These efforts represent a further improvement in facilitating an optimal work-life balance.

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 an employee 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 0.9 million in 2010.

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 1,908 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 post-employment benefits provided to BAWAG P.S.K.'s employees give them security for their retirement.

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	2010
Interest rate	5% p.a.
Yield growth	2% p.a.
Fluctuation discount	Dependent on time of service
Retirement age	According to ASVG

2010	Value in millions of Euros
Provision for defined termination benefit obligations as of 1 January 2011	80.9
Provision for defined post-employment benefit obligations as of 1 January 2011	248.3
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 occupational psychology services.

- ▶ Company psychologists in Vienna and Graz
- ▶ 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.

Employer services are available to all of the Bank's employees, and BAWAG P.S.K. spent roughly EUR 11.3 million on these services in 2010.

An overview of the costs for additional social benefits in 2010:

Social benefits 2010	Costs in thousands of Euros
Travel allowances	547
Pension fund	6,003
Anniversary bonuses	1,681
Financial assistance (in particular for weddings/births/deaths, waff)	114
Accident insurance	81
Allowance for supplemental health insurance	267
Cafeteria (food/personnel/vouchers)	1,658
Company physician	88
Company day nursery	195
Christmas vouchers/Christmas dinner	199
Funding provided to the works council (immunisation campaigns, company excursion, holiday lodging, sports club, etc.)	429
Special employee discount for Bank products	
Total	11,262

5.3.2. Workplace Health Promotion

The Workplace Health Promotion (Betriebliche Gesundheitsförderung) 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 all employees on a long-term basis through targeted measures. Overall, the Workplace Health Promotion initiative is geared towards raising awareness through lectures and other preventative measures as well as specific offers such as exercise workshops. However, the primary focus is on the issues of stress management (burnout prevention, etc.) and work-life balance.

A company psychologist has been available to employees at the company physician's office since January 2010. The psychologist will serve as a contact point for employees who are suffering due to excessive stress, high-pressure work situations, 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. This offer was expanded in November of 2010, when a company psychologist was made available to employees who work in Styria.

The Workplace Health Promotion initiative is an important step in prevention and in ensuring an optimal work-life balance for our employees.



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.

The Bank also offers exercise and stress management workshops.

In addition, regular immunisation campaigns are organised, and the immunisations are given by the company physicians. The Bank also conducts vision tests.

Employees can also arrange check-ups with the company physicians in cooperation with the regional healthcare authorities. Courses (Pilates, cardiovascular training, spinal gymnastics) are offered by the BAWAG P.S.K. sports club to prevent posture problems as a result of working on the computer. In addition, exercises are offered during the breaks in areas where a particularly large amount of work has to be performed on the computer.

5.4. Occupational Health and Safety

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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 chairwoman 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 17 health and safety officers assigned to the Bank's headquarters and 11 to the branches in Vienna and the regional offices. 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 issues that are directly related to the two main sites, but also all problems and safety issues that arise in the branches throughout Austria and require a solution.

The two occupational health and safety committees conducted one joint annual meeting in 2010. The health and safety officers who were invited to the committee meetings represent the employees in Vienna. Because the chairwoman 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 ensure the level of safety for the employees there and to make sure the buildings can be successfully evacuated in case of an emergency. A sufficient number of Bank employees has been trained in first aid, and refresher courses are offered at regular intervals. Each location has at least two defibrillators, and participants in the first-aid courses are trained how to use them. In addition, a company doctor is present at the two locations on an alternating basis.

5.5. Injuries, Days Away from Work and Time Off

LA 7

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Accidents are recorded in accordance with the guidelines defined by Austrian Social Insurance for Occupational Risks (AUVA), the Insurance Institution for Public Service Wage and Salary Earners (BVA) and the Austrian Occupational Health and Safety Act (Arbeitnehmerschutzgesetz). Days away from work are calculated in calendar days starting from the day of the accident. In 2010 there were 29 occupational accidents reported, which resulted in a total of 693 days away from work (based on work days).

The population for these figures consists of all of the Bank's employees in Austria (4,257 employees).

Key figures	Compared to previous year in %	2010	2009	2008
Accidents reported	20.83	29	24	21
Lost days rate	15.31	693	601	287

The increase in the number of accidents reported is due solely to the accidents that occurred on the way to or from work. In 2010, the ratio of occupational accidents to commuting accidents was 9 to 20. In 2009, it was 11 to 13. Minor injuries (e.g. minor cuts) were not considered as relevant for this report. There were no work-related deaths in 2010.

5.6. Maternity/Paternity Leave and Parenthood

LA 8

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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.

Paternity Leave

Only very few male employees have taken advantage of the opportunity to go into paternity leave as of 2010. This is similar to the overall situation in Austria, as only 4.5 per cent of people receiving childcare allowances are men (according to the figures released by the Federal Ministry of Economy, Family and Youth in December of 2010).

Information about maternity/paternity leave, Welcome Back events, company day nurseries, part-time models and telework assist our employees in balancing their work and family obligations.

Welcome Back Event

BAWAG P.S.K. has special Welcome Back events for employees returning from maternity/paternity leave. 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.

Company Day Nursery

The BAWAG P.S.K. company day nursery plays an important role here. 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 Models

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

Telework

In 2010, the Bank examined the feasibility of telework – the option of working from home – as part of a pilot project. The project was very successful and will now be integrated into our normal operations. In addition, a works agreement regarding telework was concluded with the works council. These efforts represent a further improvement in facilitating an optimal work-life balance.

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 in 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 99 per cent across the entire Bank in 2010 (2009: 94 per cent; 2008: 90 per cent). The compliance ratio for the orientation sessions held in the summer was 91 per cent. This shows that the MBO review has established itself as an important tool for managing objectives and for the targeted motivation and development of employees.

The focus for financial year 2011 will be on further improving the quality of the reviews and the measurability of the objectives that are agreed upon. The MBO system has not yet been introduced at easybank and there is no standardised system for employee reviews with performance evaluation.

5.7.2. Training Hours Completed during the Reporting Period

LA 10

The following chart shows both the total number of training hours and the average number of training hours per employee per year. The population for these figures consists of the Bank's active employees in 2010, i.e. excluding employees on maternity/paternity leave, employees entering early retirement, etc.:

Occupational training in hours	2010	2009
Total training time	76,544	88,000
Average hours per employee per year	19.7	22.7

5.7.3. Employee Training Measures

LA 11

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 Bank relies on a practice-oriented, long-term training design (e.g. on-the-job coaching, blended learning approaches and practical training with experts directly from the business units).

Division-Specific Training

The newly developed training plan was introduced for branch sales and in the Operations division in 2010. Training plans and training courses for the Bank's other core target groups (the Small Business and Risk units) have been developed based on the new job profiles and will be introduced at the beginning of 2011. Tailored initiatives such as specialist and behavioural training were also completed again in many different areas of the Bank such as the customer service centre.

Another key goal of BAWAG P.S.K.'s training measures is to support strategically important projects at the Bank by providing advice, designing concepts and implementing appropriate training programmes. In 2010, for example, there was a major push in small business sales supported by a sales empowerment training programme that achieved visible success.

Another crucial training project was launched in December of 2010 as part of the branch offensive. On-location training, coaching and team building activities at the BAWAG P.S.K. bank branches offering postal services are aimed at creating an open, cooperative culture among the teams of both companies and giving the employees the professional and personal skills they will need in their new roles.

An online portal that provides an overview of all of the Bank's training and personnel development measures and offers an integrated workflow for the registration and invitation process as well as target- and content-based statistics is about to be rolled out. As part of this rollout, the Bank's e-learning approach has been redesigned and now also includes audio elements. This will allow employees to gain knowledge in self-directed learning programmes anytime and anywhere with low barriers to entry.

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 about the market that cannot be learned in the same form 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.

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. 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.

Talent Development and Succession Planning

In 2010 there were once again 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.

EMERGE (“Emerging Talents”)

EMERGE (“Emerging Talents”) is a programme for high-potential employees (junior/potential managers and experts) who want to and should 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, participants complete a one-year programme 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. The first run of this talent programme was completed successfully, and preparations for a second run in 2011 are under way.

Sales Talent Management

In Retail Sales, the Sales Talent Management process, which was completed for the second time already in 2010, has proven to be an effective instrument for succession planning and for managing training requirements and employee development. The goal of the process is to define training needs across the organisation and the regions, find high-potential male and female 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, all Retail Sales employees are assessed by their supervisors in terms of their business-related skills, their ability to meet objectives and their potential to take on the next defined function within a specified period of time using a defined sales competence 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.

