

# FINANCING A SUSTAINABLE



**F U T U R E**

**2016  
Corporate Social  
Responsibility Report**



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# Welcome message

Dear friends,

It is a proud moment to share with you the 8<sup>th</sup> Corporate Social Responsibility Report, prepared by Raiffeisen Bank Romania.

As an international financial institution, with responsibility to our local stakeholders, we are making our commitments public through this report. Our responsibility is towards our employees, our customers, our community and all of our stakeholders, and our obligation is to work towards a sustainable social, environmental and financial ecosystem.

“Financing a sustainable future” highlights our overall vision and is embedded in our corporate strategy. Our report is a platform that allows us to communicate our social initiatives, environmental activities and financial programs in a holistic way. Our sustainability practices, longstanding or new and innovative, represent the Bank’s responses to the opportunities and challenges that exist in the sustainability field. This report presents the results achieved, the challenges and the opportunities for improvement, as well as our goals.

Our 8<sup>th</sup> report includes the results of an extended survey of our internal and external stakeholders and the consequent updated materiality assessment and matrix which highlights our priorities for the years ahead. To prepare this report, we underwent an in-depth process of stakeholder engagement which entailed reaching out to our key stakeholders and asking for their views and comments on sustainability, our approach and their recommendations regarding our future actions. This is incredibly valuable input that will inform the Bank’s strategy for years to come and represents the start of a long process of engagement which will take place annually in order to continually provide us with updated views, feedback and input from our stakeholders.

Innovation and digitization were our focus in 2016, and we are glad that our customers have

welcomed and embraced our approach. With about 280,000 customers active on the Bank’s digital channels, 25% more than in the previous year, our approach is proving to be valuable. Starting from 2016, our customers can open an account or apply for a loan via the Bank’s website ([www.raiffeisen.ro](http://www.raiffeisen.ro)). Our customers made 89% of their payments electronically during 2016, an increase of 3% compared to 2015. Engaging closely with our stakeholders will enable us to offer more targeted services that are at the forefront of modern technology.

As an international Bank, our responsibility extends beyond national boundaries, but our priorities lie with Romania, as we work to make the Bank an example of sustainability which impacts positively on everyone across the country. It is, without a doubt, an honor that, for the 8<sup>th</sup> consecutive time, the Bank is developing its sustainability report and demonstrating its commitment to sustainable development. We published our first report in 2009, long before the disclosure of non-financial information became an European mandate, a formal directive or a national law. Non-financial reporting became compulsory only in 2016 by Order of the Finance Ministry no. 1938, that partially transposed the EU Directive no. 95/2014 into the national legislation.

“Finance a sustainable future” reflects our vision of becoming an important actor within a sustainable financial ecosystem. As I encourage you to read our 8<sup>th</sup> Corporate Social Responsibility Report, I would also like to thank you most sincerely for your support, partnership and trust, and invite you to share with us your suggestions and ideas for improving our contribution and activities.

**STEVEN VAN GRONINGEN**  
President and CEO

# RAIFFEISEN BANK's

## Highlights for 2016



### business

2,000,000  
retail customers

**280,000**

active customers using  
our digital channels

**89%** of payments were  
made electronically



**Launch of the  
new company  
website**

Profit before tax  
€120,111,000

€99,977,000  
net profit



#### Digital channels:

- RAIFFEISEN DIRECT  
Phone Banking services
- RAIFFEISEN SMART MOBILE  
Mobile Banking services
- RAIFFEISEN ONLINE  
Internet Banking services



### people

**5,308**

employees

**76%** of the  
employees  
are women

**59,800**  
hours of  
training were  
offered to the  
employees

**1,300** **481**  
new ideas were generated  
through the "You Voice" internal  
communication platform  
outlets (branches  
and head offices)

# RAIFFEISEN BANK's

## Highlights for 2016



## society

Financial contribution  
in value of  
**€1,919,030**  
to 122  
community projects  
and programmes

Granted  
**€100,000**  
via the Raiffeisen Communities Program

**254** volunteers from  
Raiffeisen Bank  
devoted a total of  
**876**  
hours to voluntary  
projects



**235,375**  
people benefited directly from the  
community programs implemented  
with the Bank's support



## environment

Reduced the paper  
consumption by

**22,345** kg

Doubled the amount of  
paper that was recycled  
after use from  
300,589 kg

to **663,300** kg

More than

**157,000**

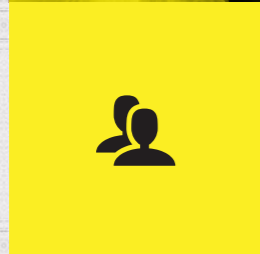
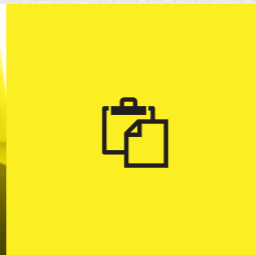
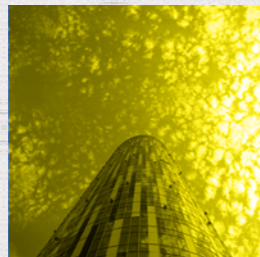
people, including students,  
employees and members of  
the community, participated  
in bike sharing programs  
supported by the Bank



# BUSINESS OVERVIEW **2**

Raiffeisen Bank International Group (RBI), the mother-company of Raiffeisen Bank Romania, is based in Vienna, being present in 15 markets across the region. RBI is one of the largest providers of corporate and investment banking services in Austria and a leading international Bank in Central and Eastern Europe.

Raiffeisen Bank S.A. (the Bank) was founded in 1997 and is headquartered in Bucharest, Romania. It is a leading universal Bank and a subsidiary of Raiffeisen Bank International AG (RBI).



# BUILDING CENTRAL & EASTERN EUROPE BANKING

RBI is one of the leading banking groups in Austria and Central and Eastern Europe (CEE). Having been active in the CEE for over 25 years, it is considered to have played a pioneering role in the region. Today, the RBI Group possesses a dense network of subsidiary banks, leasing companies and numerous specialist financial service companies in 14 markets in CEE.

**14.1** million customers  
**50,000** more than employees  
**2,500** business outlets  
**25** years of conducting successful business in Central and Eastern Europe  
**2005** since listed on the Vienna Stock Exchange (ATX)

**COUNTRY**  
**LOANS (€)**   
**BUSINESS OUTLETS** 

## RUSSIA

8.7 bn €  
182 ↑

## BELARUS

1.0 bn €  
90 ↑

## POLAND

8.3 bn €  
299 ↑

## UKRAINE

1.8 bn €  
498 ↑

## CZECH REP.

9.7 bn €  
132 ↑

## SLOVAKIA

8.9 bn €  
194 ↑

## AUSTRIA

29 bn €  
18 ↑

## HUNGARY

3.1 bn €  
72 ↑

## ROMANIA

4.1 bn €  
481 ↑

## CROATIA

2.8 bn €  
78 ↑

## BOSNIA AND HEZEGOVINA

1.2 bn €  
98 ↑

## SERBIA

1.2 bn €  
87 ↑

## BULGARIA

2.2 bn €  
136 ↑

## ALBANIA

0.8 bn €  
81 ↑

## KOSOVO

0.5 bn €  
48 ↑

# SUSTAINABLE ROMANIAN BANKING SINCE 1997

The Bank offers financial products, corporate, retail and investment banking services, as well as advisory services, asset management and leasing services through 481 outlets (branches and head offices), serving approximately 2 million retail customers, 100,000 Small and Medium Enterprises (SMEs) and over 5,600 Large and Medium corporations. It carries out its operations within the Romanian market, retaining a vast network of 478 branches, multiple distribution channels, an ATM and EPOS network, internet, phone, and mobile banking.

The Bank is driving an ongoing effort towards continuous improvement in all aspects of the business. Emphasis is placed on products and services in order to meet community needs and on the increasing business expectations of remote banking channels (mobile, online, call-center).

481

outlets  
(branches and  
head offices)

2

million retail  
customers  
(approximately)

100,000

Small & Medium  
Enterprises (SMEs)

5,600

Large & Medium  
corporations



RBI is also active through its subsidiaries in other segments of the Romanian financial market, including:

- Raiffeisen Asset Management: an investment funds management company
- Raiffeisen Leasing: a leasing company
- Raiffeisen Housing Bank: the first savings and lending Bank in the residential housing field

**Key products** include:

- domestic and international payments
- various types of accounts, including savings, foreign exchange transactions, working capital finance, medium term facilities, letters of credit and bank guarantees
- lending services for all customer segments, asset management and leasing services
- general financial consultancy services

**THE BANK'S SEGMENTS ARE IN LINE WITH ITS PRODUCT OFFERINGS:**

→ **RETAIL BANKING:**

Individuals (with distinct offers for Premium customers as well as private banking services)  
SMEs

→ **CORPORATE BANKING:**

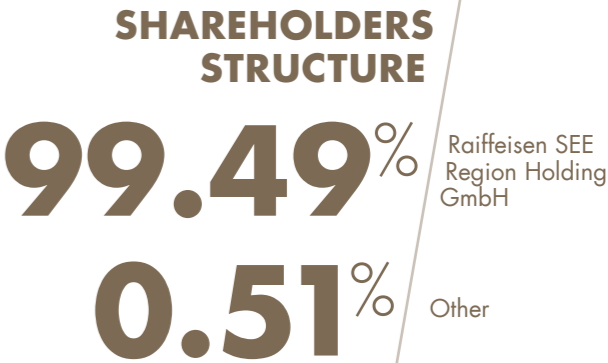
Mid-market companies  
Public sector  
Large corporates

→ **TREASURY AND CAPITAL MARKETS:**

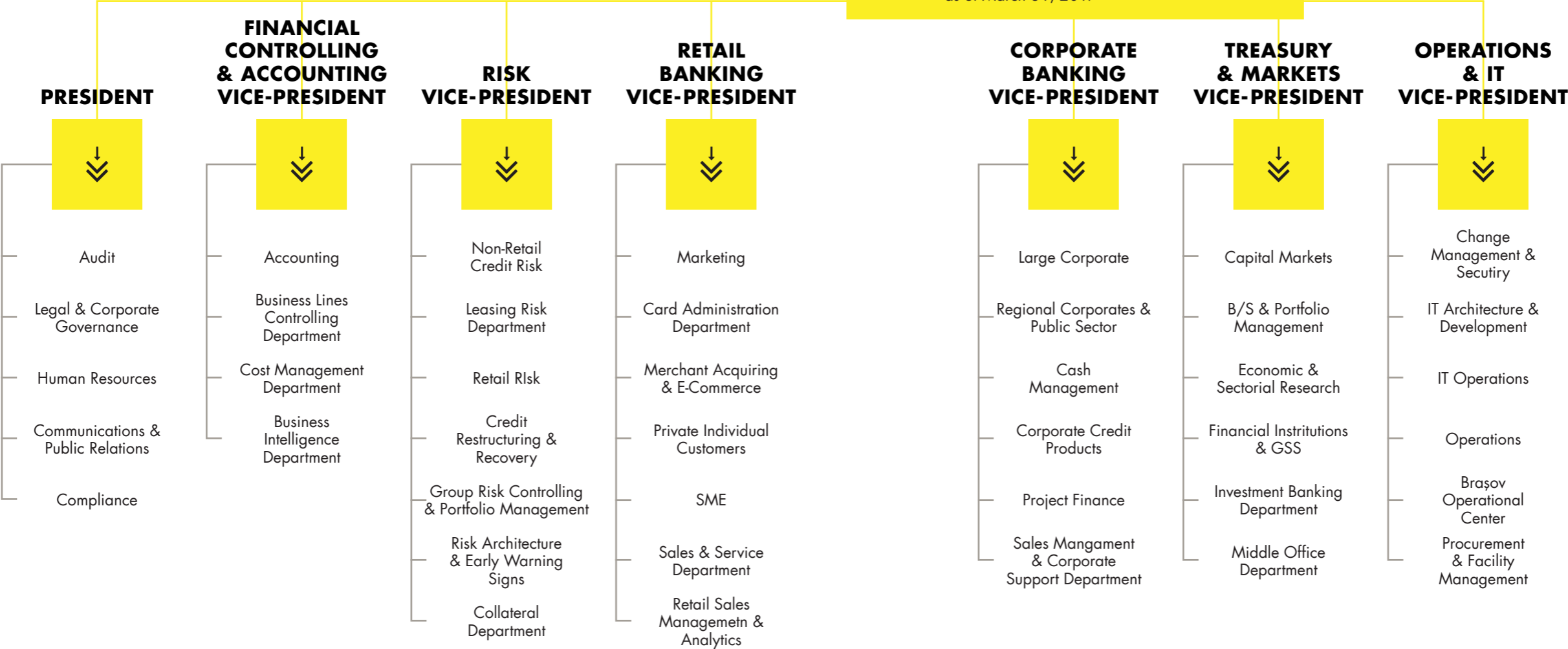
Financial institutions and group security services  
Investment banking services  
Asset management services

# RAIFFEISEN BANK'S ORGANIZATIONAL STRUCTURE

Being a subsidiary of RBI, the Bank is required to respect a set of robust guidelines, strict management standard reporting lines and directions that should be followed and incorporated into its structure, thus guaranteeing the credibility of the business strategy and the Bank's operational stability.



**ORGANIZATIONAL STRUCTURE OF THE BANK,**  
as of March 31, 2017



# CORPORATE GOVERNANCE

Raiffeisen Bank has always believed in the principles of sustainability and in the benefits they could bring to the business. The practice of corporate sustainability – in many different places and in many different ways – coupled with efficiency and transparency, formed the foundation of the Raiffeisen Bank almost 20 years ago.

Effective corporate governance is essential for the economy and for the efficiency of the banking system. The guidelines, policies, procedures and rules ensure robust, clean and sustainable operations. Following the annual risk assessment process related to corruption, conducted during 2016, the Bank has identified a number of risks, especially in the area of compliance, as well as the procurement and acquisition of goods and services. Operational, as well as financial risks, are monitored based on a set of procedures and addressed through both online and offline training courses,

working sessions, as well as dedicated trainings on compliance and fraud. The most important types of financial risk to which the Bank is exposed include credit, liquidity, operational and market (currency, interest rate and equity price) risks. The Bank follows a set of principles and transparent mechanisms in order to respond to risks and maintain the expected set of behaviors towards its customers, employees, counterparts, shareholders, investors and supervisory authorities.

## CORPORATE GOVERNANCE CODE

The Bank adheres to the standards, modernized rules and practices set by the Corporate Governance Code (CGC), as issued by the Bucharest Stock Exchange. The Bank also applies the RBI's Code of Conduct (CoC) which serves as a foundation for a responsible corporate culture and takes the form of a binding set of rules that governs its everyday business operations. The CoC is based on ethical principles and reinforces the values of integrity, professionalism, quality, customer focus, mutual respect, initiative and teamwork.

It must be followed by all employees, irrespective of their role or level, as well as all partners acting on behalf of the Bank.

CoC is based on the principles of non-tolerance to fraud, bribery and corruption and aims to eliminate any discrimination or harassment within the workplace. It also addresses issues like conflict of interests, confidentiality and data protection that are sensitive for customers and underpin a distinct service culture.

## ETHICS & ANTI-CORRUPTION

Customers and all stakeholders alike rely upon the Bank's ethical behavior and integrity, not just upon its technical competence. The Bank has embedded the values of integrity and transparency across its operations and value chain. In order to identify, prevent and combat corruption, the Bank assesses its operations annually for potential risks related to corruption. The Bank has identified a number of risks, especially in the area of procurement and acquisition of goods and services. These risks are monitored and addressed through policy and procedure updates, online and offline training, working sessions and ongoing communications.

Of the 5,308 employees, 4,297 (80%) have been trained on anti-corruption and fraud policies and procedures, using an E-learning platform, and 206 (3%) have attended in-class training on this subject.



EMPLOYEES (Anti-corruption policies and procedures training)	Employees informed	Employees trained through online channels	Employees trained through in-class training
Board members	100%	0	7 (100%)
Employees	100%		
→ B-1 *	100%	21 (45.65%)	15 (32.61%)
→ B-2 **	100%	136 (74.32%)	6 (3.28%)
→ Other Management Positions	100%	487 (80.10%)	5 (0.82%)
→ Specialists	100%	3,653 (81.70%)	180 (4.03%)

The management approach toward malpractice identification is strict. Employees are empowered to speak up and leaders are held accountable. Fraud detection and anti-corruption practices have been promoted by the management, especially after the implementation of the Common Reporting Standards (CRS) for the automatic exchange of information during 2016. A special department, within the Bank, monitors the compliance with the internal policies and procedures, and with the external regulations; emphasis has been placed on the Know Your Customer (KYC) process for identifying and verifying the identity of customers, anti-money laundering, terrorism financing and stock market manipulation.

The Bank introduced, in 2011, in all of its contracts with third parties (suppliers, consultants, business partners), a compliance clause stipulating the obligation of third parties to respect the Bank’s Code of Conduct and the standards regarding bribery and corruption.

These standards are in line with the national legislation, the Bank’s requirements and the international frameworks. If a third party breaches the contractual clause, the Bank is entitled to end the contract and report the matter to the authorities.

The consistent and targeted approach followed by the Bank has led to no incidents related to corruption, no employee or partner involved in corruption acts and no termination due to non-compliance and violation of corruption principles was recorded during the reporting year.

\* Board-1 represents the first level of management, after top-management/Management Board  
\*\* Board-2 represents the second level of management, after top-management/Management Board

INTEGRITY & ACCOUNTABILITY

It is the responsibility of all Bank employees to perform their duties at the highest standards of ethics and integrity and to comply with the policies related to the principles of transparency and accountability.

Customers’ rights should be respected. In May 2016, General Rules for Data Protection came into force, aiming to standardize, at the European Union level, the regulations for personal data protection. The rules will be applied from May 2018. Consequently, Raiffeisen Bank initiated the evaluation of its internal processes to identify potential changes regarding its personal data management, for both individual customers and legal entities. Nevertheless, the principles of customer privacy are already taken into consideration within the internal procedures where customer personal data is involved.

Financial products need to follow specific, strict rules and comply with the

national law and relevant guidelines. In 2016, a total number of 693 recorded complaints related to regulations concerning products and services were received by the National Authority for Consumer Protection, resulting in 54 incidents, of which 32 were fines and 22 were warnings. All fines were paid in 2016, and some were subsequently disputed in court to recover the amount paid.

Despite the Bank's efforts, 38 complaints from customers were made to The National Supervisory Authority For Personal Data Processing (NSAPDP), in 2016, related to the loss of data and/or breaches of customer confidentiality, resulting in 9 warnings and 4 fines, amounting to €2,656.

COMPLAINTS, WARNINGS AND FINES RECEIVED BY AUTHORITY	Year	Total number of complaints received	Warnings	Fines	Value of fines in €
National Authority for Consumer Protection (NACP)	2016	693	22	32	39,293
	2015	1,004	21	51	46,930
	2014	795	25	44	74,159
The National Supervisory Authority For Personal Data Processing (NSAPDP)	2016	38	9	4	2,656
	2015	8	5	2	1,550
	2014	7	6	1	664



There were 83 significant fines, amounting to €47,234 in total, with five being subject to court decisions.

They referred to:

- Non-compliance with laws or regulations in the social and economic area
- Breaches of customer privacy and the loss of customer data
- Incidents of non-compliance with the regulations or voluntary codes concerning product and service information and labeling

The Bank has established and implemented internal processes that allow customers formally to record their complaints and feedback. The Bank values customer feedback and ensures that all customers who reach out to the Bank are assisted according to the formal policies available, and that the best solution is identified and applied immediately.

Although the total number of complaints, received through internal channels, slightly increased in 2016, the positive resolution rate has increased to 84%, the highest percentage since 2011.

The Bank is committed to strengthening its relationship with its customers, so responding effectively to their feedback is key in establishing and maintaining trust.

COMPLAINTS	2016	2015	2014
No. of complaints from customers through internal channels	68,169	59,915	51,047
Positive resolution	84%	82%	75%
Loyalty customers with complaints	98%	98%	97%
Satisfaction with complaint process	3.2	3.1	3.2
survey scale 1-5, 1=very unhappy, 5=very happy			

COMPLIANCE

There were 47 significant non-compliance incidents with the laws and regulations, including traffic legislation breaches, judicial fines, security reasons, ATM monitoring and other cases.

