

Sustainability Report 2017

"SDGs meet RBI" - Contribution of RBI
to the Sustainable Development Goals

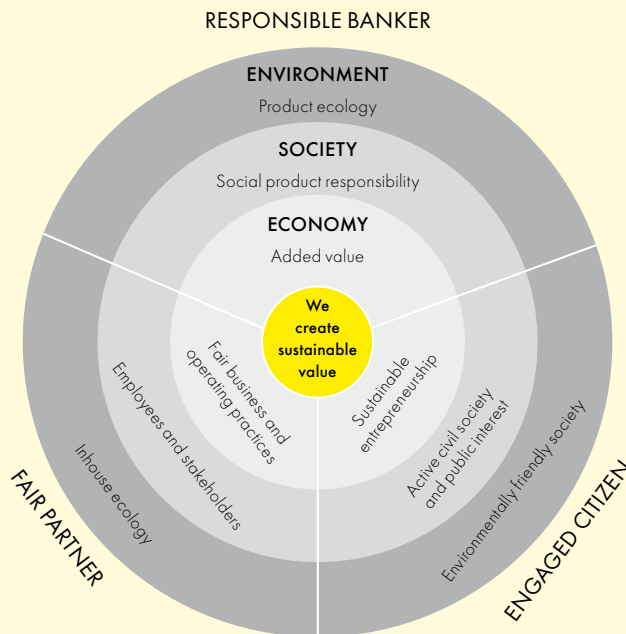


Raiffeisen Bank International



Important facts at a glance:

Our sustainability strategy:



16.5 m customers

49,700 employees



Group-wide share of women in management **54** percent

Training hours for employees
2,599,200

30,329 employees trained in preventing corruption

Austrian Sustainability Reporting Award (ASRA):
Sustainability Report 2016 awarded third-best report of a large company

Financing portfolio RBI AG:
Renewable Energy about € 156 m
Green Real Estate about € 317 m
Sustainability Lending RBI Group:
approx. € 1.5 b



Publication of the revised, group-wide
Code of Conduct

Volume of sustainable investments (Raiffeisen KAG) rose by approx. 26 percent to about € 2.9 b



Sustainability ratings and indices of RBI AG:

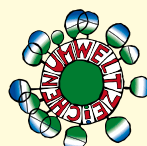


oekom prime rating: „C+“

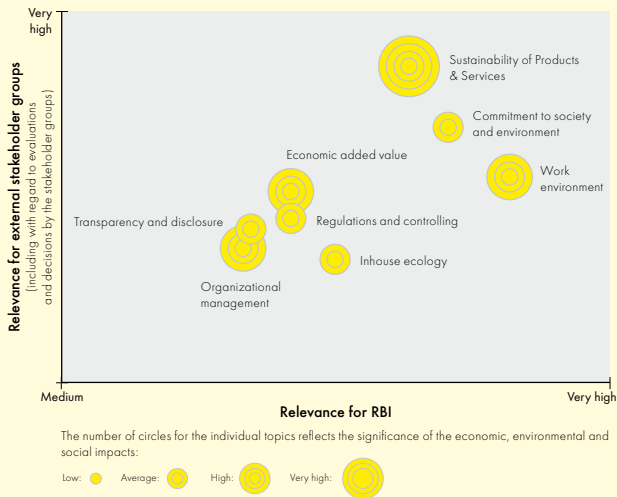


Group-wide investments in the community:
about € 3.5 m

Certifications of Raiffeisen KAG



Materiality matrix with weighted impacts of RBI



The most important Sustainable Development Goals (SDGs) for RBI:

- SDG 1: No Poverty** - To end all poverty everywhere.
- SDG 4: Quality Education** - Assuring inclusive, equitable and high-quality lifelong learning opportunities for all.
- SDG 5: Gender Equality** - Achieve gender equality and empower all women and girls.
- SDG 7: Affordable and Clean Energy** - Ensuring access to affordable, reliable, sustainable and contemporary energy for all.
- SDG 8: Decent Work and Economic Growth** - Promote sustained, inclusive and sustainable economic growth, full and productive full employment and decent work for all.
- SDG 9: Industry, Innovation and Infrastructure** - Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.
- SDG 13: Climate Action** - Take urgent action to combat climate change and its impacts.
- SDG 16: Peace, Justice and Strong Institutions** - Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.

CO₂ emissions reduced by **nine percent** compared to the previous year



In 2017, CDP rated RBI the **best company** in the financial sector in Austria for the third time.