The ratio of participants in BAWAG P.S.K.’s talent programmes who are placed in a new position that entails more responsibility after or even during these programmes is nearly 50 per cent.

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 implemented for the first time in 2010 and helped 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. In mid-2010, 14 employees and young managers completed a one-year programme aimed at preparing them for new career prospects within the division.

Succession and Career Planning

Structured succession planning is conducted throughout the Bank once a year at the division manager and department manager level. This process is led by so-called HR business partners and involves the relevant Managing Board members and division heads. The HR business partners apply a matrix that was developed specifically for this purpose. Individual development plans for the potential successors are also defined as part of this process.

Start & Move Trainee Programme

Start & Move gives young university graduates the opportunity to participate in a one-year programme aimed at helping them to transition into their careers and take the first step along the path to a career in banking. It offers the Bank the chance to train and foster young high-potential individuals in line with its strategic planning. The programme focuses on learning by doing within the context of the Bank's daily operations and is rounded out with job rotations, opportunities to gain experience in various divisions, expert lectures and personal development modules. The first run of Start & Move is currently under way, and the next run will start in September of 2011.

5.7.3.2. Management Development

Our work on the establishment of a successful leadership culture continued during the year, including in the form of the Successful Leadership – My Bank (Erfolgreich führen – Meine Bank) initiative, which is aimed at all of our lower and middle management staff. The Bank's strategy, current position and developments, the state of the economy and the need for cross-divisional cooperation in order to secure the Bank's long-term success were discussed at large group events in which the Managing Board members participated.

LEAD – New Managers (LEAD – neue Führungskräfte), a new leadership development programme, was launched in autumn 2010 and will help middle- and lower-level managers get off to a good start in their first managerial positions. The programme includes training courses as well as group and individual coaching, all of which are oriented towards the BAWAG P.S.K. Success Factors for managers and the Bank's leadership model. Sixty young managers have already taken part in the programme since its launch.

A range of unit-specific activities, mostly tailored team-building and strategy workshops for management teams, were also conducted in 2010 in order to lead the Bank to success in a targeted manner and with everyone's involvement.

5.7.3.3. Retraining Centre

In 2008, a Retraining Centre was established at the Bank, and its work was successfully continued in 2010. 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 2010, a total of 102 employees had been reintegrated into vacant positions. A total of 12 training courses (2009: 11) amounting to 104 training days (2009: 96) were conducted for 106 participants (2009: 100).

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. They serve as a basis for the daily interaction and work of every employee.

Self-confidence: I have a “can-do” attitude and 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 take a solution-oriented approach in order to achieve my goals and 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. In 2010 the Success Factors became a fixed component of the orientation events for new employees at the Bank. In addition, a campaign was launched aimed at drawing the employees' attention to the Success Factors during their day-to-day work. This campaign marked an important step in ensuring the longevity of the Success Factors.

The BAWAG P.S.K. Success Factors – self-confidence, initiative, solutions, responsibility and bank success – are also evaluated in the MBO process.

5.7.4. Recruiting

As the largest customer bank in Austria, BAWAG P.S.K. is also one of the country's most important employers. In order to maintain and improve upon this leading position, it is important to have an edge in the "war for talent". The market research institute GPK analysed and evaluated the strength of the employer brand of 642 Austrian companies using its own employer branding tools. The results: BAWAG P.S.K. took first place in the banking sector and fourth place overall, which makes the Bank a GOLDEN CAREER'S BEST RECRUITER. For BAWAG P.S.K., being honoured as a GOLDEN CAREER'S BEST RECRUITER represents an important confirmation of our continuous HR work. At the same time, we are aware of the ambivalence of these study



results. Due to internal restructuring, the reorganisation of the branch network and cost-cutting measures made necessary by economic conditions, we are currently reducing staff rather than increasing it. Nevertheless, there is a need for top-qualified graduates to fill positions within the newly created structures. The Bank only focuses on external recruiting in areas in which there are no internal resources available. The internal job exchange and the development of the Bank's existing talent always take precedence, which is clearly demonstrated by the programmes described above.

5.7.5. Our Apprentices 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

In addition, 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 graduated according to the overall results achieved at school and in the Bank, are paid out to particularly successful apprentices.

Three of our female apprentices also took part in the Caritas initiative 72 Uncompromising Hours (72 Stunden ohne Kompromiss; www.72h.at/) in 2010.

We are proud of our apprentices! They have finished among the top positions in the City of Vienna's apprentice competitions since 2004.



The apprentices who started their training at BAWAG P.S.K. in 2010 along with our apprentice advisors.

Sixteen new apprentices started in 2010. In total, 24 per cent of the apprentices currently being trained are males and 76 per cent are females. This ratio is also reflected in the distribution of the applications we receive. Considerably more girls are interested in banking careers, and girls also tend to have better qualifications during the selection process.

6. ENVIRONMENT – THINK GREEN!

6.1. General

Overall, we are not satisfied with the progress we made with regard to the environment in 2010. The consolidation of locations, the relocation of business units and the branch offensive required many resources that were then unavailable for the further development of the environmental strategy and the implementation of specific projects as part of the THINK GREEN! initiative. Progress was only made in certain areas. Although a great deal of resources in Facility Management will be tied up in 2011 and 2012 as a result of the branch offensive and the associated renovation of several hundred branches, we still intend to achieve considerable progress and make significant improvements in the coming years. BAWAG P.S.K.'s consolidation of locations was completed in 2010, and the only central buildings remaining are the headquarters at Georg-Coch-Platz, the Centre of Technology at Quellenstraße/Buchengasse and the training centre at Am Tabor. The Bank's subsidiaries such as BAWAG P.S.K. Leasing, BAWAG P.S.K. INVEST, NAVENSIS and easybank are located in these buildings as well. Some of the evaluations in this section only pertain to these three locations because a significant portion of our employees (roughly 60 per cent) work in these buildings. Naturally, the 150 branches are also included in the energy consumption figures. The preparations that will allow us to measure the generation of waste in the branches much more precisely in the future are well under way. Because of the relocation of business units and the closing of locations in recent years, the consumption figures for 2008 and 2009 can only be used for comparison to a very limited extent. Therefore, 2010 will likely be the first year that can be used as a reliable comparison value in the future.

Overall, we are not satisfied with the progress we made with regard to the environment in 2010.

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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. Ultimately, this is also in the economic interest of the Bank because energy savings and reduction also generate earnings.

With this in mind, we launched the THINK GREEN! project in 2009. The goal of this initiative is to develop an environmental strategy for BAWAG P.S.K. that takes the ecological requirements for a bank into account. The project is aimed at thoroughly examining issues such as environmental management in general, energy savings, waste prevention, reducing water consumption and alternative energy sources (e.g. our solar water heating system) as well as the introduction of traceable quality standards. The Bank has already looked into these issues – in some cases with the help of external experts – and plans to once again evaluate the catalogue of measures and planned projects for the coming years.

THINK GREEN! is also intended to positively influence how 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. In this context, THINK GREEN! is intended to facilitate a transition to an environmentally friendly corporate culture.

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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 One Billion for Energy

There is great demand for energy-saving measures in Austria’s households: Over 1 million of the 1.26 million single family homes in Austria are more than 20 years old, and poor insulation or outdated heating systems cause unnecessarily high energy costs in these households. Our One Billion for Energy (Energienmilliarde) initiative was intended to help many of these households make energy-related improvements by offering our customers loans for construction, housing and renovation with a focus on energy-saving measures. Although the campaign was aimed at our retail customers, the inclusion of a wide range of companies in the construction industry helped and will continue to help revitalise the entire Austrian economy, which means that the One Billion for Energy also fits into the overall Enterprise Austria concept extremely well. Along with affordable conditions, the programme also included a free renovation advice service for residential renovation and a EUR 450 voucher for an energy performance certificate.

Energy-Saving Municipalities (in Cooperation with Energy Globe)

By providing One Billion for Municipalities (Kommunalmilliarde) in 2009, BAWAG P.S.K. made important financing available to local public budgets. In 2010 we offered municipalities assistance with saving energy. The Energy-Saving Municipalities (Energiespargemeinde) initiative was developed together with Energy Globe. Energy-saving projects were implemented with municipalities in four phases (introduction phase, motivation phase, survey phase, implementation phase).

BAWAG P.S.K. Öko Sozial Stock

In 1997, BAWAG P.S.K. INVEST launched BAWAG P.S.K. Öko Sozial Stock, its 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 top 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.

Products that make sense and help protect the environment – this, too, is a part of social responsibility.

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-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.

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.