In 2016, the Bank had no:

- Legal actions for an anti-competitive, anti-trust behavior and monopoly practices
- Incidents of non-compliance with regulations and voluntary codes, concerning marketing communication, including advertising, promotion and sponsorship
- Significant fines or non-monetary sanctions for non-compliance with the environmental law law

INDICATOR	2016	2015	2014
all amounts in €			
The monetary value of significant fines for non-compliance with the laws and regulations concerning the provision and use of products and services (National Authority for Consumer Protection)	39,293	47,600	73,000
The monetary value of significant fines for non-compliance with the laws and regulations related to the loss of data and/or breaches of customer confidentiality (The National Supervisory Authority For Personal Data Processing - NSAPDP)	2,656	1,550	664
The monetary value of significant fines for non-compliance with the laws and regulations (others than National Authority Consumer Protection and The National Supervisory Authority For Personal Data Processing - NSAPDP)	5,284	12,488	8,525
The total number of fines for non-compliance with the regulations related to products and services (National Authority for Consumer Protection)	32 fines	51 fines	43 fines
The total number of fines regarding breaches of customer rights with respect to confidentiality of information or loss of customer data	4 fines	2 fines	1 fine

# CORPORATE GOVERNANCE STRUCTURE

The Bank’s board, committees and good corporate structure are valuable in setting, communicating and implementing policies, as well as applying transparent management and maintaining accurate information.

Displaying ongoing fair behavior toward customers and other counterparts creates public confidence and trust, which are central to maintaining smooth operations.

The administration of the Bank is performed by a dual management system which consists of the

Management Board and the Supervisory Board. The Management Board ensures the management of the Bank’s current business, while the Supervisory Board exercises overall control over the management activity conducted by the Management Board.

## THE SUPERVISORY BOARD

The role of the Supervisory Board is to appoint and advise the Management Board and supervise the performance of its management duties and control responsibilities. In carrying out its role, the Board is guided by the interest of the company, its stakeholders, and the corporate social responsibility principles to achieve lasting increases in the value of the company.

The Supervisory Board consists of eight members, appointed by the General Shareholders Meeting with a four-year mandate (structure available at December 31<sup>st</sup>, 2016):

- Karl Sevelde  
Chairman

→ Martin Gruell  
Vice-chairman

→ Johann Strobl  
Member

→ Peter Lennkh  
Member
- Klemens Breuer  
Member

→ Andreas Gschwenter  
Member

→ Ileana-Anca Ioan  
Independent member

→ Ana Maria Mihaescu  
Independent member

The Supervisory Board established five committees from among its members:

- AUDIT COMMITTEE (3 members): mainly approves the internal audit regulations, appoints auditors and ensures smooth cooperation during the audits

→ NOMINATION COMMITTEE (3 members): empowered to recommend to the Supervisory Board or the Bank’s GSM candidates for vacancies on both the Management Board and Supervisory Board
- REMUNERATION COMMITTEE (3 members): concerned with the Board’s remuneration while always considering the long term interests of the shareholders

→ EXECUTIVE CREDIT COMMITTEE (2 members): decides credit lines and approves the granting of loans

→ SUPERVISORY BOARD RISK COMMITTEE (3 members): provides consultancy to the Supervisory Board regarding strategy and risk and assists in strategy implementation

2016							
THE SUPERVISORY BOARD	MEN		WOMEN		TOTAL		
under 30 years old	0	0	0	0	0	0	
30-50 years old	2	25%	0	0	2	25%	
over 50 years old	4	50%	2	25%	6	75%	
TOTAL	6	75%	2	25%	8	100%	

THE MANAGEMENT BOARD

The Management Board ensures the good management of the Bank and authorizes all transactions within its scope of business.



The members of the Management Board (structure available at March 31<sup>st</sup>, 2017) are:

- Steven van Groningen  
President & CEO

→ James D. Stewart, Jr.  
Vice-president, Treasury & Capital Markets Division

→ Vladimir Kalinov  
Vice-president, Retail Banking Division

→ Cristian Sporiş  
Vice-president, Corporate Banking Division
- Mircea Busuioceanu  
Vice-president, Risk Division

→ Bogdan Popa  
Vice-president, Operations & IT Division

→ Mihai Ion  
Vice-president, Financial Controlling & Accounting Division

To assist in managing the operations of the Bank, the Management Board has set up nine committees, with distinct roles:

- ASSET AND LIABILITIES COMMITTEE
- RISK COMMITTEE
- CREDIT COMMITTEE
- PROBLEM LOAN COMMITTEE
- PRIVATE INDIVIDUALS CREDIT COMMITTEE
- PROJECT PORTFOLIO COMMITTEE
- RULES AND PROCEDURES COMMITTEE
- SECURITY COUNCIL
- INVESTMENT & PRODUCT GOVERNANCE COMMITTEE

GENERAL MEETING OF SHAREHOLDERS

The General Shareholders Meeting (GSM) is the supreme body governing the Management Board and the Supervisory Board. Meetings may be ordinary or extraordinary. The extraordinary GSM role involves decisions such as mergers or changes in legal forms and/or amendments to the articles of incorporation of the Bank. The ordinary GSM approves the budget of revenues and expenses and the business plan, discusses and approves financial statements of the Bank, while its members select, revoke or discharge members of Supervisory Board and consider the performance of Management Board.

2016							
THE MANAGEMENT BOARD	MEN		WOMEN		TOTAL		
under 30 years old	0	0	0	0	0	0	
30-50 years old	4	57%	0	0	4	57%	
over 50 years old	3	43%	0	0	3	43%	
TOTAL	7	100%	0	0	7	100%	

# RECOGNITION & AWARDS

The Bank continues to gain attention from recognized institutions and from the business community.

## 🏆 7 INTERNATIONAL AWARDS

- Best Foreign Bank, by EMEA Finance (5<sup>th</sup> consecutive year)
- Bank of the Year, by The Banker magazine (5<sup>th</sup> consecutive year)
- Best Private Banking in Romania, by Global Finance
- Best Private Banking in Romania, by Euromoney
- Best Private Banking in Romania, by The Banker & Professional Wealth Management
- The Best Bank in Romania by EMEA Finance, the well-known British financial publication
- The Best Private Banking Service in Romania, for Friedrich Wilhelm Raiffeisen segment, by Euromoney, Global Finance and The Banker & Professional Wealth Management

## 🏆 4 NATIONAL AWARDS FOR CSR

- RStyle program, awarded at the Romanian CSR Awards Gala
- Excellence Recognition for 2015 CSR report, at PR Awards Gala
- PR Professional of the Year, received by Corina Vasile, Communications and Public Relations Director, at PR Awards Gala
- Social Responsibility Award, at Forbes Banking Awards



## 🏆 6 NATIONAL AWARDS FOR BUSINESS

- The Bank of the Year in e-Commerce for its 2015 activity, at Nocash Gala Awards
- The award for the MasterCard Standard as the most sold credit card, offered by www.No-cash.ro
- Award for "The Wakanda" Inspire to Aspire program, in People development category at the Excellence Human Resources Gala
- The Award for the biggest number of customers using internet Banking service & The Award for the biggest amount of money proceeded using the mobile Banking service, by Finmedia (Online Banking Awards Gala)
- The award for the acquisition of the biggest number of internet Banking by a commercial Bank from Romania & The Award for the biggest amount of money proceeded using the mobile Banking service, by Piata Financiara Magazine (Online Banking Gala)
- Best use of technology in Banking, by Business Arena Magazine

## 🏆 2 AWARDS FOR STEVEN VAN GRONINGEN, THE PRESIDENT&CEO OF RAIFFEISEN BANK

- Award for the most admired Banker, by Business Magazine Gala, CEO Awards 2016
- Longest Serving CEO, by Forbes Banking Awards

# MEMBERSHIPS

## PROFESSIONAL ASSOCIATIONS

- Romanian Banking Association
- Romanian Factoring Association
- Romanian Pension Funds' Association (APAPR)
- Romanian Association of Asset Managers
- Romanian Electronic Payments Association (APER0)

## BUSINESS ASSOCIATIONS

- Foreign Investors Council (FIC)
- Coalition for the Development of Romania
- Romanian Business Leaders
- Austrian Business Club Bucharest
- Belgian Romanian Business Association

## EMPLOYERS' ASSOCIATIONS

- Council of Banking Employers' Associations in Romania
- Concordia Employer's Confederation

## CHAMBERS OF COMMERCE

- American Chamber of Commerce (AmCham) in Romania
- Switzerland-Romania Chamber of Commerce
- Romanian-German Chamber of Commerce and Industry (AHK)
- Netherlands Romanian Chamber of Commerce (NRCC)
- The Chamber of Commerce and Industry of Romania (CCIR)

## OTHER

- Aspen Romania Institute (ASPEN)
- Junior Achievement Romania



# PARTNERSHIPS & INITIATIVES FOR SUSTAINABILITY

## UNITED NATION GLOBAL COMPACT

The Bank, as a member of the Romanian Global Compact Local Network, has become part of a prominent group of Romanian business leaders who work together to overcome local and global sustainability challenges. The Bank has taken on the role of a national leader and sets the example of excellence toward sustainability by acting upon and promoting responsible business practices.

## ROMANIAN CENTRE FOR EUROPEAN POLICIES

The companies covered by the non-financial reporting Directive, adopted in November 2014 by the European Council, will now have to submit information on their corporate responsibility policies, practices and their effectiveness. The Bank, as a leader in Romania in terms of community involvement and reporting standards, together with CRPE, are endorsing the transposition of the non-financial reporting directive, aiming to achieve swift implementation and produce positive effects in the community and the country as a whole.



## LONDON BENCHMARKING GROUP

The LBG system is used by companies worldwide in order to evaluate and report the value and results of their community investments. This theoretical model analyses community investments in terms of the reasons behind them (charitable, commercial or strategic), the types of invested resources (money, time or in-kind) and the type of supported causes. The LBG system also considers how the company's investments benefit both the community and itself. According to this methodology, the main targets of community projects are the end-beneficiaries and community, the partner organization, the environment and the company. The changes generated in these areas are evaluated according to how seriously they meet the community needs, in order to assess their sustainability.



## GLOBAL REPORTING INITIATIVE

GRI is an international independent organization that helps businesses, governments and other organizations to understand and communicate the impact of business on critical sustainability issues, including climate change, human rights, corruption and many others. The GRI Standards, released in October 2016, are the first global standards for sustainability reporting and represent the global best practice for reporting on a range of economic, environmental and social impacts. The GRI Standards are the latest evolution of GRI's reporting disclosures, which have been developed over more than 15 years of a robust multi-stakeholder process. The Standards are based on replacing the GRI G4 Guidelines, the world's most widely used sustainability reporting disclosures. The Bank has now adopted the new GRI standards to improve sustainability management internally, to increase stakeholder awareness and engagement, and to raise the sustainability performance bar nationally.

# ECONOMIC PROFILE

2016 ended with a 4.8% GDP growth mainly due to the increase in private consumption. The Bank’s loan portfolio increased by 10% compared to the 2015 year-end, from € 4.24 billion in 2015 to € 4.65 billion in 2016.

Newly-approved loans by the Bank reached € 2.5 billion, of which one third were granted to households, most of them due to the ‘Prima casă’ program initiated by the government. Although the market is dominated by very low interest rates, the customer deposit base grew by 11% as the Bank gained trust from customers. Therefore, the Bank registered a profit of 100 million €, which was 2 million € more than in 2015.

According to consolidated financial statements which have been prepared according to the International Financial Reporting Standards (IFRS), adopted by the European Union, there was a 4% increase in earnings per share while the premium customer segment has increased by 12% (number of costumers). Moreover, within the SME segment, new investments loans and working capital financing grew by 12%.

DESCRIPTION	2015	2016
Total number of operations	510	481 outlets (3 head offices & 478 branches)
Retail customers	2,000,000	2,000,000
SMEs customers	100,000	100,000
Large and Medium-sized corporate customers	8,200	5,600* (includes only the active business customers)
Number of employees	5,349	5,308



DESCRIPTION THS* EUR	2015	2016
Direct economic value generated:		
→ Revenues	382,088	377,718
Economic value distributed:	(284,939)	(277,741)
→ Operating costs	(150,562)	(140,788)
→ Employee wages and benefits	(116,420)	(116,819)
→ Payments to shareholders	-	-
→ Payments to government/state	(17,957)	(20,134)
Economic value retained (calculated as "Direct economic value generated" less "Economic value distributed")	97,150	99,977

\*THS=Thousands

**2016**  
**NET INTEREST  
INCOME**  
**245,955**  
THS EUR

**TRADING  
PROFIT**  
**66,551**  
THS EUR

**NET PROFIT  
FOR THE YEAR**  
**99,977**  
THS EUR

DESCRIPTION THS* EUR	2015	2016
<b>PROFIT &amp; LOSS</b>		
Net interest income	233,907	245,955
Net commission income	135,259	134,588
Trading profit	64,001	66,551
Administrative expenses	(266,981)	(257,607)
Profit/(loss) before tax	115,107	120,111
Profit/(loss) after tax, before the net income obtained from the sale of interrupted activity	97,150	99,977
Net profit for the year	97,150	99,977
Number of ordinary shares	12,000	12,000
Earnings per share (in EUR/share)	8,096	8,331
<b>BALANCE SHEET</b>		
Loans and advances to Banks (including placements with Banks)	251,717	120,272
Loans and advances to customers	4,012,286	4,351,593
Deposits from Banks	138,597	128,386
Loans from Banks	359,040	250,509
Deposits from customers	5,247,695	5,809,571
Equity (including minorities and profit)	698,031	709,947
Balance-sheet total	6,949,525	7,359,409

\*THS=Thousands

DESCRIPTION THS* EUR	2015	2016
<b>REGULATORY INFORMATION</b>		
Risk-weighted assets, including market risk	4,015,640	4,289,636
Total own funds	842,855	779,581
Total own funds requirement (RWA*8%)	321,251	343,171
Excess cover ratio (Own funds-capital requirements)	521,604	436,410
Core capital ratio (Tier 1), including market risk (Tier 1 ratio = Tier1/RWA)	16.34%	14.66%
Own funds ratio	20.99%	18.17%
<b>PERFORMANCE</b>		
Return on equity (ROE) before tax	18.16%	17.91%
Return on equity (ROE) after tax	13.62%	14.91%
Cost/income ratio	58.77%	58.46%
Return on assets (ROA) before tax	1.76%	1.70%
Risk/earnings ratio	27.43%	42.24%

According to its Sponsorship Policy, the Bank does not issue any financial or/any in-kind contributions nor participate in any kind of contribution to political parties or affiliated institutions of individual politicians. In addition, in 2016, the Bank did not receive any aid in any form from the Romanian Government.

**2016**  
**TOTAL OWN FUNDS**  
**779,581**  
THS EUR

**COST/INCOME RATIO**  
**58,46%**



# INTEGRATING **3** SUSTAINABILITY

The concept and principles of sustainability have been part of the Bank's approach to responsible business for a long time. Its customers enjoy the financial products they need to expand their businesses, capitalize on opportunities and enhance their quality of life. The role of the Bank is fundamental in every aspect of family, business, social life, at the individual and collective level, and our policies, procedures, and their application have the power to affect the economic state even beyond the national level.

# STAKEHOLDERS

The Bank engages its stakeholders in dialogue to find out what social and environmental issues matter most to them about the Bank's performance in order to improve decision-making and accountability. The stakeholder engagement process is a key part of corporate social responsibility (CSR) strategy.

For the Bank, stakeholder engagement is an interactive process which involves investing in relationship with all of the stakeholder groups that can impact or be impacted by the Bank, either directly or indirectly. Those groups have been identified and mapped, and the table below captures the details of the Bank's communication with its stakeholders.

STAKEHOLDER GROUPS	KEY TOPICS AND CONCERNS	HOW WE RESPOND AND ENGAGE
Employees	Benefits Personal and professional development Working environment Health and safety Culture and values Policies and procedures	Continue the program 'Your Voice' and increase the employees' contribution to management decisions Provide training opportunities and benefits Continue the annual employee opinion survey (EOS) Increase the presence of women in leading roles Provide training and development Promote voluntary participation Conduct Annual Internal Collaboration Satisfaction Survey (ICSS)
Customers (SMEs, Retail, Corporate)	Convenience and ease of transactions Confidentiality Ethical issues Safekeeping savings Responsible investments Security Ease of business Transparency Financial returns Social profile of the Bank	Contacting 10,000 clients on a monthly basis to obtain feedback on their level of satisfaction with the employees' interaction and services Innovative products offerings and online services Compliance with the laws and regulations Code of Conduct Positive financial results Position papers
Suppliers and Service Providers (IT, non-IT and rents service providers)	Trusted partner Synergies Transparency On time payment Quality Environmental friendly approach	Strengthen communication Committed to supplier diversity and the further development of the supply chain in line with best sustainability practices Supplier commitment to the Code of Conduct Cooperation with suppliers from the local community Support local suppliers Contractual clauses for national legislation for environmental protection in all contracts

Business partners	Transparency Synergies Embrace sustainable stewardship and practices	Position itself as close as possible to partners and customers Customized advice Dedicated points of contact
Community partners and NGOs	Addressing social challenges Demonstrating continuous support Synergies Sponsorship	Working together towards corporate social responsibility Strategic partnerships to tackle social issues Being a leader in community engagement-driving efforts Funding and active participation in all community initiatives Joint initiatives and partnerships Continue to support small and medium NGOs through Raiffeisen Communities program ( <a href="http://www.raiffeisencomunitati.ro">www.raiffeisencomunitati.ro</a> )
Community at large and local community	Well-being of citizens Financial education of citizens Demonstrate strong community spirit Awareness of environmental challenges Resolve social issues Employment Community support	Participate in and finance community projects Organize meetings, consultations and surveys on a regular basis Take up the role of facilitator Support urban ecology projects Continue to support local community projects through Raiffeisen Communities program ( <a href="http://www.raiffeisencomunitati.ro">www.raiffeisencomunitati.ro</a> ) Supporting community projects financially Supporting community projects through volunteerism
Supranational organizations	Transparency Community awareness Public profile of the Bank and its people Abiding to national and international law Financial and Non-Financial Performance	Establishing partnerships and ongoing dialogue Following the regulations and legislation in force Annual financial report Open communication Permanently engage in dialogue
Authorities and regulators	Abiding to national and international law Sustainable growth Financial and Non-Financial Performance	Supporting the national economy Equal opportunities employment Investing in human capital Complying with the national law Public policy and legislative proposals
Mass Media and bloggers	Timely and transparent information Channels of communication On-going communication Access to information	Press releases with news about financial products and services E-mails and meetings with press representatives News sharing Public relationship Corporate Social Responsibility Report Public consultation
Shareholders	Financial returns and performance Capital and leverage	Transparent financial performance Annual financial report General Meeting of Shareholders Dedicated department Website Public statements
Business and professional associations	Active participation in the national agenda	Open communication Active members

# MATERIALITY PROCESS AND OUTCOMES

Raiffeisen Bank uses a formal materiality process to identify the most important issues for its stakeholders and its business. It has shared this process and analysis in this chapter.

Indicative comments from the Bank's stakeholders included:

- Better communication about the Bank's strategies
- Involvement in the education domain (financial education, entrepreneurial education and education in general) of children and young people
- Establish partnerships with local councils where the Bank has branches, in order to find ways to improve the citizens' lives through various programs
- Demonstrate leniency for those who fail to honor their Bank' loans debts on time
- Provide loyal customers with benefits and local promotional schemes
- Promote ethical and sustainable management in Romania
- A clear preference for financial education programs

Integrating Sustainability in the way the Bank operates, supports us to develop better products for existing and new customers. Being aware of the needs and expectations of customers enables the Bank to serve them more effectively and efficiently. It also enables the Bank to create more value for society and to build the foundations of a social network based on inclusion, diversity and equality. The initiatives that are implemented

and fully integrated into the corporate strategy maximize the value created and distributed both inside and outside the boundaries of the Bank.