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BAWAG P.S.K. is always one of the first points of contact for cities and municipalities. The Bank also 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, an initiative that was continued in 2010 with the Energy-Saving Municipalities campaign, BAWAG P.S.K. made important financing available to local public budgets. Many Austrian provinces, cities and municipalities are taking advantage of this extra capital for the targeted financing of infrastructure projects. Additional measures for reducing the burden on the environment through our services will be continuously evaluated and analysed in the coming years.

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6.3. Materials

Whenever it is financially feasible, the Bank ensures that it purchases goods made of recycled materials, for example toilet paper, savings account passbook covers, packaging materials, 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 overall size of the vehicle fleet, as was done in 2009.

Account Statement Envelopes

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. BAWAG and PSK BANK need account statement envelopes for sending account statements to our customers. The figures for the consumption of envelopes fluctuate strongly because other important information is also communicated in this way on an irregular basis.

2010	2009	2008
14,201,600.00	15,501,500.00	13,838,300.00

However, we also offer our customers the option of receiving their account statements electronically as PDF files under the motto “Paper is a thing of the past”. Customers are given the chance to choose this option each time they log into the online banking system. In addition, all of BAWAG P.S.K.’s customers were notified of this option in an enclosure to the account statements in 2010. Many customers are already taking advantage of this environmentally friendly alternative.

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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Office Materials

Considerable savings were achieved in the use of office materials in 2010. This can largely be attributed to increased staff awareness of the need to make wise use of our resources.

EN 2

Paper

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BAWAG P.S.K.'s paper consumption amounts to about 37.3 sheets per employee per day (based on the total staff of 4,257/250 days per year). This value is **below the 2008 average** for all Austrian financial services providers of 52 sheets (source: ÖGUT brochure *Benchmarking für Finanzdienstleister – 2010*).

Paper use in sheets	Compared to previous year in %	2010	2009	2008
TCF (totally chlorine-free) paper		12,500	960,000	5,402,250
ECF (elemental chlorine-free) paper		39,032,000	39,765,500	32,442,000
Other paper		614,000	188,257	1,028,562
Total	-3.07	39,658,500	40,913,757	38,872,812

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. A project aimed at dramatically reducing the number of pages printed in colour will be launched in 2011 (see the [Green IT](#) section). 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.

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.

BAWAG P.S.K.'s paper consumption is much lower than the average for all Austrian financial services providers.

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.

EC 6

Procurement

Although there are currently no specified guidelines which stipulate that local suppliers should be favoured, the majority of our business relationships (roughly 99 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. 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.

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6.4. Energy

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. The Austrian Society for Environment and Technology (ÖGUT) also has a working group for financial services providers, of which BAWAG P.S.K. is a member. As promised in last year's report, we raised the issue of emissions calculations with this working group. This led to the adoption of new calculation figures, which in some cases could have a considerable influence on the calculated results. Therefore, we will exclusively use the data provided by ÖGUT starting in 2011. The data reported here are based on the figures provided by the energy suppliers.

Power Consumption

Direct power consumption for all locations in Austria breaks down as follows:

Power consumption	t CO ₂ compared to previous year	kWh compared to previous year	kWh 2010	t CO ₂ 2010	kWh 2009	t CO ₂ 2009	kWh 2008	t CO ₂ 2008
Consumption	-548.32	-744,640.00	25,192,860.00	5,396.56	25,937,500.00	5,944.88	29,154,715.00	6,682.26

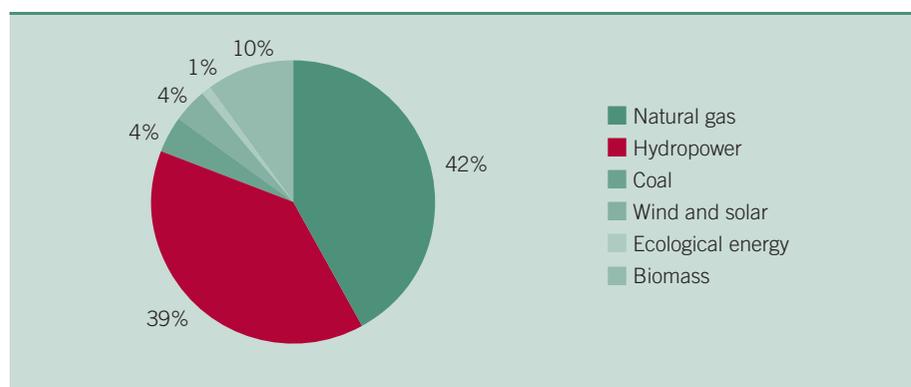
The reduction of overall consumption compared to the previous year can likely be attributed in large part to the consolidation of locations. Because this process was completed in 2010, this year's values will likely serve as a reliable indicator for coming years. **Another positive development is the reduction of carbon dioxide emissions by roughly 548 metric tons compared to the previous year.**

The indicated power use corresponds to an approximate **annual consumption per employee (based on the total number of employees) of 5,918 kilowatt hours**. This puts BAWAG P.S.K. slightly below the average for all Austrian financial services providers (source: ÖGUT brochure *Benchmarking für Finanzdienstleister – 2010*: 5,940 kilowatt hours per employee per year).

Hydropower and natural gas are the two most important sources of energy.

The Bank's power consumption and thus carbon dioxide emissions have been declining since 2008. We saved 528 metric tons of carbon dioxide in 2010.

Breakdown by energy source



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 additional alternative power generation systems, such as our solar water heating system.

District Heating

BAWAG P.S.K.'s central locations are heated using district heating. In order to provide an overview, the locations that have been eliminated are still included in these figures. These locations will no longer be included in next year's report. The Seitzergasse location has not been heated since 2009, and the Fleischmarkt location was no longer heated in 2010. The following table shows the Bank's heat energy consumption in 2010:

Site	Total CO ₂ emissions 2010	Consumption compared to previous year	District heat 2010	District heat 2009	District heat 2008
Unit	kg	%	MWh	MWh	MWh
Seitzergasse 2–4	–	–	–	–	1,190.890
Fleischmarkt 1–5	–	–	–	1,643.500	1,848.570
Georg-Coch-Platz 2	401,567.400	13.74	3,065.400	2,695.040	2,928.240
Quellenstraße 51–55/ Buchengasse 11–15	429,942.000	16.39	3,282.000	2,819.770	2,418.580
Am Tabor 4–6	41,803.410	12.55	319.110	283.530	293.660
Total	873,312.810	-10.42	6,666.510	7,441.840	8,679.940

Average per square metre

Site	District heat 2010	Average per m ² of office space	Office space
Unit	MWh	kWh/m ²	m ²
Seitzergasse 2–4	–	–	–
Fleischmarkt 1–5	–	–	–
Georg-Coch-Platz 2	3,065.400	71.6	42,817.870
Quellenstraße 51–55/ Buchengasse 11–15	3,282.000	58.4	56,212.090
Am Tabor 4–6	319.110	76.6	4,167.880
Total	6,666.510	64.6	103,197.840

This puts BAWAG P.S.K. below the average for all Austrian financial services 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. In addition, the waste heat from our server centre is used to heat this building. The building at Georg-Coch-Platz is protected as a historic monument, which means that no special insulation can be installed on the facade.

BAWAG P.S.K.'s heat energy consumption figures are below the average for all Austrian financial services providers.

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Best Practice: Solar Water Heating for the Cafeteria



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 water heating system saves about 31,000 kilowatt hours.

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The roughly 17.7 metric tons of carbon dioxide emissions per year saved by this system are also very important. Due to the fact that no relevant data were 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

The IT requirements for financial services companies have continuously increased in recent years. In particular, legal regulations require complex calculation processes and increased storage capacities. Nevertheless, BAWAG P.S.K. aims to take environmental and energy-saving considerations into account in the procurement and operation of its IT systems. A number of measures in the area of IT have made a significant contribution to the reduction of energy consumption over the last few years.

Pay-per-Page

A concrete project for reducing the energy consumed by the Bank's IT systems was launched in 2008 and was completed in 2009 with the implementation of associated measures aimed at reducing printing, thereby creating a sustainable, environmentally friendly office solution. The high level of environmental awareness when it comes to printing out documents was maintained in 2010. In addition, the number of printers in use and the number of black and white printouts were reduced. Several divisions took part in the Zero Colour Quota trial test in 2010, in which the participants almost entirely abstained from printing documents in colour. A related policy is being prepared for 2011 that will make the Zero Colour Quota binding for all of the Bank's divisions and restrict colour printing to very few individuals within the Bank.

The manufacturer of our printers is still ranked among the "Global 100" of the most environmentally aware companies and it won several awards in 2010, including one from Buyers Lab (BLI) for the energy efficiency of its products. The company's products fully meet the criteria of Energy Star and Blauer Engel, leaders in assessing environmental factors. Empty toner cartridges are disposed of as general waste because they are not recyclable, but are completely neutral for the environment.