In preparation of the 2016 report, the Bank embarked on an ambitious, well-structured process across the management team and its stakeholders to define its materiality topics and focus areas. The process included two distinct phases:

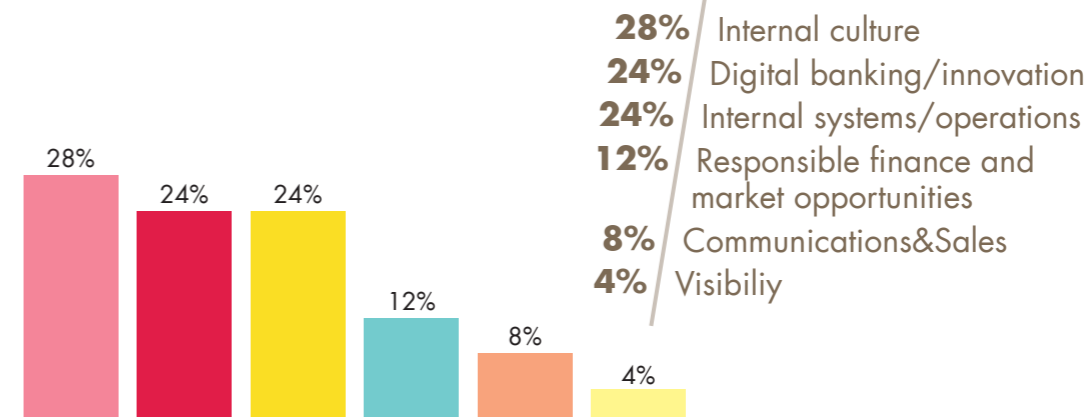
## Internal phase

The first phase of this process entailed identifying the views and priorities of the company. A list of topics and issues was developed and a detailed questionnaire was shaped and shared with key high profile company representatives (directors) across all functions of the Bank. The internal questionnaire, comprising both quantitative and qualitative elements, was developed to allow the participants to elaborate on certain areas and share their views, expectations and ideas. As a result, 26 responses from directors across all functions of the Bank were received, leading to the preliminary selection of topics that the Bank impacts across the People-Planet-Profit spectrum.

During the internal materiality process, valuable input and views were shared. The key outcomes revealed that special attention should be paid to:

- Innovation and the digital era
- Internal communications and culture
- Simplifying the internal processes – leaner models
- Partnership development
- Financial literacy programs for stakeholders

### PRIORITY AREAS ACCORDING TO RAIFFEISEN BANK'S MANAGEMENT TEAM (DIRECTORS)



Further analysis of the outcomes of the responses demonstrates that the Bank’s management team:

- Trust the Bank processes and consider that their view will be heard
- Are committed and wish to contribute to improvements
- Consider the internal processes a key improvement area
- Value sustainability reporting as a business and strategic tool
- Consider sustainability valuable for the Bank
- Perceive business, ethics, management and governance issues, as critical aspects of the Bank
- Clearly understand the importance of innovation and online and mobile channels for the Bank

### External phase

This phase entailed reaching out to the Bank's stakeholders. A representative survey was developed and conducted to allow stakeholders from various groups to raise issues, offer ideas, and propose initiatives, in confidence. The survey invited stakeholders to rank and prioritize topics based on their criteria and understanding of the socio-economic environment in which the Bank operates.

The following groups of stakeholders were invited to take part in the survey:

- Customers (SMEs, Retail and Corporate)
- Employees, with the exception of those who have been consulted during the internal phase (directors)
- Suppliers and service providers
- NGOs
- Mass media and bloggers
- Business and professional associations
- Authorities and regulators
- Supranational organizations



A total of 728 valid answers were received, representing a statistical sample relevant to the Bank for each group of stakeholders stated. The methodology used for this survey was the interview, using the technique of Computer Assisted Web Interview (CAWI), doubled by Computer Assisted Telephone Interview (CATI). The survey was developed in collaboration with the research agency, 360Insights.

The representation among the different stakeholder groups was very good, enabling the Bank to use the outcomes of this exercise to inform its corporate decision making, going beyond the remit of the sustainability report.

The outcomes of the recent exercise showcase the relationship the Bank has established with its stakeholders and the appreciation of its commitment to responsible and sustainable business. However, it is also apparent that the Bank needs to strengthen its engagement with its stakeholders to facilitate better information and education for customers regarding the Bank’s best practices.

### IDENTIFICATION OF POTENTIAL TOPICS

- List potential topics from various internal and external sources



### SHORTLISTING OF TOPICS

- Company representatives evaluated and selected the most important topics



### STAKEHOLDERS VALIDATION

- Stakeholders ranked the selected topics based on their views and priorities



### PRIORITISATION

- The views and selected topics and outcomes of the previous 2 stages informed the list with the material topics for the reporting year



### DEVELOPMENT OF MATERIALITY MATRIX

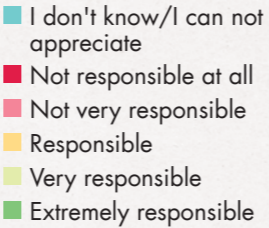
- The material topics are placed in a Matrix and included in the report

How responsible do you consider Raiffeisen Bank Romania is as a company?



The overall answers to the question has yielded rewarding results, such as:

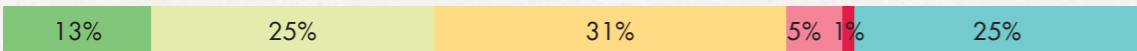
- “Not responsible” option ranked below 2%
- “Responsible” and “Very responsible” options combined exceeded 50%
- “Extremely responsible” ranked between 10%-16%
- “Not Responsible” and “Not very responsible” options ranked between 3%-10%
- The majority of the answers were for the option “Responsible”



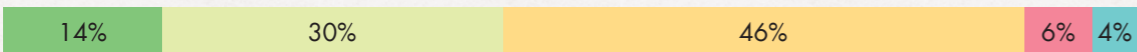
Responsible towards the community



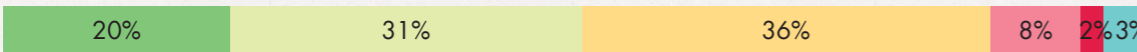
Responsible towards the environment



Responsible towards products and services



Responsible towards its costumers

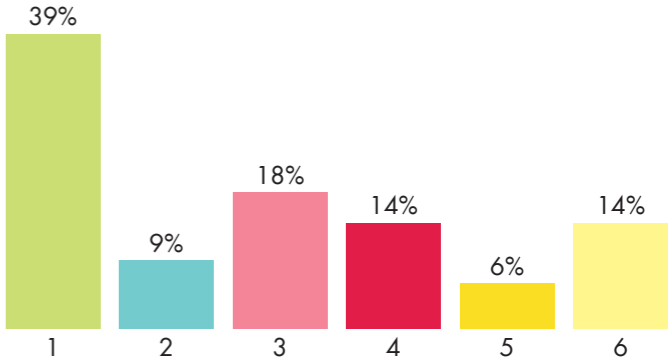


Responsible in general



The Bank recognizes that the materiality exercise signalizes the beginning of more active engagement with the stakeholders and that additional opportunities need to be mapped, selected and deployed, in order to increase stakeholder input and engagement. Sustainability reporting is one area of the business that requires active stakeholder participants, but in order to better understand the stakeholders and incorporate their views into the business strategy, the engagement processes currently followed needs to evolve.

The engagement of the stakeholders enables them to provide valuable feedback on the Bank’s performance and to offer ideas about future activities and programs. The Bank analyzed and categorized, further, the input received and organized the responses into the following six categories:



INPUT FROM  
STAKEHOLDERS

CATEGORY

39%

1. COMMUNITY/SOCIAL/ENVIRONMENTAL ISSUES: includes recommendations, comments and suggestions on community investment, and social and environmental initiatives. This category includes input related to the performance of the Bank, and on internal and external opportunities and issues related to local communities, society and environment.

9%

2. CUSTOMER EXPERIENCE: input related to online and offline customer experience is included here, among side with any recommendations that lead to higher customer satisfaction.

18%

3. BUSINESS PROCESSES: policies and procedures related to the internal operation of the Bank form part of this topic. Everyday work procedures, including HR policies and innovation are included here.

14%

4. RESPONSIBLE BANKING: operational topics that are related to responsible banking processes and management approaches that characterize a responsible company fall under this category.

6%

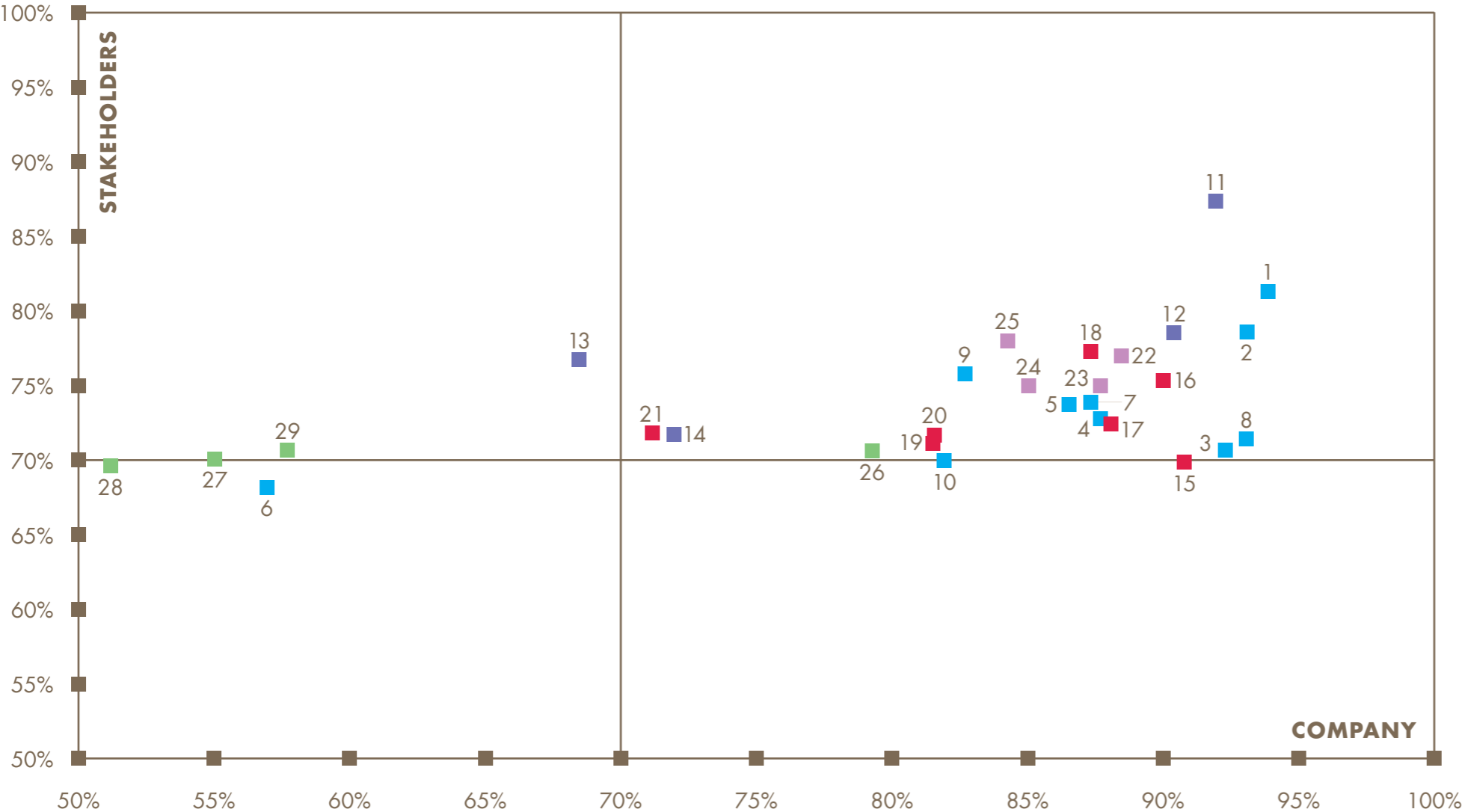
5. MARKET PRESENCE/BRAND VISIBILITY: all topics that refer to marketing, public relations, promotion and the visibility of the Bank are included in this category.

14%

6. OTHER: all other topics that do not fall into any of the above categories are included here.

# Materiality matrix

The results of the internal and external materiality process were combined and a list of the key priority topics emerged, in the form of a matrix, displaying both internal and external priorities.



## CORPORATE GOVERNANCE & PERFORMANCE

- 1 Corporate governance & business ethics
- 2 Anti-corruption
- 3 Management & leadership
- 4 Stakeholder engagement
- 5 Innovation
- 6 Public Policy
- 7 Anti-competitive behavior
- 8 Financial performance
- 9 Market presence
- 10 Indirect economic impacts

## RESPONSIBLE FINANCING

- 11 Customer privacy
- 12 Responsible products and services
- 13 Marketing and labeling
- 14 Procurement practices

## WORKPLACE

- 15 Employment
- 16 Occupational health and safety
- 17 Diversity and equal opportunity
- 18 Training and education
- 19 Labor/management relations
- 20 Non-discrimination
- 21 Human rights assessment

## SOCIETY











- 22 Volunteering and community development/investment
- 23 Socio-economic compliance
- 24 Social performance
- 25 Local communities

## ENVIRONMENT

- 26 Environmental performance
- 27 Energy
- 28 Effluents & waste
- 29 Materials




















All the material topics included in the materiality matrix have been validated by both internal and external stakeholders, based on the process followed for the 2016 Sustainability report. The Bank understands that this is a dynamic process and will need to be repeated at regular intervals in order to remain relevant to its business priorities. Following this process, the Bank also realized that each material topic applies to some extent to all business functions and is relevant, to some degree, to all stakeholders, both internal and external.

## Boundaries of Material Topics

NO. MATERIAL TOPICS		BOUNDARY		STAKEHOLDERS	REFERENCE IN THE REPORT (Page number)
		Inside the Bank	Outside the Bank		
1	Corporate governance and business ethics	v	v		18-27, 52-53
2	Anti-corruption	v	v		18-27, 52-53
3	Management & leadership	v	v		5, 52-53, 76-79, 92-94
4	Stakeholder engagement	v	v		40-53
5	Innovation	v	v		42-52, 55-58, 75-77, 86, 98, 129,
6	Public policies	v	v		18-27, 58
7	Anti-competitive behavior	v	v		18-27
8	Financial performance	v	v		34-37
9	Market presence	v	v		34-35
10	Indirect economic impacts	v	v		102-118, 121-123

## STAKEHOLDERS

- Employees
- Customers (SME'S, Retail, Corporate)
- Suppliers and Service Providers
- Business Partners
- Community partners and NGOs
- Community at large and local community
- Supranational organizations
- Authorities and regulators
- Business and professional associations
- Mass media and bloggers
- Shareholders
- Business Community

Responsible financing					
11	Customer privacy	v	v		20-23
12	Responsible products and services	v	v		55-73
13	Marketing and labeling	v	v		18-23, 64-65
14	Procurement practices	v	v		18-19, 71
Workplace					
15	Employment	v	v		76-99
16	Occupational health and safety	v	v		96-98
17	Diversity and equal opportunity	v	v		84-88
18	Training and education	v	v		92-95
19	Labor/management relations	v	v		80, 87-88
20	Non-discrimination	v	v		19, 84-88
21	Human rights assessment	v	v		84, 99,
Society					
22	Volunteering and community development/investment	v	v		101-119, 126-127
23	Socio-economic compliance	v	v		18-23
24	Social performance	v	v		101-119, 126-127
25	Local communities	v	v		71, 101-119, 126-127
Environment					
26	Environmental performance	v	v		122-135
27	Energy	v	v		129-130
28	Effluents and waste	v	v		128-132
29	Materials	v	v		128-130, 134

# STRATEGY FOR SUSTAINABILITY

Raiffeisen Bank plays a prominent role in the economic development of Romania, promoting responsible management practices, supporting the community and increasing awareness of environmental deprivation.

It became clear from the outcomes of the materiality exercise that stakeholders increasingly demand and expect the Bank to integrate environmental, social and financial considerations into its long term corporate strategies. The Bank has proactively integrated sustainability principles in the design process for green/sustainable products, people development, health and well-being, community engagement, and resource management and has placed sustainability at the epicenter of its continuous improvement process and innovation direction.

The Bank is privileged to be supported by a robust systemic approach, developed at a group level. It is important to be supported by a culture

that considers sustainability as a priority and places responsible business at the heart of its operations. This allows the Bank to build its strategy on stable ground and work to enhance further its national and local approach. Its commitment to sustainability is a distinguished characteristic, evident from the local as well as international operations in which the group is active.

Further to identifying its significant topics from the materiality exercise, the Bank has mapped them into a framework which encapsulates all of the company's priority areas, a holistic approach that relates to corporate priorities and complies with the international approaches to Sustainability.

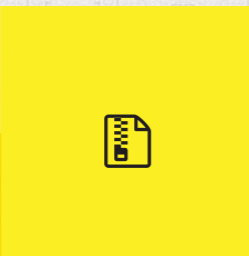
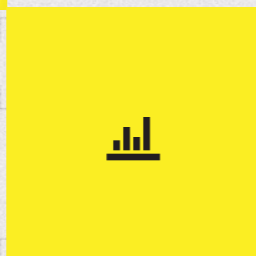
## Corporate governance and performance

Corporate governance and business ethics -  
Anti-corruption - Management & leadership -  
Stakeholder engagement - Innovation - Public policy -  
Anti-competitive behavior - Financial performance -  
Market presence - Indirect economic impacts



Especially following the materiality exercise, the Bank has been analyzing the valuable input on the key areas that define its sustainability pillars and their relevant importance. Working on this input, the Bank is able further to inform its strategic priorities, act upon the selected material areas and define a better structured approach to achieving its commitments.

As the sustainability report is a platform for communicating the progress made in the implementation of the Sustainability framework and strategy, the Bank is committed to sharing how it integrates sustainability considerations into its core business strategy and effectiveness.



# OUR WORK **4**

## **Responsible Financial Partner**

Our business strategy, policy decisions and procedures are available to the general public at all times. Better public understanding makes the policies more effective and credible. At the same time, the Bank adopts a continuous dialogue with suppliers and partners, as part of its ethical culture. Providing all of the necessary information related to the products and services and taking further steps to increase transparency, are some of the achievements of the Bank.

# 2016 Achievements



Launched online customer enrolment and cash loan flows through the new internet platform **www.raiffeisen.ro**

An **80%** increase in Mobile Banking active users compared to 2015 (about 2.4 million monthly log-ins)



Significantly increased the number of mobile offices organized at employers' premises

Online loan applications became available through the "flexi credit facility"

Current account packages for students and minors without cost and current accounts at a lower cost for retirees



Initiated the digital transformation by switching to **Google Apps**, a landmark in Romanian Banking history

The Bucharest Stock Exchange and Raiffeisen CentroBank (RCB) launched three warrant investment products on the Romanian market, listed in partnership with their distribution channel, Raiffeisen Bank



The Bank implemented a new phone customer interaction channel based on automatic speech recognition. Customers who contact the Call Center are greeted by **Ana, the Bank's virtual operator**

Launched the first "self-service" agency in Cluj, with 24/7 access to ATM, MFM, phone and computers for online banking

Offered new digital functionalities for its customers:

- tax payments through Smart Mobile and Raiffeisen Online
- digital print access
- rapid money transfer through the Smart Mobile widget

Continued to invest in the multifunctional machine network that reached 141 by the year-end, compared to 39 in 2015



Customers made **89% of payments electronically**, 3% more than in 2015

Raiffeisen Bank initiated the partnership with G4S, for the CASH360 solution, that provided companies with an innovative and flexible solution of cash management

Simplified the transactional services market by launching the new current account packages for private individuals

Continued to focus on digitization; about

**280,000**

customers were active on the Bank's digital channels, an increase

of **25%** compared to the previous year

# SOLUTIONS FOR CUSTOMERS

The Bank develops products and services that aim to exceed customer expectations. Tailor-made packages for products and services have been prepared to allow corporate customers and SMEs to obtain solutions in just one visit to the Bank.