We also attach great importance to reducing energy consumption when it comes to our IT systems. In 2010, 400 laptops, 500 desktop computers and 2,000 LCD monitors were replaced with more energy-efficient hardware.

New Laptop and Desktop Computers and Monitors

One of our goals in 2010 was to replace a total of 400 laptops, 500 desktop computers and 2,000 LCD monitors. The new devices replaced components that were seven to ten years old and had considerably worse environmental and energy ratings than the current models. One example is the new 19-inch monitor, which has a power consumption rating of 22 watts, whereas the 15-inch models that were replaced consumed 27 watts on average. This represents an annual reduction of 16,000 kilowatt hours (5-watt difference x 2,000 devices x 8 hours x 200 days)!

The new desktop computer model complies with the current Energy Star criteria and offers numerous advantages:

- ▶ Ease of repair and longevity thanks to modular construction
- ▶ Low noise
- ▶ Minimisation of the variety of materials used
- ▶ Plastics used meet ecological criteria
- ▶ Avoidance of environmentally hazardous materials
- ▶ Recyclable
- ▶ Low energy consumption in order to reduce the burden on the environment

The halogen-free production of the main board and compliance with the criteria for the Blauer Engel environmental label also ensure that the system meets the applicable occupational health and safety requirements and usability requirements.

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 good visual ergonomics, 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 2009, all 5,000 desktop computers are scanned daily at 11:00 pm to determine whether or not they need to be running and are shut down if they are not needed.

Server Virtualisation

These days, a balanced, intelligent energy management solution is a must for any company from both an ecological and a financial perspective. The growing number of computer workstations and rising energy prices are leading to constantly increasing energy costs. The better utilisation of hardware through the use of virtualisation pays off in terms of power consumption, administration and system availability for the users. These measures can save a considerable amount of power, and the generally more efficient use of the resources in the server centre results in direct financial savings. For these reasons, we are evaluating the potential for additional server virtualisation measures on an ongoing basis.

6.6. Water and Wastewater

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Water consumption was only measured for central locations (2,550 employees):

Water consumption	2010	2009	2008
Unit	Litres	Litres	Litres
Total	18,292,000.00	24,140,000.00	31,684,000.00

Average water consumption per central employee and day (250)	2010	2009	2008
Unit	Litres	Litres	Litres
Total	29	35	45

This corresponds to an average water consumption of 29 litres per employee per year. Once again, this marked decline can likely be attributed to the consolidation of locations because consumption for each of the remaining locations was slightly higher than last year. The average for all Austrian financial services providers in 2008 was 60 litres per employee (source: ÖGUT brochure *Benchmarking für Finanzdienstleister – 2010*).

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Wastewater Consumption

Wastewater consumption corresponds to the figures for water consumption. 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 dishwater 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 16 metric tons in 2010) are emptied by certified specialist companies and properly recycled (e.g. for the generation of biogas).

Water consumption per employee has shown a marked decline in recent years.

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Best Practice: On-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 normal office operations and is disposed of via the public sewer system.

6.7. Waste

BAWAG P.S.K. has 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 for the most part.

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
- ▶ Separation of paper and the use of paper that has been printed on one side as scratch paper
- ▶ 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/or NGOs.
- ▶ Furniture that is no longer used is either given away or is dismantled and the individual parts are 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.

The Bank attaches great importance to the separation of waste. The volume of non-recyclable waste per employee was drastically reduced in 2010.

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Because of the relocation of business units and the closing of locations in recent years, this year's figures can only be compared to the figures for 2008 and 2009 to a very limited extent. Fluctuations can be attributed to the relocation measures that were completed primarily in 2009. Because of this, 2010 is 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	2010	2009	2008
	in %	in metric tons	in metric tons	in metric tons
Recovered paper and files subject to data protection	7.49	635.57	591.30	559.63
Files in folders and binders *)	–	–	19.20	–
Non-recyclable waste	-26.76	228.05	311.38	264.00
Metal	-71.11	4.53	15.68	18.95
Plastics	-11.40	10.10	11.40	14.85
White/coloured glass	-46.71	34.00	63.80	10.10
Computer waste	-74.47	5.49	21.50	8.87
ATM cards/credit cards **)	-89.74	0.91	–	8.87
Organic waste	-46.67	1.60	3.00	6.25
Bulky waste	-76.35	65.96	278.90	6.00
Data media **)	8.33	5.98	–	5.52
Medical waste **)	-33.33	0.12	–	0.18

The waste items marked with *) were disposed of separately as part of the relocation measures.

The waste marked with **) was collected but not disposed of in 2009. This waste was 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 average values per employee are as follows:

Per employee (2010: 4,257 employees)	2010	2009	2008
	in kg	in kg	in kg
Recovered paper	149.30	137.48	184.39
Non-recyclable waste	53.57	72.40	59.43

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

The following waste was classified as hazardous waste:

Hazardous waste in metric tons	2010
Refrigeration units	0.07
Monitors	0.78
Fluorescent lamps	0.18
Batteries	0.21

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

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Best Practice: THINK GREEN! on Waste Day



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

BAWAG P.S.K. also has a vehicle fleet. The majority of the fleet comprises vehicles used for trips by sales staff to customers (company vehicles for passenger transport).

Litres of fuel used by our vehicle fleet	Change compared to previous year in %	2010	2009	2008
Diesel	6.2	119,218.6	112,264.0	105,524.7
Petrol	-30.0	5,336.9	7,629.0	9,323.9
Total	3.9	124,555.5	119,893.0	114,848.7

Kilometres driven using:	Change compared to previous year in %	2010	2009	2008
Diesel	27.5	2,282,980.0	1,790,829.0	1,550,055.0
Petrol	36.5	53,695.0	39,344.0	82,980.0
Total	27.7	2,336,675.0	1,830,173.0	1,633,035.0

As evidenced by the figures listed above, the purchase of vehicles that are especially fuel-efficient is making a difference. The total number of kilometres travelled increased by 27.7 per cent, while total fuel consumption only rose by 3.9 per cent.

The following table shows the carbon dioxide emissions of our vehicle fleet in 2010:

Vehicle fleet in 2010	Kilometres driven	Consumption in litres	CO ₂ emissions in metric tons
Diesel	2,282,980.0	119,218.6	315.1
Petrol	53,695.0	5,336.9	10.1

In contrast, the number of kilometres travelled by air were significantly reduced in 2010 (thanks to increased use of video- and teleconferencing).

Kilometres travelled by air	Change compared to previous year in %	2010	2009
Kilometres travelled by air	-44.95	2,096,742.00	3,809,028.00
CO₂ consumption	-44.95	421.45	765.61

The system still did not allow for the recording of the kilometres travelled by train for business purposes in 2010. The Bank plans to implement measures to improve data collection in this area. All of the carbon dioxide calculations are based on the conversion factors for carbon dioxide emissions provided by ÖGUT in 2010, which in turn were taken from the GEMIS database.

In 2010 the number of kilometres travelled by air was reduced by over 40 per cent compared to the previous year.

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The purchase of additional videoconferencing systems led to a reduction of the need for business travel, which can be seen in the drastic decline in the number of kilometres travelled by air. Our THINK GREEN! initiative also aims to develop measures to reduce greenhouse gas emissions.

6.9. Total Environmental Protection Expenditures and Investments

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The total environmental protection expenditures and investments in 2010 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 concepts of CSR and social responsibility 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 policies 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 interest and for giving consideration required by the 2007 amendment to the WAG, which are summarised in a separate conflict of interest policy; and
- ▶ The centralised measures employed since 2010 aimed at preventing the unauthorised acceptance and giving of gifts in the form of detailed guidelines on the acceptance and giving of gifts as well as the implementation of an approval, documentation and investigation process for the acceptance of gifts by employees and the giving of gifts to customers, service providers and other business partners.

4.9 The Compliance Office reports on its ongoing activities to the Managing Board and the Supervisory Board on a quarterly basis. The Compliance Office's activities are also reviewed annually by both the Internal Audit division and the external financial auditors.

7.2.2. Corruption, Money Laundering and Insider Trading

SO 1

4.8 In September of 2006 the Code of Conduct for employees of BAWAG P.S.K. Group was adopted by the Managing Board and Supervisory Board. The Code of Conduct is in force throughout BAWAG P.S.K. Group and was last 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, in connection with the activities of both our business partners and 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.

The internal job instructions regarding money laundering and terrorist financing have been combined to create a special Money Laundering Prevention Manual.

In addition, a detailed **Anti-Corruption and Gift Acceptance Policy** that goes beyond the provisions of the Conflict of Interest Manual and the Code of Conduct was created in 2010 and adopted by the Managing Board of BAWAG P.S.K. It is binding for all employees of the Group and is intended to make employees aware of the issue of gifts and provide them with specific limits in order to prevent corruption and conflicts of interest both within the Bank and on the part of the Bank vis-à-vis external parties. Along with rules of conduct and value limits, the policy defines a detailed documentation process as well as an approval process for all acceptable gifts, regardless of whether they are worth more or less than the defined value limits. In addition, a notification and investigation process has been put into place that aims to ensure that the proper action is taken on the part of the Bank in the event of suspicion that this policy or the anti-corruption regulations have been violated. In the case of suspicion that this policy and/or the applicable anti-corruption laws have been violated, the Compliance Office will conduct appropriate investigations together with the Internal Audit division and the Personnel division and take suitable measures.

4.9

SO 2

SO 4

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In addition, the Internal Audit division takes the issue of corruption into account in its regular auditing activities. In 2010 the Internal Audit division conducted a special audit based on the corruption prevention questionnaire provided by Transparency International Deutschland e.V. (the German chapter) in order to get an overview of the current situation at BAWAG P.S.K. This led to the creation of the Anti-Corruption and Gift Acceptance Policy described above. There were no indications of corruption during the reporting period.

SO 3

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Along with the detailed money laundering prevention training measures that were already implemented in previous years, all sales employees also took a refresher course including a final knowledge check in 2010. This course also covered the legal changes made to anonymous code-based savings account passbooks in 2010.

Since 2009 BAWAG P.S.K. has also required all newly hired employees to successfully complete the money laundering prevention self-learning programme including a knowledge check within two months of being hired, regardless of their duties at the Bank.

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 trading in 2009. During the Securities I and II training programmes, measures to combat insider trading, market abuse and conflicts of interest are also presented to the Bank's staff as an in-depth compliance self-learning programme.

7.3. Corporate Governance

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

SO 1
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. voluntarily submitted to the provisions of the Austrian Code of Corporate Governance in 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 2010 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) under "About Us".

7.3.2. Transparency

Due to the events that transpired in 2005 and 2006, BAWAG P.S.K. committed itself to a policy of full transparency. The measures we have implemented to achieve this include organisational 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). The 2010 Annual Report is available for download on our web site at www.bawagpsk.com and at www.bawagpsk-annualreport.com.

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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. 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.

Completely Up and Running Again within Six Hours

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 2010, 47 inspection tests, 19 desktop tests and 11 one-day drills were successfully completed. In addition to the central contingency organisation, the desktop tests include the participation of the business continuity planning coordinators for the affected unit, 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).

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

The IT department adapted around 600 computer workstations at the test location to the individual needs of the various units for these tests. 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 2010.

There was one employee complaint related to discrimination at the workplace, and a decision is still pending in this case. 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](#) contains the following with regard to this issue:

Human rights are the only binding system of rules that is valid around the world and that applies 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. This resulted in the signing of a memorandum by the CEO at the time, 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 is valid around the world and that applies not only to governments, but also to business enterprises, which is why BAWAG P.S.K. decided to conduct an analysis of the current situation at the Bank with regard to human rights. 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, 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 comprised employees from Human Rights Consulting, the works council, the Personnel division 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. Progress is evaluated on a regular basis. 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) also include [ethical and anti-discriminatory 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 continued to work on applying the knowledge it has gained through these efforts in 2010. This primarily involved discussions with human rights experts in order to look into potential collaborations. As a logical consequence of our human rights project and to further underscore our commitment to sustainability, BAWAG P.S.K. also joined the UN Global Compact in the middle of March 2009 (see [Section 8](#)). BAWAG P.S.K. is playing an active role in the development of the UN Global Compact Network Austria, and its CSR officer is a member of the steering committee of the Austrian network.
<http://www.unglobalcompact.at/ungc/site/de/netzwerk/oesterreichischesnetzwerk>

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](#) 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 Bank's intense efforts in the area of [diversity](#) are also rooted in our Human Rights Matrix.

[Recruiting Policies](#) were created in 2009 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. BAWAG P.S.K. also demonstrated its direct commitment to human rights by hosting an art auction for the benefit of the anti-racism initiative SOS Mitmensch and at the art auction held in the autumn of 2010 for the benefit of the Bruno Kreisky Foundation for Human Rights.

No specific training related to human rights was performed at BAWAG P.S.K. in 2010. However, the Human Rights Matrix was made available to all employees over the intranet. All new employees are also told about our commitment to human rights in so-called "Welcome Seminars".

We believe that human rights are the only binding system of rules that is valid around the world and that applies not only to governments, but also directly to business enterprises.

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. After all, only those who feel accepted for who they are as a person can realise their full potential. 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 and a newsletter all served to increase awareness for this subject.

Only those who feel accepted for who they are as a person can realise their full potential. Diversity is important to BAWAG P.S.K.



In addition, the Managing Board selected a group of high-potential employees (under the EMERGE programme) to assess the current situation within the Bank and develop a plan of action. The EMERGE group also conducted an intranet survey on diversity, and around 700 employees participated. The employee survey showed that the aspects of "age" and "gender" are very important to our staff. Initial measures are to be taken to address this. In addition to the intranet survey, personal interviews were conducted with staff and managers at the Bank to collect ideas and suggestions for measures. The catalogue of measures was presented to the Managing Board in 2010 and has since been evaluated by the Ludwig Boltzmann Institute. This evaluation provided additional input and helped to make the catalogue of measures an extensive and well-founded plan of action for the coming years.

The creation of the position of diversity officer in September of 2010 is another reflection of the importance the Bank attaches to the issue of diversity. The diversity officer coordinates and introduces programmes and projects related to diversity. In addition, he or she is responsible for raising awareness and for internal and external communication on this issue.

Diversity Charter – BAWAG P.S.K.'s Commitment to Diversity



“Diversity is both an advantage and an opportunity! Let’s take the initiative!” Eleven national and international companies based in Austria decided to implement the Diversity Charter in Austria under this motto. BAWAG P.S.K. was among the first companies to sign the charter. The Bank intends to use the charter to help raise awareness for diversity within BAWAG P.S.K. The charter has clearly defined goals and is intended as a guideline for all of its members. The Diversity Charter spotlights the many benefits of diversity in the economy and society and promotes dialogue between different stakeholder groups. The members actively commit to increasing mutual respect, tolerance and appreciation with regards to diversity in their organisations. In addition, the Diversity Charter helps to create new networks and collaborations.

www.charta-der-vielfalt.at

BAWAG P.S.K. also supports projects related to the issue of diversity. The cleaning company Simacek offers German courses to its employees, and BAWAG P.S.K. provides the space for these courses to the Simacek employees who work at the Bank at no cost.

7.5.3. Women’s Initiative

COP 6

BAWAG P.S.K.’s Women’s Initiative was launched in May of 2009. The goal of this initiative is to create a working environment in which 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 roundtable discussions with division managers. Workshops were also offered to help women take their next career steps.

All events and news about the topic of women and diversity are covered in a women’s newsletter. These efforts will be intensified in 2011.

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

Roughly 50,000 people in Austria are excluded from one of the most important banking services due to their poor credit standing: They cannot open a current account. This means that they are unable to make or receive money transfers, which automatically excludes them from an essential aspect of normal life in today's society. This makes difficulties in finding jobs and housing inevitable. For this reason, one of the first practical measures to come out of our intense examination of human rights was the introduction of our New Chance Account (Neue Chance Konto) in April of 2009. For us, it represents an anti-discrimination measure and a tool against social exclusion. At the same time, it is also an active contribution to combating poverty. 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 popular 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!

The New Chance Account restores people's access to cashless payment transactions. The nomination for the TRIGOS award demonstrates the social importance of this account.

Some 7,700 people opened a New Chance Account between April of 2009 and the end of 2010



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 New Chance Account is available in all of the post office locations throughout Austria upon presentation of a valid ID, which also offers the major advantage that there is no stigma attached to it. Every one of the over 7,700 New Chance Account holders is a fully-fledged customer for us. Personal contact between the account holder and customer advisor at the bank makes it easier to complete recurring transactions.

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. The New Chance Account will also be offered in all of the new BAWAG P.S.K. branches throughout Austria. In June of 2010 the New Chance Account was nominated for the TRIGOS, Austria's most important sustainability award.

7.6. The Arts and Sponsoring

SO 1

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, Diakonie, the Gruft, the neunerHaus, RED NOSES Clown Doctors 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. The sculpture *John the Baptist (Johannes der Täufer)* by Alfred Hrdlicka was part of the exhibition *Unsparring!* that was presented in the Belvedere's Orangery to commemorate the artist's death.