Efforts have been made to offer more convenient banking services and products. Multi-distribution channels offer customers flexibility and convenience while the growth and innovation in digital products during 2016 helps the Bank to meet its customers' requirements. Products have been redesigned to meet customer's expectation and to increase the service quality, regarding ease of use, comfort, time and convenience. During 2016, the Bank continued to invest in technology and the development of electronic channels, launched a new website and mobile app, and achieved

an interconnection with the authorities' database. Customers can now carry out multiple operations easily using a mobile phone through Smart Mobile and via Internet Banking. Safekeeping consumers' savings and responsible investments while creating a unique experience for consumers is a focus for the Bank. Digitalization and adapting legislation to suit the state-of-the-art technology will continue to be very important in the years to come and the Bank will be actively involved in this field.

# GOING THE EXTRA MILE

Beyond business-as-usual, the Bank's product management and development considers the requirement of responsible and reliable products that respect the needs of special customer segments. Development is being regulated by internal procedures while each product is being governed by specific national legislation and internal binding policies and guidelines.



## FOR STUDENTS

Student-friendly value proposition focuses on easiness, mobility security and an attractive cost structure.



## FOR SMEs

SMEs form the backbone of the local and global economy. A specialized and dedicated team in the Bank is responsible for developing SMEs strategies that match their profile transactions and financial needs.

Appropriate solutions, customized financial advisory services and dedicated assistance to SMEs will help to boost the economy and increase the well-being within the community. The SMEs' lending portfolio maintained a stable growth of 7.5%, reaching Eur 385 million within the reporting year.



## RETAIL CUSTOMERS IN VULNERABLE SITUATIONS AND FINANCIAL DISTRESS

The Bank understands that, at times, customers may experience financial difficulty. During 2016, the effort to develop a new approach in line with retail customers' issues continued.

The entire portfolio, having a restructuring offer implemented within 2016, reached almost 1,900 retail customers, with a balance amounting to € 41.5 million. The solutions offered to the customers included: temporary reduction of interest and principal\* between 1 and 6 years, writing-off of principal based on customer good payment behavior (after a certain time-frame, based on a restructuring offer) or up-front writing-off of the principal (at the time of restructuring), tenor extension and the consolidation of customers' loans.

A new restructuring method was designed for CHF loans to offer relevant discounts along with currency change and instalment reductions for customers facing financial difficulties.

Around  
**700 customers**  
benefited from this restructuring  
solution, with a balance  
amounting to almost  
**CHF 31 million**  
(a significantly higher volume  
compared to 2015).

Since 2010, Raiffeisen Bank contractually offers to all customers, free of charge, at their choice, the possibility to defer up to 3 monthly instalments during the loan period in exchange for a 3-month extension thereof. These contractual possibilities allow customers facing temporary financial problems, by making a simple request, easily to overcome a difficult period. The Bank knows that unforeseen events may occur in each and any customer's life, positive or negative, and thus tries to offer this facility to customers who wish to pay but fail.

\*Reducing the amount due and the relevant interest

Special attention is paid to customers who encounter difficulties in the repayment of loans following tragic situations, such as the death of a borrower, divorce, or serious health issues.

In 13 of these cases,  
debts amounting to  
**€ 287,000**  
were written-off.

In order to recover debts, the amicable collection is the main approach used by Raiffeisen Bank. The Bank works to communicate with customers in financial distress but not yet in arrears and offer them various solutions. The Bank takes proactive steps to promote amicable collection options, restructuring solutions or partial write-offs to avoid enforcement procedures.

The steps taken prior to the enforcement procedures being applied include:

- amicable collection by phone calls, SMS, letters, or home visits, carried out by specialized, internal teams or through collection agencies
- the proposal of proactive restructuring solutions (educating customers who are not aware of these possibilities)
- offering a partial write-off of unsecured loans debts or those secured by the collateral voluntary sale procedure

Amicable collection can be up to 6 months after the first delay, providing a sufficient period for recovery or restructuring of the debt, including the principal debt's reduction.

The criteria considered in settling social cases include: the death of a debtor or spouse, serious health problems, unemployment, income reduced below the national minimum wage, and real estate destroyed by accidents that are not covered by insurance.

The Bank intends that enforcement should be, as far as possible, avoided. In the case of enforcement procedures, the amicable solutions provided shall

continue in parallel, of which we mention - voluntary selling options of the guarantee with the remaining residual value discounted (there were 49 cases of secured loans) or repositioning on schedule (76 cases). These options are further provided to avoid enforcement or additional costs being paid by the customer to the bailiff. Unfortunately, there are situations in which the customers react too late and only upon the bailiff's notice, contact the Bank to reach a deal, but even if it is achieved, the costs of enforcement must be already paid to the bailiff.

Raiffeisen Bank aims to educate and promote, via the actions undertaken, amicable collection, and transparent information and restructuring solutions.

- » The number and volume of loans qualifying for partial or total debt reduction:
  - 13 social cases:
    - Balance: € 692,000
    - Debts written-off amounting to: € 287,000
  - 49 VAS Cases:
    - € 4.30 million
    - Price charged: € 1.028 million

VAS = Voluntary asset sell

- » The number and volume of restructured loans with a discounted price and capital reduction (restructuring granted to customers not falling into the social criteria, but distressed):
  - Restructuring 1,899 customers' loans, the Balance amounting to € 41.5 million
- » The total portfolio of outstanding loans for retail customers at December 31<sup>st</sup>, 2016:
  - Retail loans: 361,544 products worth € 2.48 billion
- » And the CHF portfolio:
  - Restructuring 702 customers' loans, the Balance amounting to CHF 30.9 million



FOR THE LESS PRIVILEGED

Showing its commitment to local communities, in 2016, the Bank increased its access points in economically underdeveloped and less populated areas. The total number of ATMs, including multi-services machines, in 2016, was 1,232 and there was a total of 478 branches, thus increasing the number of access points to 1,710.



ACCESS POINTS IN ECONOMICALLY DISADVANTAGED OR LESS POPULATED AREAS

	ATMS	BRANCHES	TOTAL	% OF THE TOTAL NUMBER OF ACCESS POINTS OF THE BANK
2015	117	45	162	10%
2016	150	74	224	13%

# COMMUNICATION WITH CUSTOMERS

Customer surveys are a useful tool for measuring the overall customers’ perceptions and satisfaction. The Bank contacts a large number of customers on a monthly basis to obtain feedback on their level of satisfaction with the employees’ engagement and the service.

The Bank invests in nurturing relationships with its customers and continuously monitors their perceptions and satisfaction regarding the service they receive.

\*Net Promoter Score = % Promoters (10+9) – % Detractors (6+...0)

NO	SURVEY NAME	CUSTOMER SEGMENT	INDICATOR	RESULTS 2015	RESULTS 2016
1	Second day call	Private individuals (PI)	Overall satisfaction with the Bank’s employees	65.3% very satisfied or extremely satisfied	65.2% very satisfied or extremely satisfied
2	Second day call	SMEs	Overall satisfaction with the Bank’s employees	66.4% very satisfied or extremely satisfied	66.4% very satisfied or extremely satisfied
3	Second week call	PI	Satisfaction with the complaint management	39% very satisfied or extremely satisfied	34.8% very satisfied or extremely satisfied
4	Second week call	SMEs	Satisfaction with the complaint management	50% very satisfied or extremely satisfied	56.3% very satisfied or extremely satisfied
5	Net Promoter Score*	PI	Intention to recommend the Bank	27	34
6	Net Promoter Score*	SMEs	Intention to recommend the Bank	Small Enterprises: 38 Medium Enterprises: 41	Small Enterprises: 41 Medium Enterprises: 42
7	Net Promoter Score*	Corporate	Intention to recommend the Bank	43	44



Transparency helps stakeholders and employees to monitor operations while keeping the Bank accountable. Any changes in the “Terms and Conditions” relating to credit facilities are constantly being communicated, while interest rates, charges and fees are displayed in the public areas of the Bank.

# SOCIAL AND ENVIRONMENTAL INVESTMENT RISK

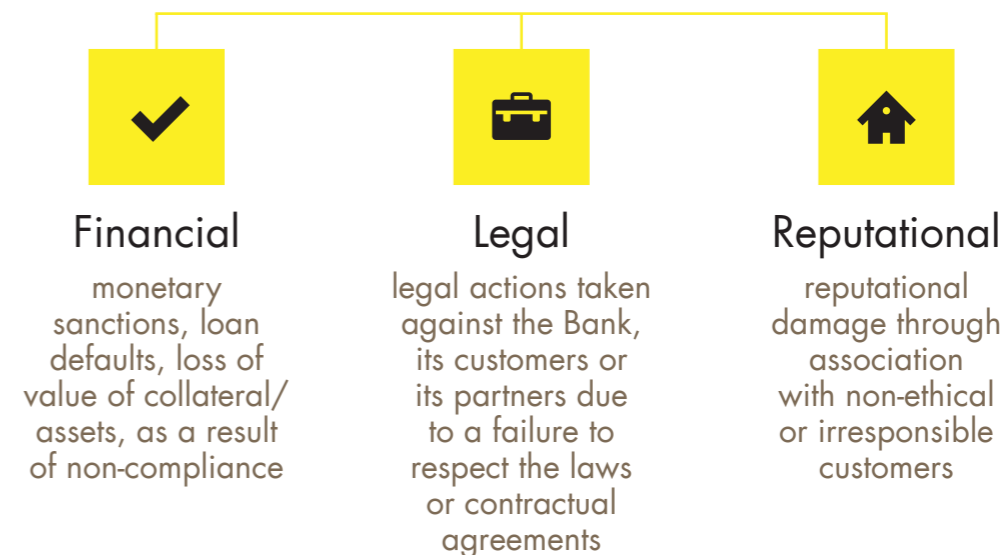
The purpose of the Bank is to lend money responsibly. Thus, several policies regarding risk levels have been put in place.

The Bank introduced in 2014 a policy related to the areas of environment and social risk management and has now become part of the Environmental and Social Management System (ESMS). The Bank's Social and Environmental Risk Management Policy is applicable to all business lines and is used to evaluate all potential corporate customers.

The focus is on:

- financing projects with an acceptable environmentally and socially risk which are sustainable on the long run
- minimizing the environmental and social risk for the Bank
- minimizing the environmental and social risk for the Bank's partners (customers and/or suppliers)
- complying with the national and international legal requirements and standards regarding environmental and social risks

Through this policy, the Bank aims to minimize the social and environmental risk to the Bank itself, its customers and its partners, in three key areas:



The risk level is classified into three categories (low, medium and high). The main criteria refer to the environmental (Environment and Health & Safety) and social (Social and Labor) risks associated with financing a project (lending/investment) and include: business sector, term of loan, size of loan, and collateral offered. The process of evaluation in terms of social and environmental risks is implemented through working instructions integrated into the lending process for legal entities.

% OF LOAN PORTFOLIO WITH AVERAGE OR HIGH SOCIAL OR ENVIRONMENTAL RISKS	2014		2015		2016	
	Average risk	High risk	Average risk	High risk	Average risk	High risk
Social risk	14.6%	33.5%	14%	33.3%	14.3%	28.8%
Environmental risk	21.1%	19.8%	20.7%	19.9%	20%	14.1%

The purpose of the Bank is to lend money responsibly. This guiding policy allows the Bank to identify investment opportunities with low risk which are not associated with unethical practices. Such opportunities may include:

- improving business performance through reducing the costs related to the environment (energy efficiency, minimizing the use of resources, pollution reduction and recycling)
- improving business performance through reducing the costs related to social issues (improved working conditions, minimizing illness, accidents)
- entering new markets (organic food, renewable energy, other investment opportunities)

# SUSTAINABLE FINANCING

The Bank financed two general categories of sustainable projects, namely a) Sustainable projects, b) Sustainable Real Estate Projects.

The Bank has been supporting a number of projects that meet certain characteristics, based on specific sustainable criteria. Companies need to demonstrate the positive impact of the investment in, at least, one of the following 4 categories in order to receive funding:

- Long term impact on economy, infrastructure and regional development;
- Effects on society and social aspects;
- Effects on environment and climate;
- Effects on scientific research, education and innovation.

## SUSTAINABLE PROJECTS



In 2016, the Bank financed projects of a total value of € 5.1 million, such as:

- ECO waste landfill Arad: landfill investment implemented by A.S.A. SERVICII ECOLOGICE S.R.L.;
- ECO waste landfill Cluj-Napoca: construction and closing off different ecological cells implemented by A.S.A. SERVICII ECOLOGICE S.R.L.;
- ONCOHELP business: financing of the investment project consisting of the extension of the existing oncologic polyclinic and purchase of radiotherapy equipment, implemented by Oncohelp Association (NGO);
- Energy efficiency improvements at the corporate site implemented by SANEX S.A.

SUSTAINABLE REAL ESTATE  
PROJECTS



In 2016, the Bank financed projects of a total value of  
**€ 90.3 million**  
(gross area of 174,366 m<sup>2</sup>), such as:

- CTPark Alpha S.R.L.

Class A Industrial building, located in Cateasca village (Arges county); restoring the area, which included a waste landfill site, in order to reduce the environmental risks to the land and rent out the building
- Apex Alliance 1

consolidation and refurbishment of a historical monument building and conversion into a 4 star branded hotel
- The Bucharest-based Veranda commercial center

receives € 25.5 million financing from Raiffeisen Bank S.A. and Raiffeisen Bank International AG, which contributed to the strengthening of the economic environment of Romania
- Cluj Business Center

class A office building, located in Cluj-Napoca, certified by BREEAM

RESPONSIBLE  
SUPPLY CHAIN

The Bank cooperates both with its service suppliers and creditors, according to the Raiffeisen Group Procurement Policy. The quality of the services and products offered by the Bank depends to a certain extent on the quality of the supply chain, especially for the online and mobile Banking services.

In 2016, the Bank had 1,114 national and foreign suppliers which fell into three distinct categories: IT, non-IT and rent service providers. Both suppliers and service providers must comply with the Bank's Code of Conduct, and the service providers have, moreover, to follow the internal procedures. So far, no additional social, economic or environmental requests have been issued by the Bank to its suppliers. Only the IT suppliers are asked to comply with the payment of their environmental taxes.

2016:  
**926**  
national  
suppliers

→ IT  
→ non-IT  
→ rent service  
providers

YEAR	LOCAL SUPPLIERS INVESTMENTS (EUR)	OTHER SUPPLIERS INVESTMENTS (EUR)	TOTAL EUR	
2015	101,272,512	30,766,536	132,039,048	
2016	127,409,790	34,098,271	161,508,061	

YEAR	LOCAL/NATIONAL SUPPLIERS	OTHER SUPPLIERS	TOTAL	NEW SUPPLIERS
2015	970	230	1,200	
2016	926	180	1,114	107

# Further plans for 2017



To monitor and report the use of resources and provide the infrastructure for selective waste management and disposal

To continue to embed sustainability principles in the business and ensure that the Bank acts responsibly in any action it takes

To communicate more effectively and efficiently the legislative frameworks that affect customers

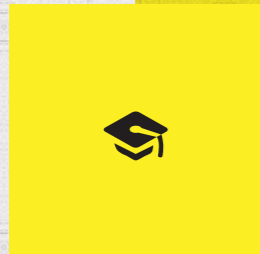
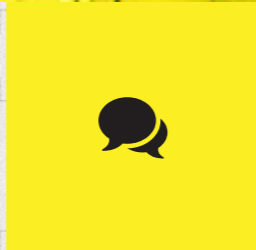
**TO DEVELOP A RESPONSIBLE SUPPLY CHAIN MANAGEMENT (RSCM) PROCESS WHICH WILL BE ABLE TO ASSESS SUPPLIER QUALITY IN THREE AREAS: SOCIAL, ENVIRONMENTAL AND ETHICAL, BASED ON SPECIFIC CRITERIA**



To improve communications on the support that the Bank can offer to customers in financial distress

To enhance customer relations utilizing the input from the materiality exercise

**TO ENHANCE THE PORTFOLIO OF SUSTAINABLE PROJECTS SUPPORTED BY THE BANK**



# OUR PEOPLE 5

## Responsible Employer

Our people are the key to our success and our achievements are a result of their strong engagement and commitment. We sustain a high-performance culture, supported by a rewarding approach and people development that emphasizes diversity, innovation and growth.

# 2016 Achievements



1,300

new ideas recorded  
through the internal online  
platform, **“Your Voice”**

5,308

employees

76% of the  
employees  
are women



59,800

hours of training  
offered to  
employees



**DESIGNED AND IMPLEMENTED A NEW  
PERFORMANCE MANAGEMENT SYSTEM  
FOCUSED ON PARTNERSHIP FOR  
PERFORMANCE BETWEEN LEADERS AND  
EMPLOYEES**

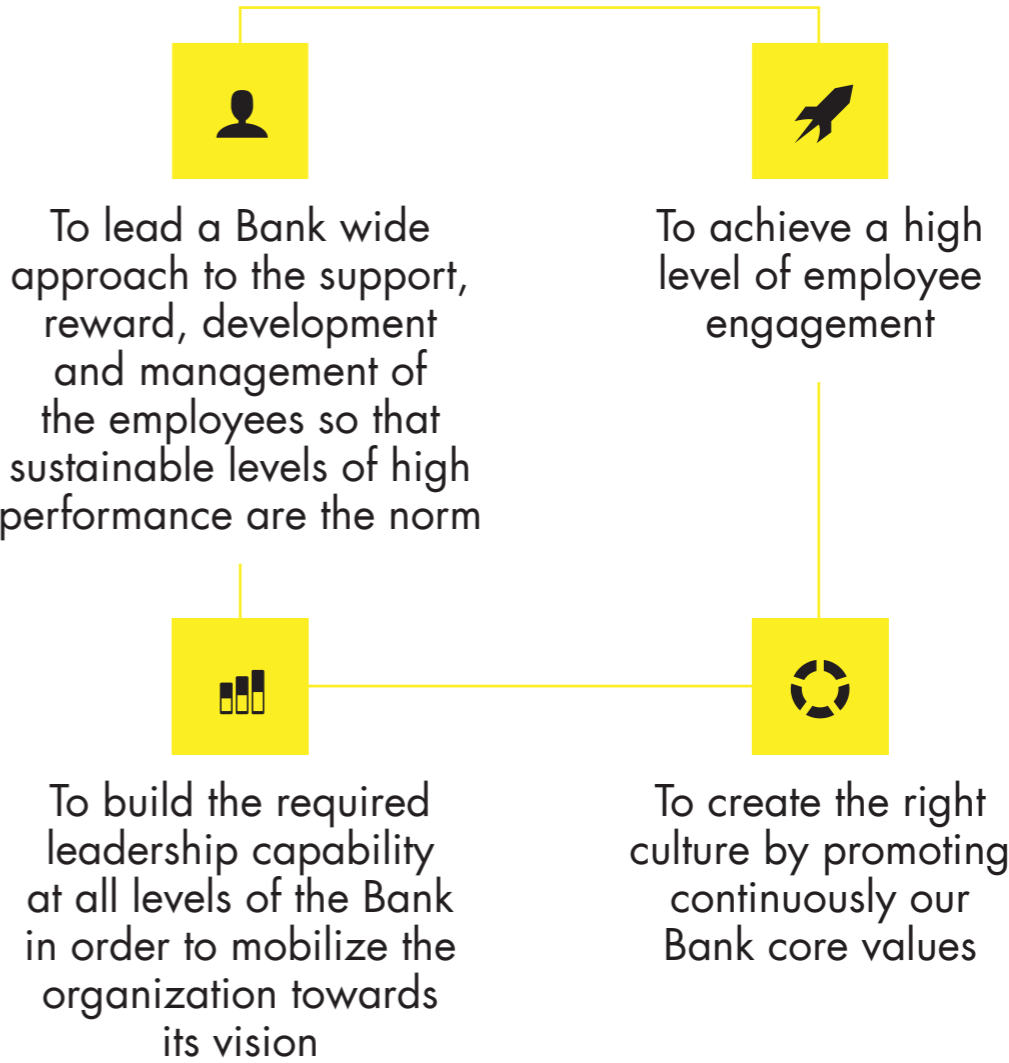
The Bank appreciates that employee well-being and satisfaction play a critical role in the long-term success of the Bank and the achievement of its goals.

Creating a vibrant learning environment and improving employee well-being is one of the Bank’s key priorities, directly related to performance improvement. The Bank is embracing diversity, attracting new talents and reducing the attrition rates by offering attractive packages, leadership programs, training and development, while also investing in a high performance culture.



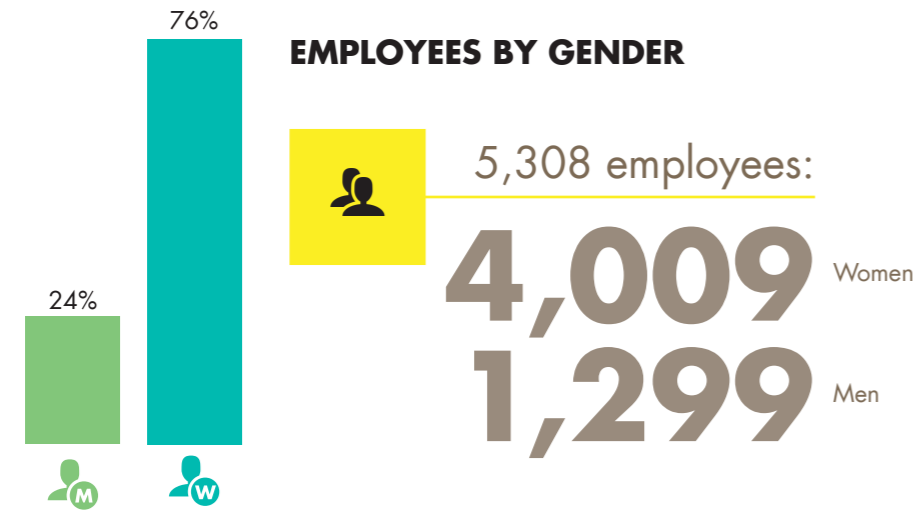
One of the main strategic goals set by the management is to build the required leadership capabilities at all levels of the Bank in order to mobilize the organization toward achieving its vision. Accomplishing high employee engagement and creating the right culture are supported by the Bank’s core values. The Bank appreciates that, in order to reach the level of maturity whereby high performance is the norm, it needs to invest in systems that support, reward and manage the staff effectively, fairly and in a timely manner.

The Bank's strategic goals,  
in the area of  
Human Resources, are:



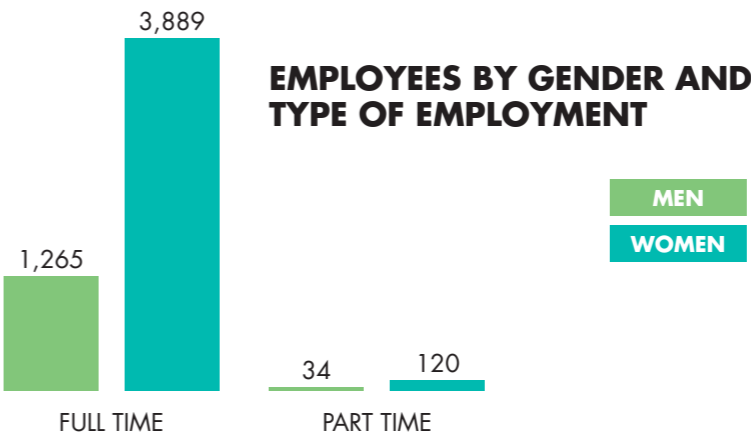
# EMPLOYEES

In 2016, the Bank had 5,308 employees in 481 outlets (478 branches and three head offices, of which 103 were located in Bucharest and Ilfov counties). The majority of employees were women, constituting 76% of the total employee base. The average age of the Bank’s employees was 37 years. Employees are either full or part-time and all are covered by collective bargaining agreements.



## EMPLOYMENT TYPE 2016

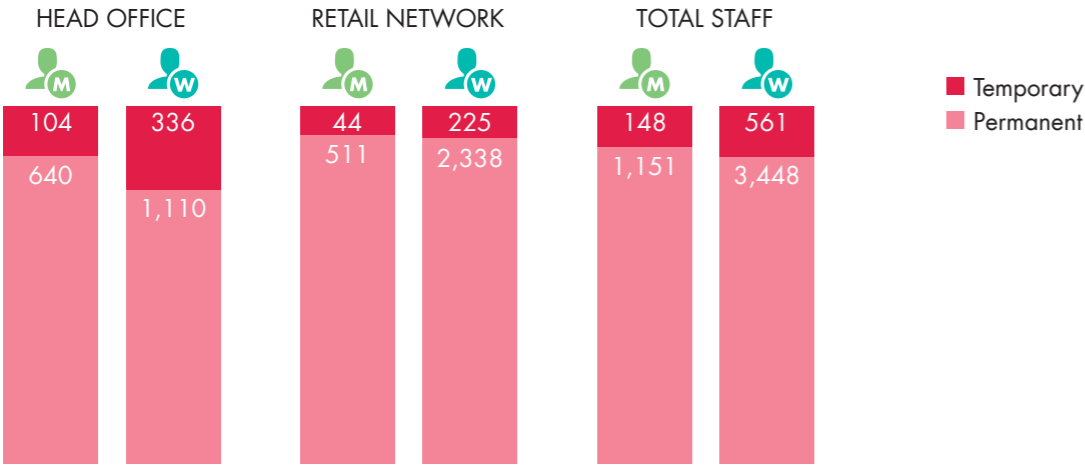
EMPLOYEES BY EMPLOYMENT TYPE	MEN	WOMEN	TOTAL
Full time	1,265	3,889	5,154
Part-time	34	120	154
Total	1,299	4,009	5,308



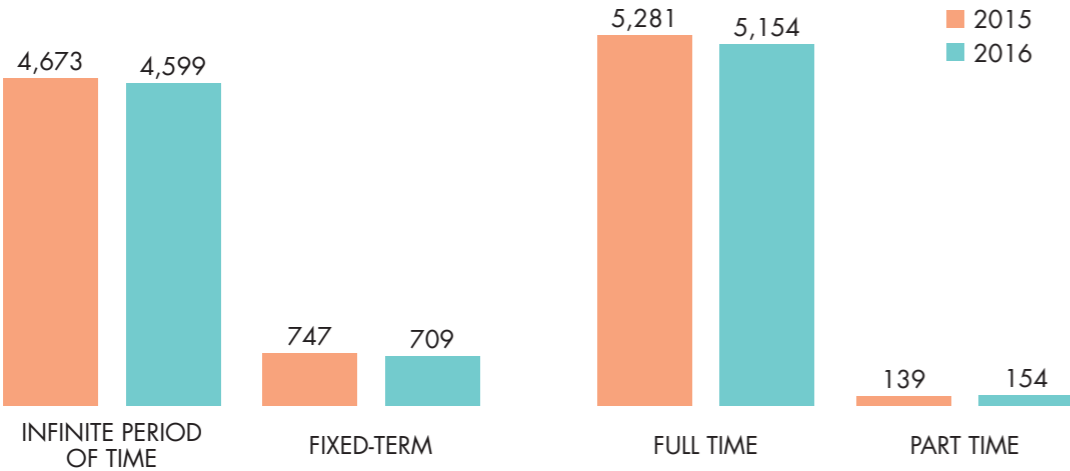
EMPLOYEES BY EMPLOYMENT CONTRACT	HEAD OFFICE		RETAIL NETWORK	
	MEN	WOMEN	MEN	WOMEN
Permanent	640	1,110	511	2,338
Temporary	104	336	44	225
Total Staff	744	1,446	555	2,563

EMPLOYMENT CONTRACTS	CONTRACT ON INDEFINITE PERIOD OF TIME	CONTRACT ON DEFINITE PERIOD OF TIME
Employees	4,599	709

EMPLOYEES BY EMPLOYMENT CONTRACT



EMPLOYMENT CONTRACT



EMPLOYMENT TYPE

NUMBER OF EMPLOYEES IN HEAD OFFICES	2015		2016	
	NO	%	NO	%
Sky Tower	445	24%	499	26%
Office Building	878	47%	919	47%
Brasov Operational Center	543	29%	518	27%

EMPLOYEE TURNOVER

In 2016, the turnover rate was 20.69%, with a significantly lower rate at the head offices compared to the retail network. The women turnover rate was significantly higher than the one of men (due to the high percentage of women employees), at 15.94% compared to 4.75% for men; the calculations for women include cases of women who choose not to return to work after maternity leave.

CATEGORY	2016			
	NEW HIRES		TURNOVER	
GENDER	number	rate %	number	rate %
Women	758	14.28	846	15.94
Men	211	3.98	252	4.75
Total	969	18.26	1,098	20.69
AGE GROUP	number	rate %	number	rate %
30-50	321	6.05	515	9.7
Over 50	3	0.06	96	1.81
Under 30	645	12.15	487	9.17
Total	969	18.26	1,098	20.69
OFFICE/ LOCATION	number	rate %	number	rate %
Head Offices	509	9.59	456	8.59
Retail Network	460	8.67	642	12.09
Total	969	18.26	1,098	20.69

Under the “Youth program”, the Bank employed 40 part-time selected people to join a three-month training program, where there was an opportunity to become full-time employees, based on their results. There were 154 part-time employees in total, while the remaining 5,154 were full time employees.

# WORKPLACE ENVIRONMENT

The Bank promotes work-life balance by encouraging personal development through social initiatives. It ensures smooth operations by creating a friendly, non-competitive work environment which is based on eliminating conflict and discrimination and promoting transparency. Part-time schemes and flexible hours are offered, wages are fair and according to the legislation, and family-related topics are addressed as effectively as possible.

## EQUAL OPPORTUNITIES CULTURE

Developing a working environment of equal opportunities without discrimination, enhancing diversity and fostering an environment in which employees can work free of harassment are among the main areas for consideration and improvement in the Bank.

The Bank’s management system allows for transparency in administration regarding human resources, including payroll, performance, training and development, selection and recruitment, and it also follows the local legislation and international human rights standards. No incidents of discrimination, direct or indirect, were recorded or noticed during the reporting year.

Discrimination, regardless of its origin, is considered condemnable. The Bank

has taken a leading role at the national level to promote business principles and practices related to respect of human rights. The Bank faces no risk of being associated with forced labor or child exploitation and is fully compliant with the national Labor Code. As a result of the Bank’s commitment to supporting and protecting human rights within and outside the company boundaries, no breaches of human rights or risk of forced labor or child exploitation were recorded during 2016.

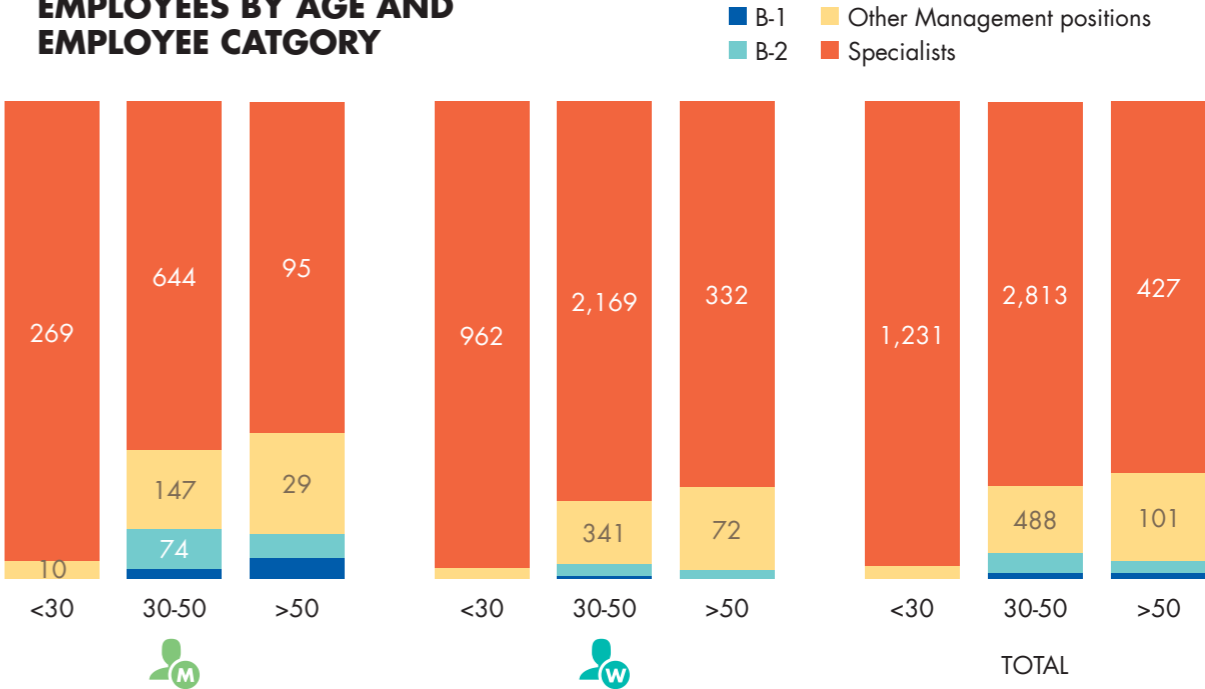
## » Gender parity

The Bank recognizes the role of diversity management and empowers woman to take up higher management roles. Women represent about 50% of levels B-1 and B-2. However, the Bank recognizes that women are not yet represented at the Board level and is working to improve this aspect.

EMPLOYEES BY AGE AND EMPLOYEE CATEGORY 2016

CATEGORY	MEN				WOMEN			
	<30	30-50	>50	Total	<30	30-50	>50	Total
B-1 *	0	18	6	24	0	21	1	22
B-2 **	0	74	7	81	0	82	7	89
Other Management positions	10	147	29	186	22	341	72	435
Specialists	269	644	95	1,008	962	2,169	332	3,463
Total	279	883	137	1,299	984	2,613	412	4,009

EMPLOYEES BY AGE AND EMPLOYEE CATEGORY



\* Board-1 represents the first level of management, after top-management/Management Board  
\*\* Board-2 represents the second level of management, after top-management/Management Board

» Non-discrimination

A key priority of the Bank is to develop and maintain a working environment based on equal opportunities without discrimination, where every employee is treated fairly and on merit, based on his/her competence and performance. Diversity can only add value to the organization. In this context, the Bank complies with the non-discriminatory guidelines and internal policies relating to human resources management. No decisions are connected to or influenced by any form of discrimination with regard to gender, nationality, age, genetic

characteristics, family status, language, religion, political beliefs, disability or sexual orientation of the employees and partners.

However, if such cases occur, issues are solved mainly through mediation between the employee, employer and the Trade Union, or mediation organized in accordance with the local laws on the prevention and sanctioning of all forms of discrimination. The policy and culture of the Bank led to no incidents of discrimination during the reporting year.

» People with disabilities

The Bank is embracing diversity and creating an environment where people with disabilities can explore their talents and develop professionally.

EMPLOYEES WITH DISABILITIES	2015		2016	
	MEN	WOMEN	MEN	WOMEN
Specialists	6	12	6	11
Total	6	12	6	11

» Nationality of employees

The majority of senior management positions are occupied by Romanian nationals.

LOCAL EMPLOYEES IN SENIOR MANAGEMENT POSITIONS (B-1 LEVEL)	2016	
	NO	%
Head Offices	40	97.56
Retail Network	5	100

OPEN COMMUNICATION WITH EMPLOYEES

Enabling open communication is the key to creating a positive working environment. Through the “Your Voice” internal online platform and employee surveys, the Bank is facilitating its internal communications and providing valuable platforms for employees to share ideas, propose innovations and implement new concepts.

**Your Voice** » The internal online platform

“Your Voice” is an internal initiative based on an online platform, developed in 2012, with the purpose of enabling employees across the Bank to provide feedback and ideas related to improving products, services, processes and everything pertaining to the Bank’s operations. Having generated 20,000 improvement ideas, with over 2,000 already being implemented or accepted for implementation, the “Your Voice” initiative is becoming central to managing innovation and fostering a culture of collaboration. In 2016, 110 ideas were already implemented or in the process of implementation.

**Employee Opinion Survey** » Employee Opinion Survey

The Employee Opinion Survey is one of the Bank’s tools for gaining insights into its employees’ views. The 2016 version of the survey was upgraded to include new aspects for measuring accurately the employee level of engagement and enablement. These two dimensions are considered critical for achieving optimum performance and increasing employee effectiveness. The response rate was very high (at 80%), offering a clear picture of the employees’ level of engagement. The results revealed that the enablement level remained at the same high level, while the level of engagement has slightly decreased, but remains above the CEE norm.

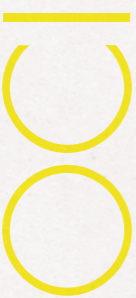


» Internal Collaboration Satisfaction Survey

The Bank has identified the value of cooperation in acquiring and maintaining high levels of internal and external satisfaction. Over the past seven years, the Bank has been conducting an annual survey dedicated to measuring internal cooperation, with two goals:

- to identify the strengths and areas for improvement related to internal collaboration, with a direct subsequent effect on the satisfaction of the Bank’s customers;
- to derive adequate action plans, whose implementation would lead to increased customer satisfaction.

In 2016, the survey was extended to middle management and non-management positions throughout the Bank and covered over 1,000 employees, compared to 100 participants in the previous years.



» Organizational Cultural Inventory

To gain a better understanding of the culture and subculture present in the company, the Bank conducted in 2016 an assessment of the current organizational culture in terms of behavioral norms.

Organizational culture is a major enabler of organizational development and change and this survey, administered to over 1,300 employees, allowed the Bank to gain valuable information on the main cultural styles used in the Bank's divisions and functions and take action to achieve alignment with the Bank's values and its 2020 strategy.

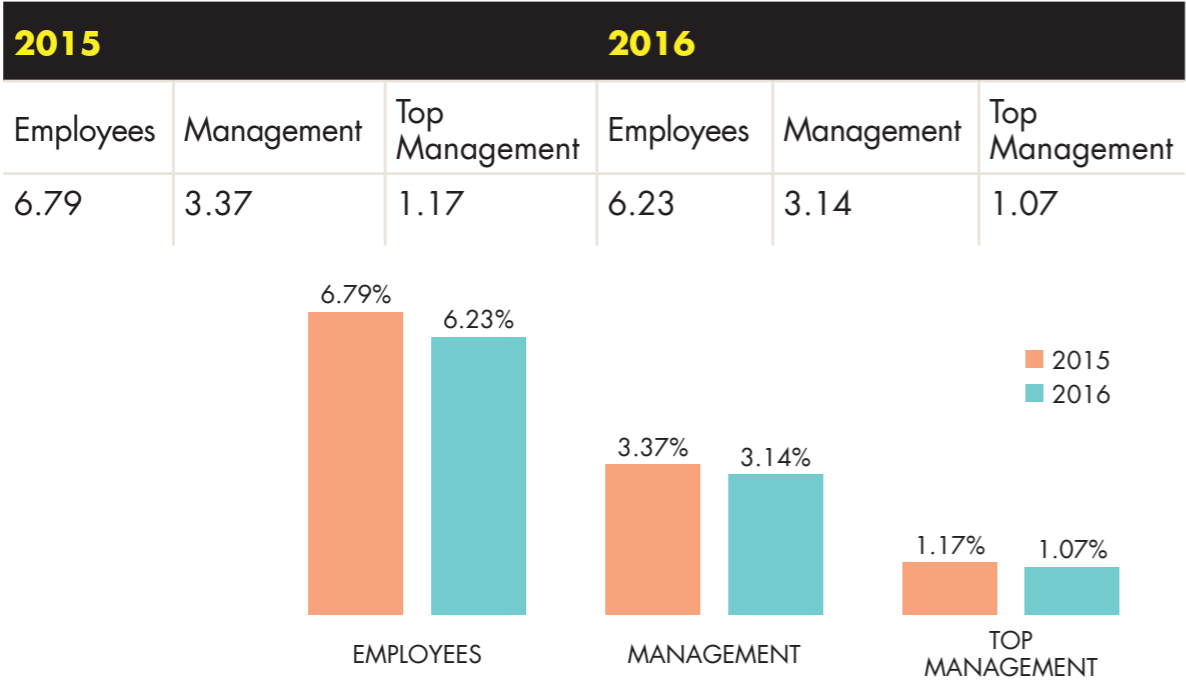
EMPLOYEE BENEFITS

» Remuneration

The system of remuneration of the Bank is approved by the Bank's Supervisory Board through the Remuneration Committee and promotes a fair and efficient risk management while not encouraging the assumption of risks over the tolerated levels. The compensation system supports the company’s long term business strategy and objectives, interests and values by using a set of key performance indicators and key cultural competences. Compensation is based on a functional structure, and is strongly linked to performance. It is defined in accordance with the relative value of the work, market and practice.