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 2010 season was one of the most successful in the club's history. BAWAG P.S.K. uses the club's space for its own events and customer events and also makes it available for other events in cooperation with Porgy & Bess, such as the finale of Konservatorium Wien University's Fidelio competition. In 2010 the Bank also collaborated with the club to organise a charity concert with Doretta Carter for the benefit of the neunerHaus and it was a real treat for the audience.

www.porgy.at

www.konservatorium-wien.ac.at

www.neunerhaus.at

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

Since 2009 the Bank's sponsoring activities have focused on the arts, education and social issues. The focus in the arts is on contemporary art with an 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 disadvantaged regions around the world.

BAWAG P.S.K.'s sponsoring strategy focuses on the areas specified above and aims to improve the sustainability of the support that is provided by bundling 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 a sponsor that aims to further the Bank's communication objectives with its collaborations and partnerships.

Since 2009 the Bank's sponsoring activities have focused on the arts, education and social issues.

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

7.6.1. BAWAG Contemporary – A New Art Space for Vienna



Exterior view of the BAWAG Contemporary art space

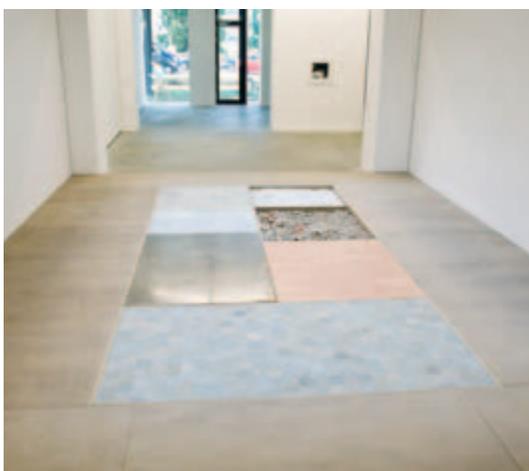
In May of 2010 the BAWAG Contemporary art space moved into its new home at Franz-Josefs-Kai 3 in Vienna's first district.



Mike Bouchet *Retreat*

were made as a symbol of the American promise of happiness or mirroring the frothy dreams of luxury and success in his boldly designed Jacuzzis, he always finds suitable images for complex interrelationships in his performances, installations and sculptures.

From May to December of 2010 four individual exhibitions by Austrian and international artists were held along with ten concerts, four film evenings, one workshop, one performance and two book club evenings. On 6 May 2010 BAWAG Contemporary opened its new exhibition space at Franz-Josefs-Kai 3 in Vienna's first district with the exhibition *Retreat* by the American artist **Mike Bouchet**. Mike Bouchet, who was born in California in 1970 and lives in Frankfurt am Main, examines the social phenomena and processes of our time using a variety of media. Whether he's developing his own diet cola to ship to China or paint beautiful cola pictures with, having jeans sewn for Carpe Denim in Colombia only to have them rain down from the sky in the very place they



Sonia Leimer *Neither at motion nor at rest*

Investigating the cinematographic space as an autonomous realm in five works, all of which date from 2010, **Sonia Leimer** explores constructions of space and time, the patterns and hierarchies behind them, as well as the part that the imaginary plays in this context. The rooms of the new BAWAG Contemporary space, with their contrasts of light and dark, their different levels and the generous vista through the gallery, are very convenient for the artist's plans, which are aimed at exploring not a complete whole, but fragile constructions along boundaries in space. The exhibition is about feigned spaces, spaces made from materials that pretend to be something different. About architectures presenting themselves as transparent and about imagined, narrated and remembered spaces.

Phyllida Barlow *Street*

of the city. The windowless basement, which resembles a cave, is transformed into a place of remembrance, of the unconscious and the suppressed. Phyllida Barlow, who is known for her blunt yet accessible work, is a British institution in her own right. She was the first female professor at the Slade School of Fine Arts and is a visiting professor at the Royal College of London. Born in Newcastle upon Tyne in 1944, Phyllida Barlow has been teaching since the 1960s and has influenced many of her British contemporaries. Her exhibition *Street* was selected as one of the best exhibitions in Vienna in 2010 by the magazines *Profil* and *Falter*.

Marcel van Eeden *Celia*

Marcel van Eeden's exhibition presents the cycle of drawings *Celia*, which is a series of illustrations comprising 148 sheets accompanied by ongoing text excerpts from literary works. Marcel van Eeden, who was born in The Hague in 1965, ranks among the most important illustrators of our time in the international arena. BAWAG Contemporary is pleased to be the first institution in Austria to have the opportunity to present his work. Van Eeden's comprehensive cycles of drawings combine real and fictitious biographies to reconstruct chapters of contemporary history from the 1920s to the 1960s. Since 1993 van Eeden has done at least one drawing a day which he incorporates into his steadily growing cycles. His drawings, which are mostly black and white and done in charcoal pencil, are based on magazines, photos and texts that all date from before 1965, the year of his birth. However, the artist never chooses historically significant events, but instead chooses everyday places or banal situations. His works are characterised by a film-noir-like quality that springs from the photorealism of his presentation and his use of contrasts between black and white.

The programme of exhibitions and accompanying events in the new exhibition space was well received by the Austrian art scene, the audience and the media.

Additional information and dates for new exhibitions are available at www.bawagcontemporary.at.

7.6.2. 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. Österreichische Postsparkasse is presented as an innovative financial institution and as a seminal building in the modernist school of architecture in an exhibition housed in the main room of the museum – the small banking hall that was completed in 1912 – plus four additional rooms and the media room in the entrance area. The museum's services are rounded off with a shop area offering fine design items and accompanying literature. 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.

The museum had a record number of visitors and achieved record sales in 2010. The year started off with the exhibition *Feminine Fifties. Women in the Era of the Economic Miracle*, which shed light on this dynamic period of history, but also on the subordinate role of women at the time, with hundreds of objects from the 1950s. Women were forced back into the kitchen by both the rigid social order and the legal regulations. Despite or perhaps because of this interdiction that the women of the era were forced to accept, their daughters were able to irrevocably redefine the rules for the interaction between men and women starting in the late 1960s.



Feminine Fifties. Women in the Era of the Economic Miracle

The summer exhibition, *The Wagner School: Red Vienna*, examined a connection between Wagner's architectural teachings and the history of Vienna that had previously been the subject of very little research. The new housing policy model implemented by the Social Democrats' municipal government following the end of World War I, which garnered a great deal of attention internationally, was largely shaped by the graduates of Otto Wagner's School of Architecture. His teaching concept gradually introduced them to the ideas for monumental construction undertakings, and they developed completely new ideas for how people live together with their architectural solutions.



The Wagner School: Red Vienna

As part of Vienna Design Week in the autumn of 2010, the exhibition *Fire and Ice. Finnish Glass Design Made in Murano* was invited to WAGNER:WERK Museum and was presented in spectacular fashion. Scandinavian design has been considered the pinnacle of the field for decades, and the same can be said of the master craftsmanship of Italian glass manufacturers. The climax of this combination of Mediterranean colour and Nordic form was the collaboration between the legendary Finnish designers Tapio Wirkkala and Timo Sarpaneva and the Venini glassworks in Murano, which lasted from the early 1960s until the mid-1990s.



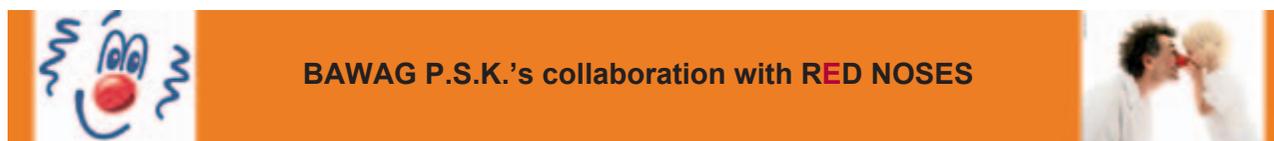
Fire and Ice. Finnish Glass Design Made in Murano

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 fourth time in the main banking hall. A total of 62 younger artists donated their paintings, sculptures, photographs and drawings. Thanks to this support and the generosity of the bidders, the event raised a considerable amount of money that was used to support the work of SOS Mitmensch. A second art auction was held in the autumn of 2010 for the benefit of the Bruno Kreisky Foundation for Human Rights. The foundation supports and honours individuals, groups and institutions in Austria and abroad who have made special contributions to the cause of human rights as well as projects that are deemed to be of particular importance for human rights. Works by 56 contemporary artists were put up for auction by the auction house im Kinsky. The proceeds from the evening will enable the Kreisky Foundation to continue its work on a long-term basis.