THE VALUE OF AVERAGE WAGES, COMPARED TO THE NATIONAL WAGE	2014	2015	2016	
	BASED ON AVERAGE NATIONAL WAGE		BASED ON AVERAGE NATIONAL WAGE	BASED ON MINIMUM NATIONAL WAGE
Employee average wage	198%	191%	190%	408%
Junior employee average wage: Bucharest	157%	170%	173%	372%
Junior employee average wage: outside Bucharest	88%	95%	93%	199%

THE VALUE OF THE BENEFIT PACKAGE AS % OF SALARY



» Benefits

The Bank offers similar benefits to all employees, irrespective of their type of employment. Full time, part-time and temporary employees enjoy health care, disability and invalidity coverage, parental leave and retirement provisions. Pension schemes for employees are mandatory through the Social Security Office (CAS) and covered by both the employer (15.8%) and employees (10.5%). However, the Bank's Asset Management Pension Fund offers optional pension schemes for its employees.

Annual leave is between 23 to 27 days, depending on the length of service.

Other benefits may include mobile phones, cars for managerial positions, free psychological counseling services, offers from partners and social benefits for employees with serious medical problems or needs, and meal vouchers.

» Maternal and paternal leave

During 2016, 250 employees applied and received maternity (243 women) and paternity (7 men) leave.

PARENTAL LEAVE	2015	2016		
	MEN	WOMEN	MEN	WOMEN
No. of days taken	1,121	76,621	732	74,267
No. of employees entitled to parental leave	1,347	4,073	1,299	4,009
No. of employees who took parental leave	5	258	7	243
No. of employees returned to work after parental leave ended	6	207	3	159
No. of employees returned to work after parental leave ended who were still employed 12 months after returning to work	2	178	4	131
Return to work rate	120.00	80.23	42.86	65.43



The Bank offers flexible working hours for its employees, and especially mothers returning from maternity leave can opt for reduced working hours (by two hours, until the child reaches the age of two years). In addition, longer, unpaid leave, in a form similar to sabbatical leave, is also possible.

# EMPLOYEE DEVELOPMENT

All actions and decision of the Bank are derived from its leading vision to be the most efficient learning ecosystem in the local Banking environment. To achieve its vision, the Bank strives to provide integrated learning and development solutions based on the latest trends and technologies to suit a wide range of business needs and directly sustain the Bank's performance. The Bank's strategic goal is to equip its employees with the right capabilities through diversified and alternative learning channels and methods while optimizing the costs.

## TRAINING

TOTAL HOURS OF TRAINING RECEIVED  
BY GENDER AND EMPLOYEE CATEGORY  
2016

	MEN	WOMEN
B-1	64	62
B-2	80	82
Other Management positions	76	73
Specialists	34	36
Total hours	43	41

EXAMPLES OF TRAINING TOPICS OFFERED (in h)	2016
Leadership skills	29,688
Customer experience	5,072
Insurance certifications	13,992
Performance management	1,600
Retail network branch induction program	9,448
Total hours	59,800



## » The Raiffeisen Banking University

The Raiffeisen Banking University provides a well-structured framework that enables the Bank's expert employees to share their knowledge and resources with colleagues and allows others to benefit from real professional experience and specific business examples. The program was initiated in 2016 and has already included 42 lectors, with approximately 1,500 participants attending 160 internal training sessions, reflecting the success and value of this initiative.

The induction session for employees joining the Bank is organized by the Raiffeisen Banking University. Besides the introductory information about the Bank, workshops about fraud and corruption are delivered by specialists from the Combating Fraud and Corruption department. It aims to teach the acceptable behavior toward fraud and corruption from the first day. In order for this topic to reach all levels of the company, specialized compliance workshops were run by a leading international consulting company for the Board Members and executive management. A mandatory e-Learning module on compliance has also been developed in order to promote awareness of fraud and corruption throughout the company.

## » Anti-corruption training

The company's employees receive, annually, communications related to anti-bribery and anti-corruption in order to increase awareness and discourage association with potential risks and unethical behaviors.

All new employees, as part of their induction, attend a one-hour awareness workshop dedicated to emphasizing the importance of the principles of anti-fraud and anti-corruption, and offering guidance on how to prevent possible cases as well report unethical phenomena. All employees attend annual, mandatory e-Learning compliance training, followed by a test to check their level of awareness of fraud and corruption. To support its employees further, the Bank has partnered with Expolink, an independent, leading whistleblower hotline service provider, to support employees with whistle blowing services.

In 2016, 4,648 employees attended the anti-corruption and anti-fraud training and took the tests, with a completion rate of 98.95%. In 2016, the Bank also conducted specific compliance workshops for Board members and top management, in partnership with external senior consultants.



## DEVELOPMENT

"The Wakanda" Inspire to Aspire program is an integrated leadership development program which continued in 2016 for all B-2 managers (around 100 employees).

As part of this program, employees were empowered to learn more about both themselves and the members of their teams so they can work better and more effectively together. The program was enriched this year with additional topics, emphasizing in feedback, coaching and performance management. This innovative program entailed a mix of traditional classroom training, experiential learning and innovative gamification solutions to maximize the learning benefits.

In 2016, Raiffeisen Bank implemented two internship programs:

### → Raiffeisen Banker 2 Be:

dedicated to graduates wishing to work within the banking system in front office positions. The first edition was implemented during 2016, with more than 350 candidates of whom 40 have started working at the Bank, in part-time front office positions. After the 3-month program, 16 people decided to continue working with Raiffeisen Bank.

### → IT Trainee:

a traditional program for Raiffeisen Bank, for school-leavers who wish to work in IT in the banking system. During 2016, more than 400 candidates applied for the program, of whom 18 were selected. Started in 2012, the program has been implemented annually, with a total of 57 candidates being selected for and completing the program. More than 90% of these were subsequently hired by the bank.



## PERFORMANCE MANAGEMENT

One of the achievements during 2016 was the design of a new performance management system focused on building partnerships for performance between leaders and employees. The new system utilizes international business methodologies, including the Balanced Scorecard, coaching methodologies and selected leadership styles (situational leadership), to create impact and value. The implementation started in 2016 by defining the Balanced Scorecard objectives for job categories, identifying behavioral standards and competencies profiles, optimal behaviors and routines, and thus aligning all areas of the Bank. This entailed:

- redesigning the behavioral standards and competencies profiles for network positions
- developing career paths for all positions within the organization, to facilitate talent management and career counseling

# HEALTH, SAFETY AND WELL-BEING

## » Health and safety

The Bank invests in the health, safety and well-being of its employees. As a minimum, the Bank complies with the national legislation on Health and Safety, for recording and reporting accident statistics, according to the 319/2006 law and Government Resolution no. 1425/2006 (revised version).

The Bank has established a Health and Safety Committee, which is responsible for monitoring and providing advice on occupational health and safety programs. The role of the Committee and its members is to ensure the implementation of the Health and Safety decisions, to ensure optimum work conditions, to prevent accidents or professional diseases and to ensure that everyone is aware of the Health and Safety policy and procedures.

The Committee consists of 16 members, eight employee representatives, eight employer representatives, a doctor of Labor Medicine and four secretaries.

EMPLOYEES	2016		GEOGRAPHICAL LOCATION
	MEN	WOMEN	
No. of injuries	1	2	Bucharest, Arad, Mehedinti counties
Type of injuries (first aid injury or otherwise)	minor injury	minor injury	
Injury rate (IR)	0.018%	0.037%	
Occupational diseases rate (ODR)	n/a	n/a	
Lost days (measured in calendar days)	36	69	
Lost day rate (LDR)	0.027%	0.0169%	
Absentee rate (AR)	1.2%	2.2%	
Work related fatalities	0	0	
Total working days	330,276	1,348,052	

The injuries recorded refer to direct company employees. The Bank works with independent contractors regarding cleaning services, the transportation and processing of cash and ATMs charge, medical services, training services and security services. No cases of injuries to independent contractors working on-site were recorded during the reporting year.

## » Health and Well-being

The Bank supports a healthy lifestyle and provides access to all employees to a multifaceted package of customized solutions that is designed to sustain and improve individual physical health and create a context that fosters self-consciousness and emotional contentment, to form a good balance between the professional climate and the employees' personal life.

Since 2013, the Bank has been implementing a well-being program, called RStyle, which is based on three main pillars: physical health, psycho-emotional balance and inter-personal relationship health. This is further divided into six actionable areas: RSport, DevelopR, RFood, TogetheR, RParenting, and TravelR.

In 2016, a total of 112 events were organized, achieving a participation rate of over 2,600 (50%) employees from all areas and levels of the company. Some of the events powered by RStyle included sports competitions, cycling trips, parenting workshops, cooking classes, art events and workshops, medical health checks,

discounts for entering the Raiffeisen International marathon and other marathons, trail races and cycling events, football, tennis and beach volley championships and even an internal Olympic Games event, organized for employees from Brasov Operational Center.

The RStyle program also touches on stress management by offering counseling and stress prevention methods, diagnoses, workshops, and development programs and solutions to maintain psycho-emotional balance, address stress management and reshape current habits into healthier ones. In 2016, 108 employees joined the program.

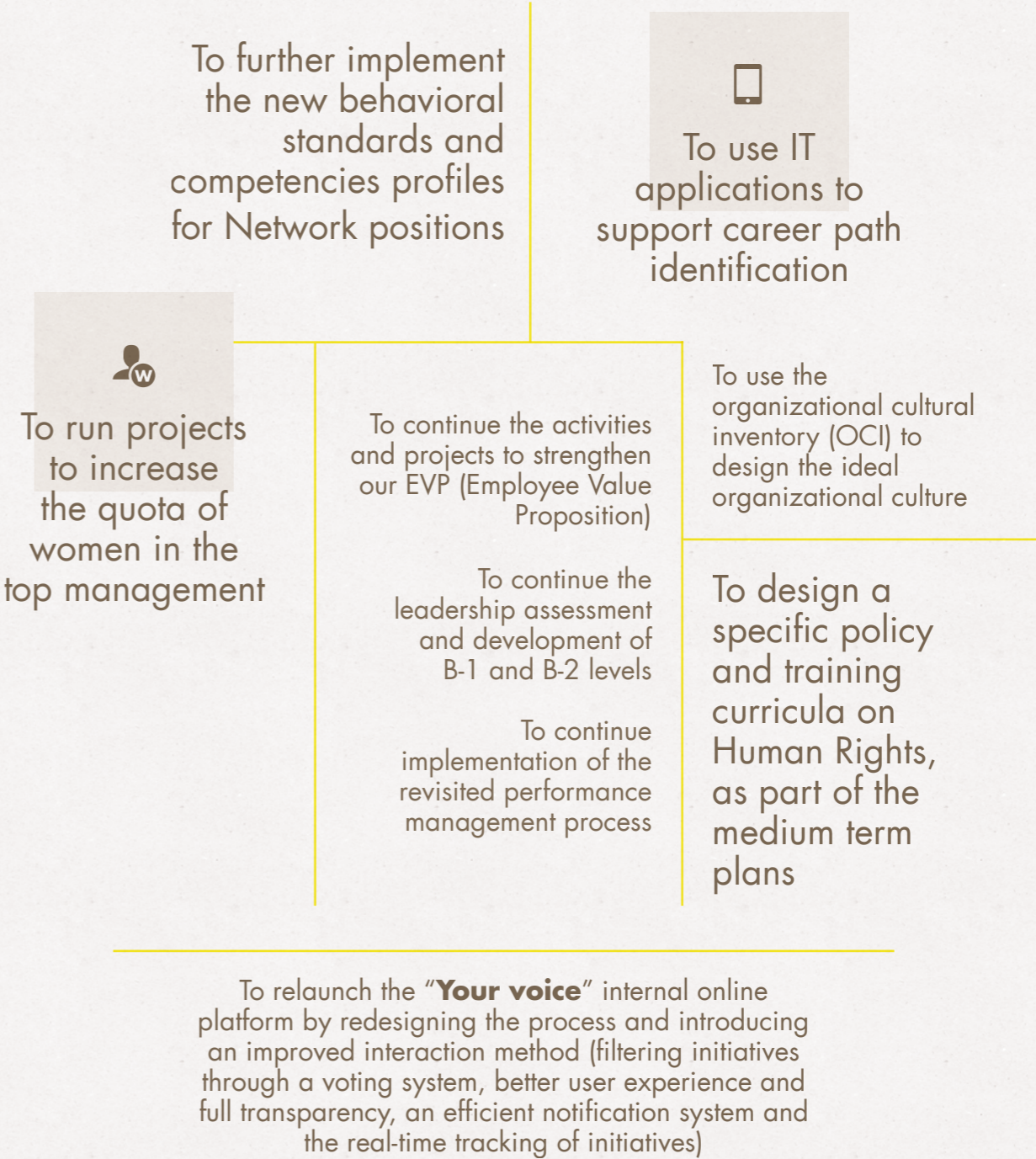
“Health is not everything, but without health, everything is nothing” (Schopenhauer). This is not a simple adage. As a company, we acted to help improve the lifestyles of our employees. Our objective was to encourage humor and good health in the workplace as well as a positive team environment and a balance between work and private life.

In order to meet our target, we launched an extensive program: RStyle – “Live a balanced life” – with the main pillars of physical health, mental-emotional balance and healthy interpersonal relationships. The key aspects aimed at promoting good health were identified in an internal study: RSport, RNutrition, RParenting, DevelopmentR, TravelR and TogetherR. A dashboard of facts and figures collected by us is available and serves as a GPS. Obviously, a project of this type cannot completely eliminate the imbalance in the lives of thousands of people - that would be unrealistic.

Nevertheless, we have managed to ensure that more attention is paid to the aspects that have a positive effect on people’s health. On this basis, all employees can independently access their own personalized offer, tailored and suited in order to enhance the balance in their lives.

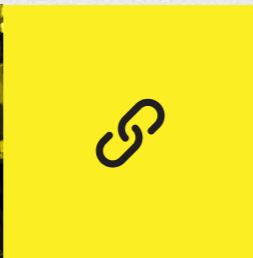
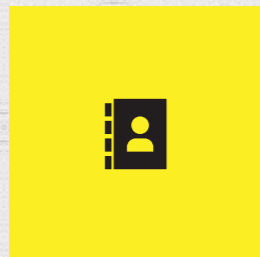
Irina Kubinschi  
Executive Director, Human Resources Directorate

# Further plans for 2017



# OUR 6 INVESTMENT Social Contribution

Social commitment stands alongside quality and trust as one of our corporate values and hallmarks. Our cultural approach and strategy are strongly oriented toward education, learning and making life easier, which position us as one of the most active corporate citizens within the Romanian economy.



# 2016 Achievements

The Bank's contribution to community programs represented **1.59%** of its gross profits, according to the LBG reporting criteria (1.49% in 2015)

The 6<sup>th</sup> edition of the "Raiffeisen Communities" Grants Program attracted **193** community projects

and awarded the top 10 with a total grant value of

**€100,000**

**€8.19** invested with each beneficiary (€7.3 in 2015)

**ON AVERAGE, COMMUNITY PARTNERS  
MANAGED FUNDS TO A VALUE OF €16,133  
(€13,965 IN 2015)**

  
 The Bank's contribution/  
employee =  
**€365**  
 (€324 in 2015)

Financial contribution to **122** community projects of **€1.9** million over (€1.74 million in 2015), according to LBG reporting criteria

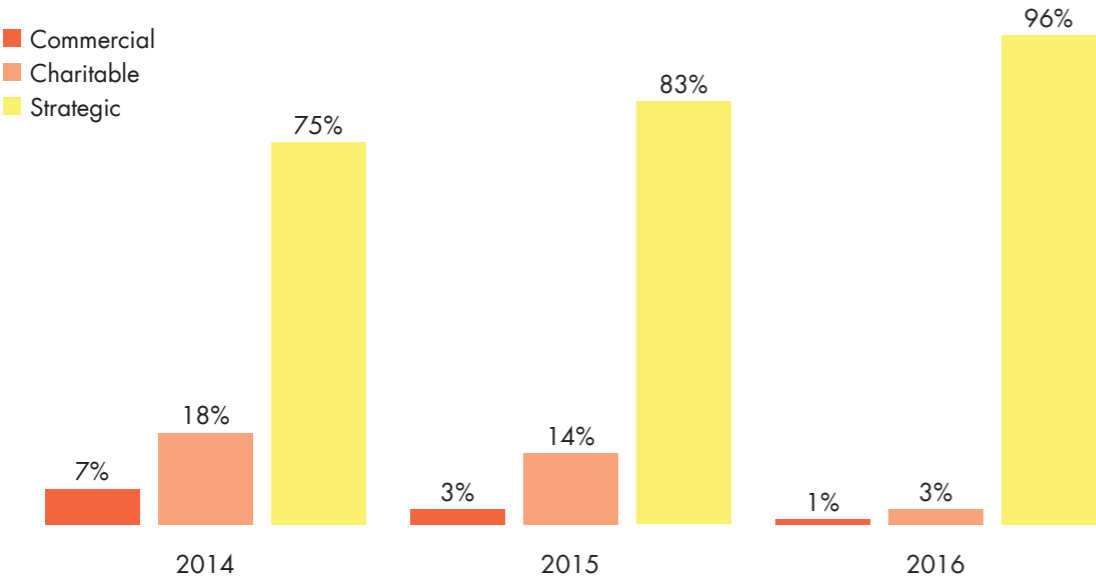
**235,375**

**BENEFICIARIES FROM  
PROGRAMS IMPLEMENTED  
WITH THE BANK'S SUPPORT**

  
**254** volunteers of Raiffeisen Bank allocated a total of **876** hours to volunteering projects

In 2016, the Bank joined forces with a number of selected NGOs and local organizations to raise awareness of environmental and social issues, promoting community involvement and accountability. As part of its commitment to social development, it supported and sponsored a group of projects that underwent a transparent evaluation process and were carefully selected to create an impact.

WHY IS RAIFFEISEN BANK GETTING INVOLVED IN THE COMMUNITY? (MOTIVATION IN %)



The Bank has always adopted a strategic viewpoint in the way it structured its involvement in the local communities. This has provided a number of benefits, the key being its ability to justify the increased financial and human resources, dedicated to these purposes. The financial crisis, therefore, did not affect its level of local investments, nor weaken the dedication with which the Bank develops its initiatives. At the same time, the Bank measures effectively and efficiently the value created and justifies its dedication via the measurable impact created.

FINANCIAL CONTRIBUTIONS

The Bank’s financial contribution to the 122 community projects and programs supported in 2016 amounted to over €1.9 million (according to LGB reporting criteria). The programs were carried out in partnership with 116 non-governmental organizations, non-profit institutions, educational establishments, medical institutions and public institutions.

The Bank’s financial contribution to the **122 community projects & programs** supported in 2016 amounted to over **€1.9 million**

The Bank supports initiatives and projects via partnerships and collaboration with community partners, members and leaders. Its contribution is not limited to sponsorship and donations, but it engages corporate volunteering. Placing special emphasis on sustainability and continuity, 254 employees got involved, as volunteers, in community projects, allocating more than 870 hours to this. More than 100 employees were involved in the evaluation and selection of 10 community projects (out of 193) that have been awarded €10,000 each, within the “Raiffeisen Communities” Grants Program.

THE CSR FIVE STRATEGIC DIRECTIONS OF THE BANK ARE:

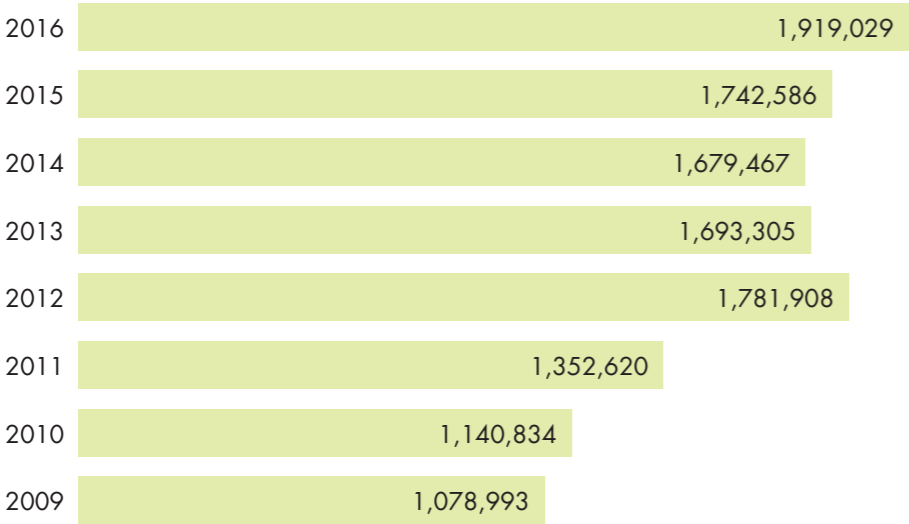
- Romanian art and culture
- Financial education
- Urban ecology
- Sport as healthy lifestyle
- Social

“RAIFFEISEN  
COMMUNITIES”  
GRANTS  
PROGRAM

	2015	2016
Total amount of grants in (€)	100,000	100,000
Community projects attracted	240	190
Volunteers	60	101

An investment of €1,919,030 (an increase of 10% compared to 2015) was allocated and distributed to community programs that are in line with the Bank’s principles and address specific local or regional issues such as education and financial education, social issues, sport as a healthy lifestyle, Romanian art and culture, urban ecology and community development.

TOTAL AMOUNT OF  
INVESTMENT IN COMMUNITY  
PROGRAMS (IN €)



Over 80% (€1,592,357) of the total sponsorship value was directed towards projects and programs related to the company's five strategic directions. Thus, in 2016, 32% (€609,447) of the financial resources were directed toward urban ecology programs, 21% (€408,026) to social programs, 13% (€243,634) to educational programs, 12% to Romanian art and culture programs (€237,218) and 3.3% to projects that promote sport as a healthy lifestyle.

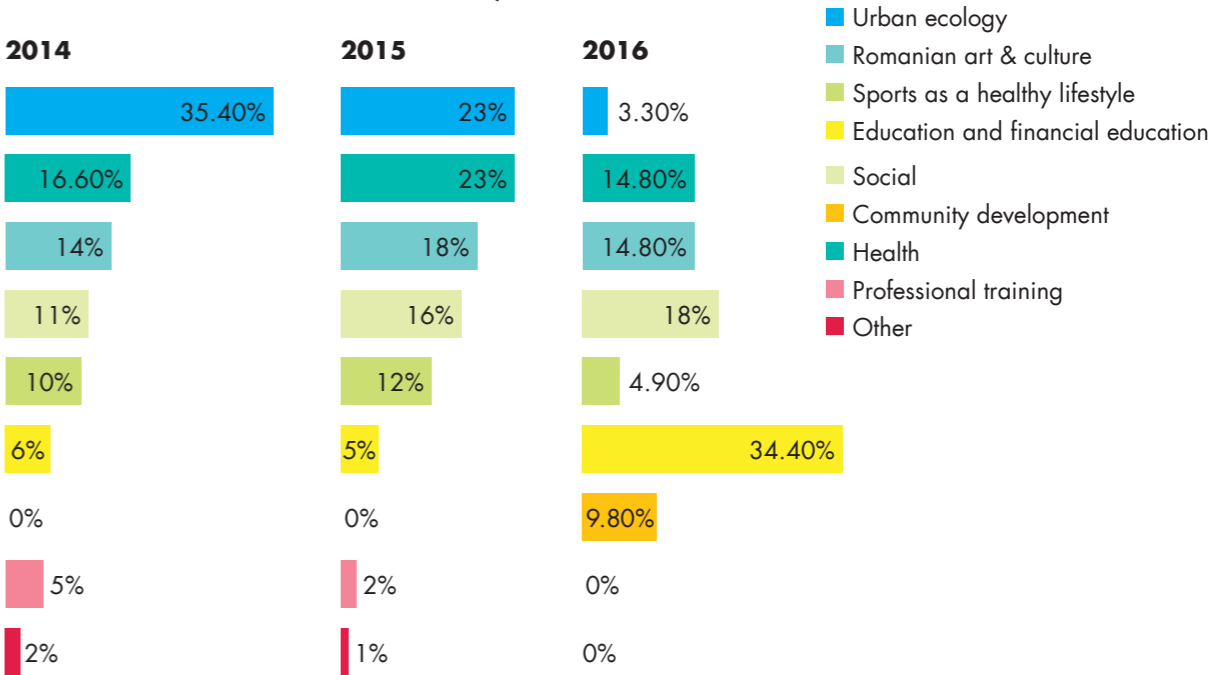
The number of projects supported by the Bank within five main areas: education (and financial education), Romanian art and culture, social issues, sport as a healthy lifestyle, and urban ecology, as a percent of the total number of projects supported:

SUPPORTED AREAS	2014	2015	2016
Urban ecology	35.4%	23%	3.3%
Romanian art and culture	14%	18%	14.8%
Sports as healthy lifestyle	10%	12%	4.9%
Education and financial education	6%	5%	34.4%
Social	11%	16%	18%
Community development	0%	0%	9.8%
Health	16.6%	23%	14.8%

The Bank donates, annually, furniture and electronic equipment, such as desktops, laptops, and phones, to a number of partners, including schools and universities, NGOs and hospitals. In 2016, the value of in-kind donations

was €34,224. Moreover, the Bank continued to develop matched giving programs together with United Way, for education, and together with SMURD, the emergency rescue service, for health, amounting both to €92,500.

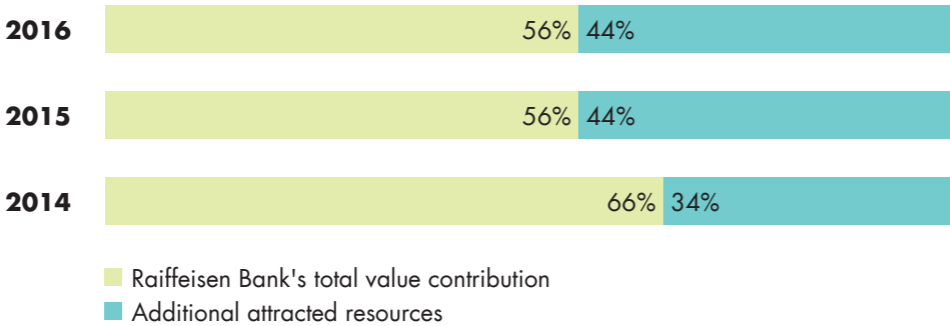
SUPPORTED AREAS (% OUT OF THE  
TOTAL NUMBER OF PROJECTS)



The Bank encouraged the NGOs to raise additional money for the programs implemented, as a sustainable approach to their management and future development. By demonstrating the Bank’s continuing support, the partner NGOs were empowered to seek and secure additional resources for promoting their causes and initiatives.

YEAR	TOTAL AMOUNT	
	OF RAIFFEISEN BANK CONTRIBUTIONS	OF ADDITIONAL ATTRACTED RESOURCES
2014	66%	34%
2015	56%	44%
2016	56%	44%

THE PROPORTION BETWEEN THE INVESTED RESOURCES BY RAIFFEISEN BANK AND THE ADDITIONAL RESOURCES ATTRACTED



# COMMUNITY PARTNERSHIPS

The key programs and projects supported by the Bank reflect the five strategic areas of involvement: education, Romanian art and culture, sport as a healthy lifestyle, urban ecology and social.

## » Financial and entrepreneurial education (contribution of € 243,634)

- Ourselves, My Family, My Town, My community, Our economy and ABCdar Bancar financial education projects, delivered in partnership with Junior Achievement Romania: over 6,750 students from Romanian primary and high schools participated in financial education classes, organized within the projects mentioned above;
- Leaders School, delivered in partnership with the Leaders Foundation: a unique event created to connect young leaders, students and juniors from business with famous Romanian entrepreneurs in order to empower entrepreneurial mind-sets;
- Leaders Academy, delivered in partnership with the Leaders Foundation: the 'leaders academy' project helps young Romanians to develop their entrepreneurial and leadership skills;
- Young Leaders Club Finance, delivered in partnership with the Young Leaders Club (YLC): the YLC Finance – Summer School helps the best and brightest talents in the field of finance and economics to jumpstart their international career;
- Romanian Business Leaders Summit, delivered in partnership with the Romanian Business Leaders Foundation: the Bank participates in the Romanian Business Leaders Summit in partnership with the Romanian Business Leaders Foundation, sharing its experiences as a Romanian enterprise;
- MPV Academy, delivered in partnership with Akcees Education: MVP Academy is a program that aims to promote the development of the start-up enterprises.

## » Romanian art and culture (contribution of € 237,218)

- Transilvania International Film Festival (TIFF) Cluj-Napoca and Sibiu, delivered in partnership with the Association for the Promotion of Romanian Film: with the participation of more than 120,000 people;
- International Theatre Festival of Sibiu (FITS), delivered in partnership with the Radu Stanca National Theatre: with the participation of more than 50,000 people and more than 3,600 artists;
- Undercloud Theatre Festival, delivered in partnership with Daya Theatre Company Foundation: more than 1,000 people attended the 9<sup>th</sup> edition of the independent theatre festival, organized in Bucharest;
- Innersound New Arts Festival, delivered in partnership with Art@Co Association: the festival brought together 65 artists from seven countries and more than 1,000 participants;
- The Tour of ACT Theatre, Raiffeisen Art Project, organized in partnership with ACT Cultural Association: ACT Theatre organized a sponsored tour with two Raiffeisen Art Project theatre productions in Brasov, Targu Mures, Iasi, Constanta, with 16 representations and more than 3,000 participants;
- SoNoRo Music Festival, Classical Music Festival (chamber music): the festival attracted more than 10,000 participants.

FITS:  
>50,000  
people in the audience  
>3,600  
artists



## » Sport as healthy lifestyle (contribution of € 94,032)

- Bucharest Raiffeisen Bank International Marathon, delivered in partnership with the Bucharest Running Club Association: with the participation of more than 14,000 people, making it the biggest running event in Romania since 2008;
- International Via Maria Theresia Marathon, delivered in partnership with Tasuleasa Social Association: with the participation of more than 600 people.

## » Urban ecology (contribution of €609,447)

- I'velo Relax, developed in partnership with Green Revolution Association: a bike-sharing system developed in Bucharest and other Romanian cities, consisting of nine bike-sharing centers, located near or within parks, with more than 800 bicycles for hire; almost 140,000 people rented a bike in 2016, with an increase of 5% compared to 2015;
- I'velo Urban, developed in partnership with Green Revolution Association: an automatic bike-sharing system, located in five areas of Bucharest, with 135 bicycles, created as an alternative to public/car transportation, with zero impact on the environment. More than 3,200 people used the shared bikes between September and December 2016, of whom 342 decided to purchase a subscription;
- Student O'Bike, developed in partnership with Green Revolution: a bike-sharing system for students, located across six student campuses, with 320 bicycles for hire. More than 17,720 students used the bicycles in 2016.

I'velo Relax:  
>800  
bicycles for hire  
~140,000  
people rented a bike  
in 2016

» Social (contribution of €408,026)

- An internal fundraising campaign, developed in partnership with United Way: over the past 12 years, employees donated to United Way projects from their salaries and the Bank doubled their contribution. A number of volunteer initiatives, with the participation of the Bank’s employees, have been developed over this period, such as mentoring and tutoring;
- Generation Center, developed in partnership with The Princess Margareta of Romania Foundation: the inter-generational centers (located in Bucharest, Targu-Mures and Covasna) helped 210 beneficiaries, old and young, to learn new things, help themselves and feel useful to their community;
- An educational program, developed in partnership with Teach for Romania: support for the educational development of eight teachers, who taught more than 300 disadvantaged children;
- A house building program, developed in partnership with Habitat for Humanity: a 4-year program designed to build 12 houses for 12 disadvantaged families from Constanta city; four houses were built in 2016, with the support of 18 Raiffeisen Bank volunteers;
- Every Child in Kindergarten, delivered in partnership with OvidiuRo Foundation: the program supports education by helping children from disadvantaged communities to attend kindergarten and thus reduce the school dropout rate. The meal ticket introduced in this program became law in 2016, allowing 1,200 children to receive from the Romanian state a meal ticket worth €11 to support kindergarten attendance.

TYPE OF COMMUNITY PARTNERS	NGO	EDUCATION ESTABLISHMENTS	MEDICAL INSTITUTIONS	NON-PROFIT INSTITUTIONS	LOCAL AUTHORITIES	PUBLIC INSTITUTIONS
2014	94.00%	3.00%	2.00%	1.00%	0.00%	0.00%
2015	87.76%	6.12%	3.06%	0.00%	0.00%	3.06%
2016	57.8%	26.7%	9.5%	1.7%	0.9%	1.7%

# COMMUNITY PARTNERS

Over the past few years, the Bank has assumed very important roles, the most impactful being that of facilitator. In this intermediary role between the economy, business and society, the Bank facilitates and safeguards the cohesion of purpose and unity in the social arena. Acting as a social mediator, the Bank suggests and promotes solutions to deep social problems, through engaging in long-term educational, cultural and financial literacy programs. The Bank is not only a sponsor, as its contribution goes far beyond a financial contribution, and focuses on achieving a sustained impact.

The key partners of the Bank can be grouped into the following key categories: NGOs, educational establishments, non-profit institutions, local authorities, public institutions and medical institutions. In 2016, the Bank implemented a significant shift in its model and priorities to work more with educational establishments, and now over 25% of its partners are located in the field of education. In fact, almost 85% of the total partners now constitute NGOs and educational establishments.\*

\*The number includes the education institutions to which the Bank donated in-kind goods.

# COMMUNITY IMPACT

## » The total value of investment in the community

The total amount of Bank sponsorship contracts in 2016 exceeded €2,169,423, which is a 9% increase compared to 2015. The Bank invested €1,919,030 in community programs which fall within the scope of LBG reporting.

## » The impact of the Bank’s projects

When designing or selecting programs to support, the Bank keeps in mind its main categories of stakeholders: employees, direct beneficiaries and partners. These three categories contribute the most to the success of any project, which also depends heavily on the positive impacts and opportunities arising for these groups.

### →» Impact on the Bank’s employees

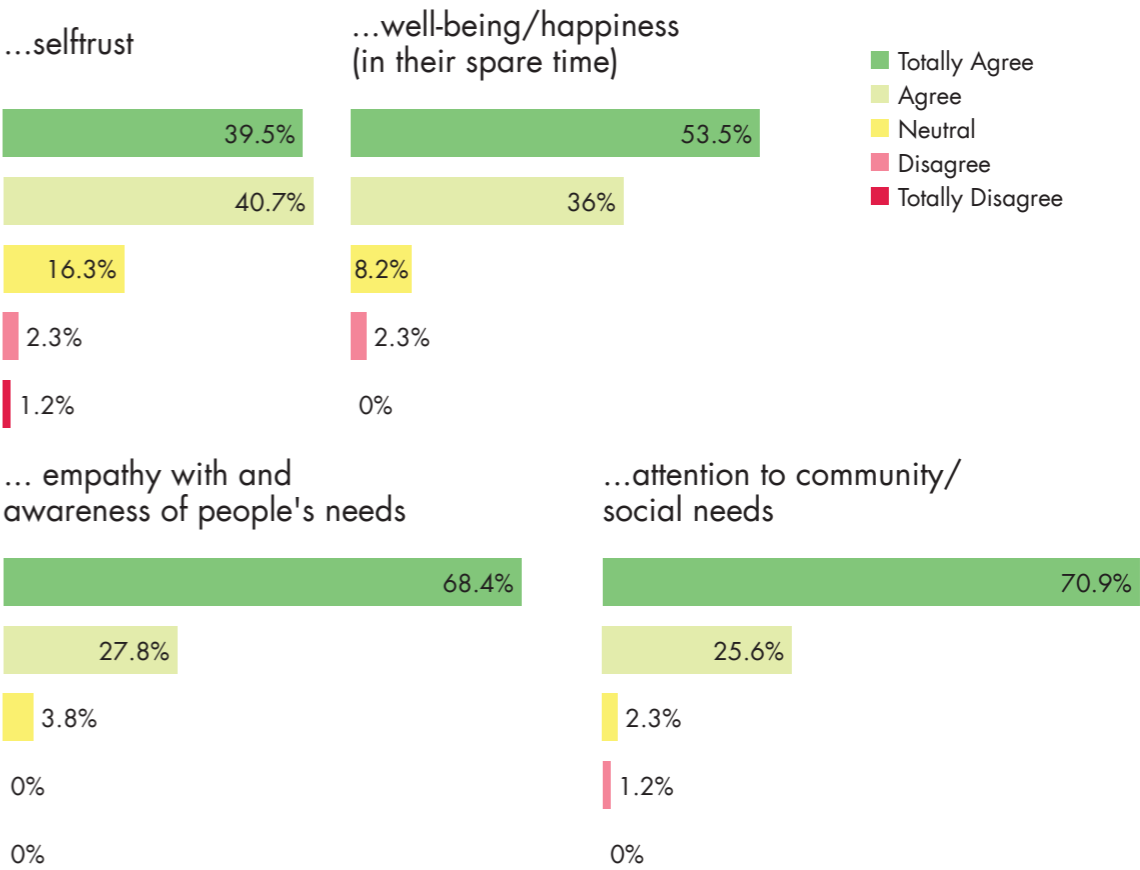
The Bank encourages its employees to volunteer, because this:

- is positive for the community;
- improves team building, engagement and personal satisfaction;
- builds new skills among the volunteers.

The Bank evaluates annually how the voluntary activities help its employees to develop and focus on important aspects such as: selftrust, empathy, awareness of community needs.

VOLUNTEERING ACTIVITIES HELPED EMPLOYEES DEVELOP FOLLOWING ASPECTS	TO THE: ... SELFTRUST	... WELL-BEING/ HAPPINESS (IN THEIR SPARE TIME)	... EMPATHY WITH AND AWARENESS OF PEOPLE’S NEEDS	... ATTENTION TO COMMUNITY/ SOCIAL NEEDS
totally agree	39.5%	53.5%	68.4%	70.9%
agree	40.7%	36%	27.8%	25.6%
neutral	16.3%	8.2%	3.8%	2.3%
disagree	2.3%	2.3%	0%	1.2%
totally disagree	1.2%	0%	0%	0%

### VOLUNTEERING ACTIVITIES HELPED EMPLOYEES DEVELOP THE FOLLOWING ASPECTS:



During the reporting year, 254 employees contributed to several programs executed in partnership with some of the most active NGOs in Romania. A total of 876 hours were allocated to volunteering by employees, and were dedicated to a variety of projects, requiring diverse skills such as: the assessment and selection of programs to be funded, financial education programs and house-building for under-privileged people.

→» Impact on the beneficiaries of community projects

In 2016, 235,375 people benefitted directly from programs implemented with the Bank's support. This vast change is observed in behavioral and attitude change (43.2%), while the improvement in life quality (28.7%) almost equals their perceived skills development (28.1%).

The main improvements reported by the beneficiaries refer to behavioral and attitudinal changes and life quality growth. Due to the increased number of the Bank's financial education projects, a significant increase in the development of the direct beneficiary's abilities was also recorded.