In 2010 WAGNER:WERK Museum Postsparkasse very successfully participated in the Long Night of Museums for the second time, and the BAWAG Contemporary art space took part for the first time.

www.ottowagner.com

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



BAWAG P.S.K.'s collaboration with RED NOSES that began in 2008 continued in 2010. In September BAWAG P.S.K. employees and managers once again participated in the Red Nose Run in Vienna as part of this cooperation project.

BAWAG P.S.K.'s official Christmas card was once again designed by employees' children in collaboration with RED NOSES.

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

7.6.4. A Selection of BAWAG P.S.K.'s Social Activities

COP 1

COP 4-6

Tesfaye

Another project to which the Bank and especially our employees and managers 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. The organisation currently sponsors over 100 children, and a number of these sponsorships are being provided by managers and employees of BAWAG P.S.K.

www.tesfaye.at

COP 1

“Unwanted Christmas Gifts” Donated for Diakonie’s Kosovo Project

The BAWAG Contemporary art space, which moved into its new home at Franz-Josefs-Kai 3 in May of 2010, hosted the “unwanted” Christmas gift campaign for the second time. After supporting the Gruft (www.gruft.at) the first year, this time the money that was raised was sent to Kosovo as part of a cooperation with Diakonie in order to enable Roma and Ashkali children to go to school.

From 25 December 2010 to 11 January 2011, anyone with an “unwanted” gift was invited to donate it at BAWAG Contemporary. These gifts were then sold at an auction on 12 January. We are pleased to report that the campaign raised EUR 6,000 for Diakonie.

www.diakonie.at

BAWAG P.S.K.'s employees are instrumental in the Bank's social activities.

BAWAG P.S.K. Leasing Brings Caritas to the People

Social responsibility is more than just a catchphrase for BAWAG P.S.K. Leasing too, which is why the company tried to think about how it could use its competences in a way that would have a long-lasting impact. The result was a great idea that was implemented immediately: Each of the nine diocesan Caritas organisations in Austria will be provided with a new compact car by BAWAG P.S.K. Leasing. The first car was presented in Vienna and is being used at the Luise shelter for battered women and children, which offers mothers and their children fast, unbureaucratic assistance and a safe place to stay in emergency situations.

www.caritas.at, www.leasing.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. This was the second year in which all employees were encouraged 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, BAWAG P.S.K. makes it a priority to continuously increase the number of women in management positions. To this end, our participation in Daughter's Day is intended to be an unequivocal statement about the future role of women in the business world and at 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.

<http://www.roteskreuz.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

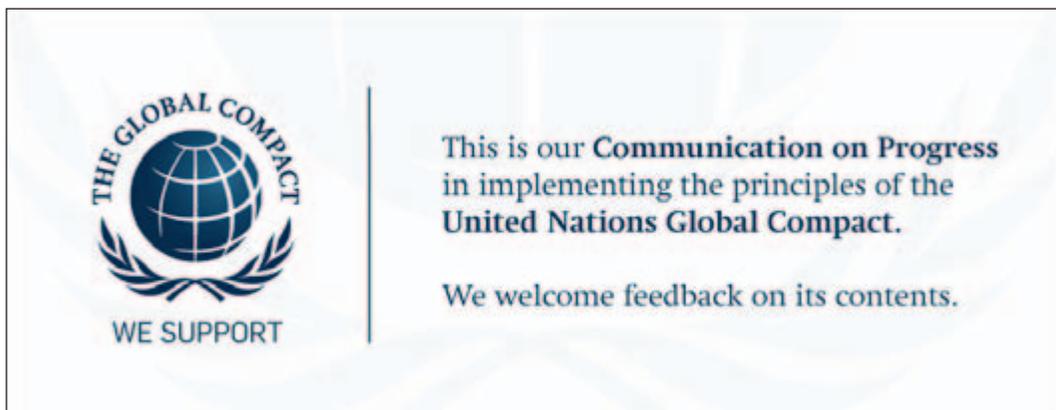
COP 1–10

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 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 8,700 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 anti-corruption. 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).

Just like in last year's report, the ten principles are presented below, each with examples 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 (COP 1, COP 2, COP 3, etc.) along with 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)

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](#). The Bank's [diversity efforts](#) were intensified. In the autumn of 2010 an [art auction](#) was held for the benefit of the Bruno Kreisky Foundation for Human Rights. On International Human Rights Day the Bank provided information about our human rights activities in a press release.

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

Our [Human Rights Matrix](#) and our [Supplier Code of Conduct](#) ensure our adherence to this principle. In addition, our credit guidelines prohibit discrimination. We also see our [New Chance Account](#) 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)

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. Several new [works agreements](#) were concluded between the Bank and the works council for the employees in 2010.

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. Nearly 100 per cent of our suppliers are located in Austria. Before new contracts are concluded, customers are subjected to media screening to look for possible violations.

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

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)

This is not only expressly stated in our [Code of Conduct](#), BAWAG P.S.K. also has [Recruiting Policies](#) that expressly prohibit discrimination and that were revised in 2010. In addition, a comprehensive catalogue of measures was developed as part of our [diversity efforts](#).

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

BAWAG P.S.K. has placed a special focus on the topic of the environment with its [THINK GREEN!](#) initiative. In addition, the Bank offered private customers one billion in capital in 2010 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)

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)

In 2009 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. Additional measures will be evaluated in 2011.

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

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. In 2010 employees from the Compliance Office participated in anti-corruption workshops that were held in cooperation with UN Global Compact Austria and Transparency International. Transparency International also held a lecture in BAWAG P.S.K.'s facilities. In addition, a detailed, Group-wide [Anti-Corruption and Gift Acceptance Policy](#) that goes beyond the provisions of the Conflict of Interest Policy and the Code of Conduct was created in 2010.

www.unglobalcompact.org

The Austrian Global Compact Network

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



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

In 2010 the Bank focused on the tenth principle of the Global Compact – combating corruption – along with other factors. To this end, the Bank held workshops and formed a working group in cooperation with Transparency International Austria. Employees from BAWAG P.S.K.'s Compliance Office participated in the workshops and the working group.

www.unglobalcompact.at

9. GOALS AND PLANNED MEASURES

We have achieved many of the goals we set for ourselves in the last two reports. Unfortunately, however, we have not yet been able to achieve some of these goals and, in some cases, they have been pushed back to a later date. Projects that have been delayed include the career and family audit and the planned employee satisfaction survey. There are also projects that were implemented in 2010 but were not listed in the previous reports, such as the increased efforts related to diversity.

We were also unable to make significant progress with regard to the environment. The THINK GREEN! initiative has not yet been developed further to any significant extent and we definitely have room for improvement when it comes to environmental issues. In any case, the construction of the solar water heating system was a milestone in our environmental efforts.

Nevertheless, we have set goals for ourselves for the coming years that are listed below. 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.

Measures and Objectives at BAWAG P.S.K.

Objective	Planned measure	Status
Strategy and general issues		
Development of methods for the increased involvement of stakeholders	Concept already created	2011/2012
Continue efforts related to the Human Rights Matrix	Increasing awareness, communication, projects	Ongoing
Employees		
Audit – Career and family	Kick-off in 2011	2011/2012
Diversity	First measures implemented, more to follow over the course of the year	2011
Implementation of an employee suggestion system		2011/2012
Employee satisfaction survey		2011/2012
Projects in the course of the Workplace Health Promotion initiative	Launched in 2010, first measures implemented	Ongoing

Objective	Planned measure	Status
Environment		
Development of a complete environmental strategy and concept: THINK GREEN!		2011/2012
Creation of an environmental officer position	Assessment for sensibility and relevance	2011/2012
Methods for calculating emissions	To be addressed in ÖGUT working group	Completed
Procurement: increased focus on ecological criteria in procurement	Development and implementation of procurement guidelines, training measures	2011/2012
Saving paper	Zero Colour Quota pilot project	Start 2010
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	Fully involved in 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. The Financial Services Sector Supplement (Sustainability Reporting Guidelines & Financial Services Sector Supplement, 2008) was also applied.

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.
2.2	C	Products and services.	Section 4.2.
2.3	C	Organisational structure.	Section 2.4.
2.4	C	Location of the organisation's headquarters.	Section 1.
2.5	C	Locations.	Section 4.2.
2.6	C	Nature of ownership and legal structure.	Section 2.
2.7	C	Geographic breakdown according to location.	Section 4.2.2.
2.8	C	Scale of the reporting organisation including net sales and the number of employees.	Section 2.3.
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., 5.7.3.