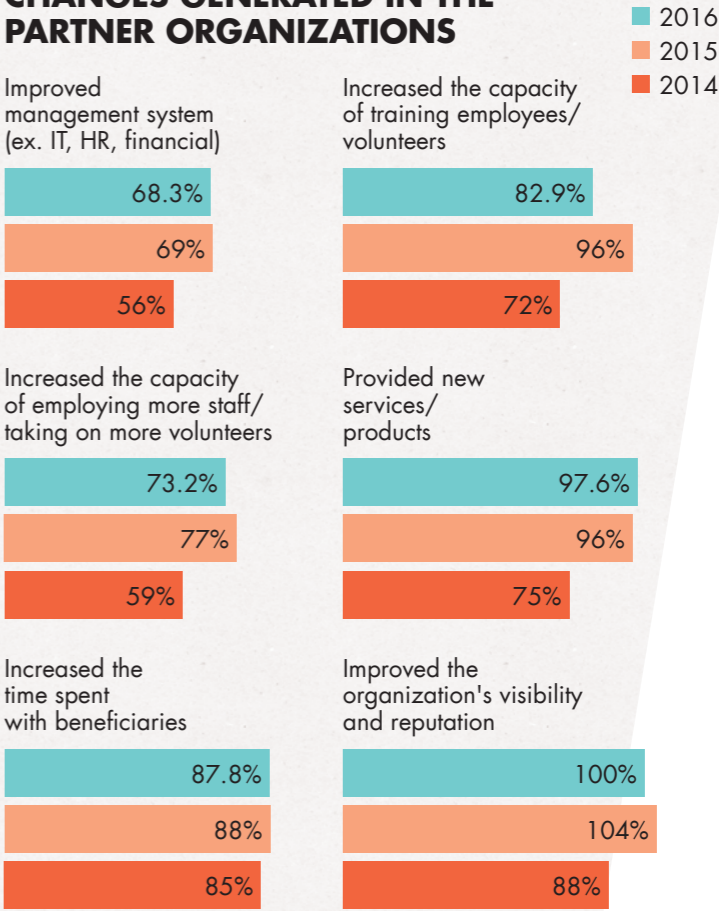
TYPE OF CHANGES REPORTED BY THE BENEFICIARIES

	SKILLS DEVELOPMENT	IMPROVED QUALITY OF LIFE	BEHAVIORAL AND ATTITUDE CHANGES
2014	40%	22%	38%
2015	7.8%	43%	49.20%
2016	28.1%	28.7%	43.2%

→» Impacting partners

The Bank's partner organizations, due to the Bank's support, enjoyed direct and indirect benefits for both themselves and their beneficiaries. Based on its annual LBG review, in 2016, the most notable benefits were related to reputation (100%) and improved/new services (97.56%).

CHANGES GENERATED IN THE PARTNER ORGANIZATIONS



# Further plans for 2017

To consolidate the sustainability strategy in order to incorporate the feedback received from the Bank's stakeholders

To make a clearer distinction between community support and donations, sponsorship and the causes that the Bank supports



To consider education, financial literacy, entrepreneurial education and innovation as keys areas for sustainability strategy

Linking financial education with entrepreneurship is of interest to both the stakeholders and the Bank

**TO SET SMART OBJECTIVES REGARDING SUSTAINABILITY TO DRIVE IMPROVEMENTS AND EMBED SUSTAINABLE PRINCIPLES WITHIN THE BUSINESS**



To communicate the content of the Sustainability Report to the stakeholders, based on their interest in each material topic

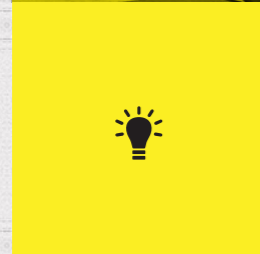
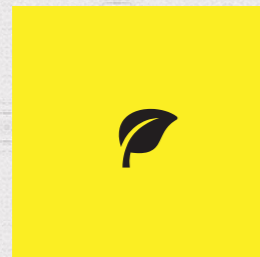
To deploy more elaborate stakeholder engagement approaches in order to better understand the stakeholders' views related to the community directions of the Bank

**TO CONSOLIDATE THE INTERNAL CAPABILITIES OF THE EMPLOYEES INVOLVED IN THE CORPORATE SOCIAL RESPONSIBILITY REPORTING PROCESS AND PROVIDE TRAINING FOR THE WORKING GROUPS**

# OUR **7** FOOTPRINT

## Environmental Responsibility

Faced with many climate and ecological changes, one of our contemporary challenges will undoubtedly be the preservation of environmental balances. The interdependence of activities to address these increased risks shows that comprehensive and coordinated actions are necessary.



# 2016 Achievements

Reduced paper consumption by

**22,345** kg

Doubled the amount of paper recycled after use from

300,589 kg

to **663,300** kg

More than  
**161,000** people,  
including students,  
employees and community  
residents, participated in  
bike-sharing programs  
supported by the Bank



Sponsored the annual Green Business Index, the most prestigious barometer of corporate environmental responsibility in Romania

**PARTICIPATED IN THE 6<sup>th</sup> EDITION OF BIKEFEST, THE MOST IMPORTANT EVENT DEDICATED TO URBAN CYCLISTS**



The Banking sector, due to its scale and intermediate position, plays a leading role in the financial development of the country. The Bank goes beyond that to focus on the local communities in which it operates and works consistently to respond to the environmental challenges and instill respect for the environment.

Resources scarcity is a risk for companies and communities alike. It has a direct influence on businesses performance as well as end users, and the Bank understands that, as a community leader, it needs to lead by example. The Bank is financing innovating solutions and has initiated internal projects to limit the use of resources and respond to the environmental challenges. This dual approach, internal and external, contributes to the environmental aspects of sustainability, while creating measurable returns.

As the Bank understands that consistency is needed in order to come into fruition its environmental commitments, the Bank manages an on-going effort to increase awareness, monitor any adverse impact arising from its operations and guard against unanticipated risks. The Bank ensures that the resources used to bring the products and services to market are well-planned, recycled where possible, and minimized. Through numerous programs, it engages with its customers to adopt environmental friendly Banking habits. In 2016, more products were being offered online through the Bank's digital website and platforms.

# ENVIRONMENTAL APPROACH AND CLIMATE CHANGE

Any contribution toward environmental protection is important and helps to address the climate change, which has environmental, social and economic effects. In responding to these issues in a targeted way, the Bank manages to raise awareness among its employees and the communities on the importance of climate change.



## ACTIONS FOR THE ENVIRONMENT

One of the strategic directions of the Bank is to improve urban ecology, and so it contributes toward rebuilding cities based on green principles. In 2016, the Bank continued to promote the necessity of environment protection, by participating in projects that have been initiated mainly by its strategic partner, Green Revolution Association.

The projects that have been implemented focus mainly on environmental protection and a healthier life-style. These projects promote a healthier, happier life, support the reduction of pollution due to human activities and educate participants on its adverse effects. Significant focus has been placed on initiatives supporting the use of bicycles, which have been running since 2010. Urban cyclists' projects promote a healthy lifestyle, while supporting alternative transportation and encouraging the adoption of methods of transport that have zero impact on the environment.

I’Velo is the Bank’s main supported program in the area of urban ecology, developed in partnership with Green Revolution Association.

The I’Velo program, started in 2010, in partnership with Green Revolution Association, is the first bike-sharing program in Romania, with over 1,160,000 participants to date. The program is now operating across nine cities, with 1,255 bicycles for rent. In 2016, the program recorded more than 161,000 users. Users have the option either to pay per trip or to buy a subscription.



The program is divided into three projects: I’Velo Relax, I’Velo Urban and StudentOBike.

#### » I’Velo Urban:

This is a bike-sharing program, launched in September 2016, in Bucharest. Five automatic bike-sharing stations are located in the central area, offering 135 bicycles. From September to December 2016, over 3,200 people took part in this program and 342 decided to purchase a subscription.

#### » I’Velo Relax:

This bike-sharing system, located in or close to park areas, consists of nine bike sharing stations and over 800 bicycles. In 2016, the response to this program increased by 5% compared to 2015, with nearly 140,000 people renting a bike.

#### » StudentOBike:

Located in six different student areas in Bucharest and the rest of the country, the project offers 320 bicycles for rent; more than 17,700 students rent a bicycle in 2016.



The car fleet was replaced in 2014 with more environmentally-friendly vehicles, and three hybrid vehicles were purchased in 2016. It is planned to add a new e-car in 2017. Continuing a long tradition, the Bank continued to support the bicycle-sharing program in co-operation with Green Revolution ([www.greenrevolution.ro](http://www.greenrevolution.ro)), which is available across nine Romanian cities. Also, bicycles and a proper infrastructure are provided to employees at the Head Offices.

# ENVIRONMENTAL PERFORMANCE

The environmental performance of the Bank has been improving considerably over the past few years and remains an integral part of the business model. The Bank’s key direct environmental impact generated is mainly limited to energy, water and paper usage. This report covers all Bank properties, including the Head Offices and branches, with a total of 133,606 sqm and 5,308 employees.



## PAPER AND WEEEs

The financial products and services offered by the company have an impact on the level of materials consumed, and an impact on the environment. Being a provider of financial services, the company uses paper for any pre-contractual information offered to the customers, contracts, internal administrative purposes and marketing activities.

TYPE OF CONSUMPTION	VOLUME 2014	VOLUME 2015	VOLUME 2016
Paper (kg)* *not recycled labeled paper	367,257	376,333	353,988
Printed materials for selling financial products and services (kg)	N/A	N/A	102,648
Print cartridges and toners (pieces)	N/A	N/A	4,186
Corrugated board used for storing documents (kg)	N/A	N/A	17,280

In an effort to reduce the usage of resources and offer a better experience to customers, the Bank introduced in 2016 a new mobile application, boosting its digital operations and limiting its paper waste, offering an overall better service and experience and contributing toward environmental protection. Digital functionalities, like tax payments through smart phones and online, digital print access and rapid money transfer through smart mobiles create multi benefits for the users, organization and the environment. This process of virtualization, implemented in 2016, resulted in the recycling of a

vast amount of the electronic equipment (WEEEs) which was used in the branches.

In addition, in 2016, the Bank updated its process of paper recycling. Used paper of all types, including marketing materials and posters, is now collected from all working outlets. As a direct and measurable result, the amount of paper being recycled has doubled compared to 2015. Based on internal data, the Bank recycled 663,300 kg, compared to 300,589 in 2015. This process has now become standard practice for the Bank.

MATERIALS RECYCLED	VOLUME 2014	VOLUME 2015	VOLUME 2016
Paper (kg)	353,466	300,589	663,300
WEEEs (kg)	42,974	19,332	618,300

The Bank is not using recycled paper because it considers that the impact on the environment is not reduced, as the recycled paper is not produced in Romania (the impact of the distribution chain is considered in this decision).



## ENERGY

Reducing energy consumption has been one of the priorities of the Bank, mainly because of the impact that such a reduction would have on the environment and the Bank’s costs. The Bank records its performance and has managed to keep detailed records to allow informed changes to take place in terms of environmental consumption and performance.

In 2016, the Bank managed to reduce significantly its total energy consumption by 1.57 Gwh (from electricity and cooling) and by 3,751 MWh (from heating).

TOTAL ENERGY CONSUMPTION	VOLUME 2014	VOLUME 2015	VOLUME 2016
Electricity and cooling (Gwh)	27.31	23.3	21.73
Heating (gas) (MWh)	11,845	17,492	13,741

TOTAL ENERGY REDUCTION	2014 TO 2015	2015 TO 2016
Electricity and cooling (Gwh)	4.01	1.57
Heating (gas) (MWh)	5,647	3,751

Note: Part of the decreased energy consumption was due to the closure of 37 branches.

The Bank has undertaken several successful projects that contributed to its overall energy reduction and will be continued in future, thus establishing a sustainable base for future operations. The usage of environmentally-friendly equipment, general energy efficient projects and waste management are amongst these.

The projects and their impacts are listed below:

- » The air-conditioning system Freon 22 has been replaced by more environmentally-friendly Freon 410 in all technical rooms and office buildings. The usage of smaller chillers has been proposed, aiming to reduce power consumption.
- » A policy to switch off lights after 10PM has been communicated and implemented. The security personnel at the head office building are responsible for ensuring that all lights are switched off at 10PM, while sensor-based lighting has been installed at the company's administrative offices and branches, in toilets, hallways and kitchens.
- » In 2016, a new project to replace the exterior lighting signs of all branches was initiated. Already, 20 illuminated cassettes have been replaced with LED lighting during the first phase of the project.



TRANSPORTATION AND GHG

Alternative transportation methods have been suggested and supported by the Bank. The Bank follows innovation trends in technology and is switching to more environmentally-friendly solutions for its employees' vehicles.

FUEL CONSUMPTION	VOLUME 2014	VOLUME 2015	VOLUME 2016
Gasoline for Vehicles (lt)	645,276	590,071	445,539
Diesel for Vehicles (lt)	N/A	N/A	151,129
Diesel for Generators (lt)	N/A	N/A	5,328

Some of the existing gasoline-type cars have been replaced and additional diesel-type vehicles have been purchased. In 2016, the Bank purchased 119 more diesel cars and three hybrid cars. The fuel consumption per 100 km and the CO<sub>2</sub> emissions were the reasons taken into consideration when the cars were purchased.

CAR FLEET	2016
No. of cars in the company's fleet	522
No. of diesel-powered cars	400
No. of electric/hybrid cars	3
No. of gasoline-powered cars	119
Distance traveled by taxi, car fleet and personal car (km)	9,341,462

In total, during 2016, the distance travelled by taxi, car fleet and personal vehicles amounted to 9,341,462 km, while the flights for business purposes by employees amounted to 2,624,123 km, including international and domestic flights.

THE TRANSPORTATION OF  
EMPLOYEES/MATERIALS  
REQUIRED FOR THE BANK’S  
ACTIVITIES WITH ALTERNATIVE  
MEANS OF TRANSPORT

	2014	2015	2016
Distance travelled by employees driving their personal car for business purposes (km)	963,000 km (approx. 77,000 l)	978,057 km (approx. 78,000 l)	927,696 km (approx. 74,000 l)
Distance travelled by employees driving their company car (km)			7,876,039 km
Distance travelled by employees travelling by taxi for business purposes (km)	360,000 km (approx. 29,000 l)	499,074 km (approx. 40,000 l)	537,727 km (approx. 43,000 l)
Quantity of weight transported by courier services (t)	150	160	160

Company travel contributes heavily to the Bank’s carbon footprint. The Bank has recognized the impact of transport on its greenhouse gas (GHG) inventory and is, thus, seeking to reduce this by making changes to its company car fleet. Although the Bank has not conducted a formal GHG audit to identify the exact impact of its operations, it is committed to taking action to reduce its impact and then measuring formally the effects of its operations on climate change.



WATER

Raising staff awareness about water waste and communicating the company’s environmental policies is one of the most effective ways of saving water in the workplace. Within the Bank’s premises, the 5,308 employees managed to reduce the water consumption by 12,725 m³. The Bank does not have a proper infrastructure for recycling or reusing water, so investing in reducing consumption is the most effective measure it can take on this important issue.

5,308 employees:  
the water consumption  
reduced by  
12,725 m³

WATER CONSUMED m³	VOLUME 2014	VOLUME 2015	VOLUME 2016
Total volume of water	81,640	79,200	66,475

WATER SAVED m³	2014- 2015	2015- 2016
Total volume of water	2,400	12,725

Note: Part of the decreased water consumption was due to the closure of 37 branches.



WASTE

The company records annually the quantitative of waste disposal, hazardous and non-hazardous. In all Bank’s premises, the waste management system manages the segregation of waste. All kitchens are equipped with segregated system, which consists of recycled bins, paper bins and household reuse bins which are being collected by recycling companies.

WASTE DISPOSAL METHODS AND MATERIAL	VOLUME	
	HAZARDOUS WASTE	NON-HAZARDOUS WASTE
Recycling - Metal (kg)		4,636
Recycling - Plastic (kg)		826
Recycling - Paper recycled (kg)		663,300
Recycling - Cardboard (kg)		3,012
Recycling - Desktop computers (pieces)	256	
Recycling - Laptops (pieces)	169	
Recycling - Mobile phones (pieces)	174	
Recycling - Screens (pieces)	256	
Recycling - Lamps (kg)	72	
Recycling - Batteries, processing (kg)	240	
Landfill disposal (kg)	0	297,930

Further plans for 2017

To continue the implementation of server farms cooling project

To implement a segregated waste management system in all the working points

To continue the maintenance of generators and air-conditioning systems

To continue the recycling of the materials used in the business, such as paper, plastic, metal and WEEEs



To continue the acquisition of electric car - at least, one electric car to be purchased in 2017

TO INCREASE ENVIRONMENTAL AWARENESS AND TO INVOLVE EMPLOYEES IN THE INTERNAL ENVIRONMENTAL INITIATIVES

# MAJOR COMMUNITY PARTNERS

- Junior Achievement Romania Foundation
- Leaders Foundation
- Young Leaders Club Association
- Romanian Business Leaders Foundation
- Akcees Education Association
- Green Revolution Association
- Teach for Romania Association
- OvidiuRo Association
- Habitat for Humanity Romania
- United Way Foundation
- The Princess Margareta of Romania Foundation
- Light into Europe Foundation
- Radu Stanca National Theatre
- The Association for the Promotion of the Romanian Film
- Daya Theatre Company Foundation
- Art@Co Association
- ACT Cultural Association
- SoNoRo Association
- Bucharest Running Club Association
- Tasuleasa Social Association

## About the Report



Due to our commitment to transparency and accountability, in the 8<sup>th</sup> Corporate Social Responsibility Report, the Bank presents its commitments, achievements and plans for its future business activities. Raiffeisen Bank operates under the laws in force in Romania, the articles of incorporation and its internal regulations. All banking activities are regulated and supervised by the National Bank of Romania. This report communicates, through facts and figures, how the principles of sustainability are incorporated into the Bank's business model and strategy, and covers all of the Bank's properties, including the headquarter offices and branches.

This report constitutes a continuation of our efforts since 2009 and aims clearly to reflect the strategy and priorities of our company on issues related to Corporate Responsibility. The 2016 Corporate Social Responsibility Report of Raiffeisen Bank presents all of the key and material aspects which the Bank has recognized and on which it focused during this reporting year. The report refers to the period from 01/01/2016 to 31/12/2016, and provides a continuation of the Bank's previous annual CSR reports.

The Bank continues to abide by the principles and guidelines of the Global Reporting Initiative (GRI) and has now adopted the GRI Standards, issued in October 2016. The structure of the report and the Bank's approach is in accordance with the guidance and directions provided by the standards. This report meets the requirements of the "In Accordance" - Core Option.

The data and information are structured in an easy-to-follow way, based on four key areas, covering the risks, opportunities and strategies for the future:

- Responsible financing
- Workplace
- Society
- Environment

The indicators selected here are the most relevant to the Bank’s operations, products and stakeholders, and are based on a materiality assessment of the most significant sustainability issues for the company and its stakeholders.

In order to provide better insights into the Bank’s journey toward Sustainability, we also present data from previous years.

As every year, the Bank is striving to improve its reporting process. For the 2016 report, it shifted to the Euro and all monetary terms referenced in this report are quoted in Euros rather than RON. According to the financial reporting rules, the EOP conversion rate is used for sold and Balance Sheet and the average conversion rate for P&L (income and spending) and for the rest of the financial data included in the report.

CONVERSION RATES	2015	2016
Currency € EOP	4.524	4.541
Currency € AVG	4.504	4.517

The term "Senior Management" is defined as including all positions on Board level - 1 (positions that directly report to Board Members). The significant locations for operations consist of the Head Offices and the Network. The Head Offices include the three administrative offices. The Network is defined as all 478 branches of the business. The geographical definition of the local refers to the territory of Romania.

The sustainability performance data and claims in this report have not been subject to external assurance by an independent third party. We may consider this option for our future reports.

## RAIFFEISEN BANK’S EDITORIAL TEAM

The Bank is very proud to communicate the 8<sup>th</sup> Corporate Social Responsibility Report, as it provides a platform for demonstrating its commitments to responsible business. Moreover, it includes input from the Bank's stakeholders regarding the financial and non-financial performance, social and environmental impact. The report is the result of the work of the entire company and it was conducted in partnership with The CSR Agency, a CSR consulting company.

## CONTACT POINT

Your opinion is very important to the Bank. Please send your comments, opinions, questions or suggestions to:

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[www.raiffeisen.ro/despre-noi/responsabilitate-corporativa/rapoarte-anuale-csr/](http://www.raiffeisen.ro/despre-noi/responsabilitate-corporativa/rapoarte-anuale-csr/)  
[www.raiffeisencomunitati.ro/rapoarte-csr](http://www.raiffeisencomunitati.ro/rapoarte-csr)

# GRI Content Index

The Corporate Social Responsibility Report of Raiffeisen Bank for 2016 is developed according to The GRI Standards and meets the requirements of the GRI Content Index for the “In Accordance” - Core Option.

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