Report Parameters			
3.1	C	Reporting period.	Section 1.
3.2	C	Date of the most recent previous report.	Section 1.
3.3	C	Reporting cycle.	Section 1.
3.4	C	Contact point.	Section 11.
3.5	C	Priorities of the report.	Section 1. , section 3.
3.6	C	Boundary of the report.	Section 1.
3.7	C	Specific limitations on the scope or boundary of the report.	Section 1.
3.8	C	Basis for reporting on business units that significantly affect comparability between reporting periods.	Section 1.
3.9	C	Basis of data collection.	Section 1.
3.10	C	Effects of any re-statements of information provided in earlier reports.	New layout, energy figures, section 1. , section 6.
3.11	C	Significant changes in the reporting methods.	New layout for the report, section 1.
3.12	C	GRI Index.	Section 10.
3.13	C	Certification.	Section 1.

Governance, Commitments and Engagement			
4.1	C	Corporate governance.	Section 2.4. , section 7.3.
4.2	C	Independence of the supervisory body.	Section 2.4.2. , section 7.3.1.
4.3	C	Independence of the highest governance body.	Section 2.4.2.
4.4	C	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Section 2.4.1.
4.5	C	Additional components of remuneration.	Section 5.2.1.
4.6	C	Processes in place for the Managing Board to ensure conflicts of interest are avoided.	Section 2.4.5.
4.7	C	Qualifications of the Managing Board members.	Section 2.4.1.1.
4.8	C	Codes of conduct.	Section 2.4.5.
4.9	C	Internal auditing.	Section 2.4.3. , section 7.2.1.
4.10	C	Processes for evaluating the highest governance body.	Section 2.4.1.1.
4.11	C	Risk management.	Section 2.4.3. , section 2.4.6.4. , section 7.4.
4.12	C	Commitments to external initiatives.	Section 4.8.1.
4.13	C	Memberships.	Section 12.
4.14	C	Stakeholder groups engaged by the organisation.	Section 3.
4.15	C	Basis for identification of stakeholders.	Section 3.
4.16	C	Frequency and type of stakeholder engagement.	Section 3.
4.17	C	Results of dialogue with stakeholders.	Section 3.

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.
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.
EC 3	C	Coverage of the organisation's defined benefit plan obligations.	Section 5.2.5. , section 5.3.1.
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). None of its subsidiaries received government guarantees.
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.
EC 6	C	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Section 6.3.
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.
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.
EC 9	A	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Section 2.2.

Ecological Performance Indicators

EN 1 COP 8	C	Materials used by weight or volume.	Section 6.3.
EN 2 COP 8 COP 9	C	Percentage of materials used that are recycled input materials.	Section 6.3.
EN 3 COP 8	C	Direct energy consumption by primary energy source.	Section 6.4.
EN 4 COP 8	C	Indirect energy consumption by primary source.	Section 6.4.
EN 5 COP 8 COP 9	A	Energy saved due to conservation and efficiency improvements.	Section 6.4. , section 6.5.
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.
EN 7 COP 8 COP 9	A	Initiatives to reduce indirect energy consumption and reductions achieved.	Section 6.4.
EN 8 COP 8	C	Total water withdrawal by source.	Section 6.6.
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.
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.
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.
EN 22 COP 8	C	Total weight of waste by type and disposal method.	Section 6.7.
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.
EN 26 COP 7–9	C	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Section 6.1.1. , section 6.3.
EN 27 COP 8 COP 9	C	Percentage of products sold and their packaging materials that are reclaimed by category.	Not relevant
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

Ecological Performance Indicators

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.
EN 30 COP 7–9	A	Total environmental protection expenditures and investments by type.	Section 6.9.

Labour Practices and Decent Work

LA 1	C	Total workforce by employment type, employment contract, and region.	Section 5.1.
LA 2 COP 6	C	Total number and rate of employee turnover by age group, gender, and region.	Section 5.1.5.
LA 3	A	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Section 5.2.5. , section 5.3.
LA 4 COP 1 COP 3	C	Percentage of employees covered by collective bargaining agreements.	Section 5.2.1.
LA 5 COP 3	C	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.	Section 5.2.1.
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.
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.
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. , section 5.6.
LA 9 COP 1	A	Health and safety topics covered in formal agreements with trade unions.	Section 5.2.1.
LA 10	C	Average hours of training per year per employee by employee category.	Section 5.7.2.

Labour Practices and Decent Work

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.
LA 12	A	Percentage of employees receiving regular performance and career development reviews.	Section 5.7.1.
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. , section 5.1.2. , section 5.1.3. , section 5.1.4.
LA 14 COP 1 COP 6	C	Ratio of basic salary of men to women by employee category.	Section 5.2.2.

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.
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.
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.
HR 4 COP 1 COP 2 COP 6	C	Total number of incidents of discrimination and actions taken.	Section 7.5.
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. , section 7.5. , 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. , section 8.

Human Rights Performance Indicators

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 2.4.5.3.2. , 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 COP 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 2.4.6. , section 3. , section 4.7. , section 7.2.1. , section 7.2.2. , 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.
SO 3 COP 10	C	Percentage of employees trained in organisation's anti-corruption policies and procedures.	Section 7.2.2.
SO 4 COP 10	C	Actions taken in response to incidents of corruption.	Section 7.2.2.
SO 5 COP 1-10	C	Public policy positions and participation in public policy development and lobbying.	Section 7.7.
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.
SO 7	A	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes.	There were no legal actions of this kind in 2010.
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 2010.

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. , section 4.4. , section 7.4.
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 of this kind in the reporting period.
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.
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.	No incidents of this kind in the reporting period.
PR 5	A	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Section 4.1.
PR 6	C	Programmes for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	Section 4.6.
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 2010.

Financial Services Sector Supplement			
FS 1	C	Policies with specific environmental and social components applied to business lines.	Section 4.2.1. , section 7.5.4.
FS 2	C	Procedures for assessing and screening environmental and social risks in business lines.	Section 2.4.5.2. , section 2.4.5.3. , section 4.2.1. , section 4.6. , section 7.4.
FS 3	C	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions.	Section 2.4.5.2.
FS 4	C	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines.	Section 7.5.1.
FS 5	C	Interactions with clients/investees/business partners regarding environmental and social risks and opportunities.	Does not apply.
FS 6	C	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector.	Section 4.2.2.
FS 7	C	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose.	Section 4.2.1. , section 7.5.4.
FS 8	C	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose.	Section 4.2.1.
FS 9	C	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures.	Section 1.
FS 10	C	Percentage and number of companies held in the institution's portfolio with which the reporting organisation has interacted on environmental or social issues.	Does not apply.
FS 11	C	Percentage of assets subject to positive and negative environmental or social screening.	Section 4.2.1.
FS 12	C	Voting polic(ies) applied to environmental or social issues for shares over which the reporting organisation holds the right to vote shares or advises on voting.	Does not apply.
FS 13	C	Access points in low-populated or economically disadvantaged areas by type.	Section 2.2. , section 4.2.3. , section 4.2.6.
FS 14	C	Initiatives to improve access to financial services for disadvantaged people.	Section 4.2.6. , section 4.8. , section 4.8.2. , section 4.8.3.
FS 15	C	Policies for the fair design and sale of financial products and services.	Section 2.4.6.1. , section 4.1. , section 4.2.1. , section 4.2.6. , section 4.3. , section 4.4. , section 4.5. , section 4.6.
FS 16	C	Initiatives to enhance financial literacy by type of beneficiary.	Section 4.2.5. , section 4.5.

11. CONTACT

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

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We'd love to hear
what you think.
Please do not hesitate
to contact us!

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 or at

www.bawagpsk.com

The **BAWAG P.S.K. HELP Centre/Ombudsman** is available to all of our customers to answer any questions about our banking products and services.

- ▶ On our web site: www.bawagpsk.com – Service – “Wir helfen weiter”
- ▶ Directly by phone at 05 99 05 – 905 (within Austria) or at +43 5 99 05 – 905 (from abroad)
- ▶ By fax at 05 99 05 – 31718
- ▶ By e-mail at ombudsstelle@bawagpsk.com

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:



respACT – austrian business council for sustainable development is the leading platform for corporate social responsibility (CSR) and sustainable development in Austria.

www.respect.at



ÖGUT

The Austrian Society for Environment and Technology (ÖGUT) is the competence centre and dialogue platform for environmental issues and sustainability in Austria.

www.oegut.at



UN Global Compact

The UN Global Compact is the world's largest initiative for corporate social responsibility and sustainable development.

www.unglobalcompact.com

A complete overview of all of the associations and clubs in which the Bank is involved is available on our web site at www.bawagpsk.com

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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