Ecological footprint of RBI:

CO₂e emissions

The total CO₂e of RBI in 2017 was 53,938 t location based or 53,699 t market based (minus nine percent on the previous year or minus 22 percent on 2011). The biggest key performance indicators of our CO₂e emissions are energy consumption and business travel. Furthermore, most of the emissions (49 percent) fall in Scope 2 (mostly caused by power consumption, followed by air traffic), followed by Scope 3 with 39 percent (power consumption is also in first place here). In third place is Scope 1 with 12 percent, mostly caused by business travel with own cars.



Transport

Business travel makes up about 22 percent of emissions with 12,335 t CO₂e (minus three percent on the previous year or minus 13 percent on 2011), while parcel service and transport of goods accounts for less than one percent with 241 t CO₂e according to recent surveys. Transport is therefore the second-biggest cause of our emissions. This has an effect on both Scope 1 and Scope 3.



Energy

Energy consumption makes up about 70 percent of emissions with 37,914 t CO₂e (minus two percent on the previous year or minus 23 percent on 2011) and is the biggest cause of our emissions. Most of this is evident in Scope 2, but partly also in Scopes 1 and 3.



RBI's share of green electricity is about 34 percent.



Water

The share of water consumption in our emissions is negligible at 73 kg CO₂e and nearly zero percent (minus seven percent on the previous year or minus five percent on 2011). The CO₂e emissions are solely in Scope 3.



Waste

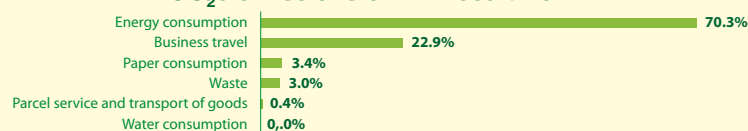
With 1,618 t CO₂e, waste is negligible and makes up about three percent of emissions (plus five percent on the previous year or plus six percent on 2011). The effects are evident only in Scope 3.



Paper

Material consumption (especially paper consumption) makes up about three percent of emissions with 1,829 t CO₂e (minus 30 percent on the previous year or minus 33 percent on 2011). The effects are evident only in Scope 3.

CO₂e emissions of RBI result from



Scope 1 12%

Scope 2 49%

Scope 3 39%

RBI Sustainability Report 2017

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Exclusion of liability:

We have taken the utmost care in gathering the data and other information contained in this Report. Nevertheless, we cannot completely rule out the possibility of errors. Statements on future developments are based on information and forecasts which were available to us at the time this Report was published. The latter were also written with care. Notwithstanding the above, there are many factors and developments that can lead to discrepancies. We therefore ask for your understanding that we do not assume liability for data and other information contained in this Report. This Report is based on RBI's current business policy. Changes to this business policy are reserved. If this Report contains rules, these shall apply solely to companies of RBI and their board members and employees. Other parties are not addressed by these rules and are neither authorized nor obligated by them. Nobody may derive or assert any type of claims or other rights arising from or relating to this Report against companies of the RBI or their board members and employees; any liability of these companies, board members and employees arising from or relating to this Report shall be excluded.

This Report is subject to substantive Austrian law. The Bezirksgericht Innere Stadt (Local Court Vienna - Innere Stadt, Austria) is solely responsible for reaching a decision on all possible disputes arising from or relating to this Report.

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Foreword

Dear readers,

We can certainly look back on the past year with satisfaction. On the one hand, 2017 was characterized by economic recovery in Austria and in our core markets, as well as by continued low levels of interest rates on the other – particularly in the eurozone. The positive macroeconomic performance as a whole and the friendly market environment played their part in RBI's group results more than doubling over the previous year to € 1.116 billion.

Klemens Breuer resigned from his position as deputy Chief Executive Officer at the end of October 2017. Andrii Stepanenko, who was most recently deputy Chief Executive Officer and Board member responsible for Retail at Raiffeisenbank in Russia, will be responsible for retail banking while Lukasz Januszewski will be responsible for the Markets sector. He was previously a member of the Board at Raiffeisen Bank Polska where he was responsible for the Markets and Investment Banking sector.

This Report has been prepared based on the internationally recognized "GRI Guidelines" framework of the Global Reporting Initiative. It is RBI's "non-financial Report" pursuant to the Austrian Sustainability and Diversity Improvement Act and has been audited by KPMG and the Supervisory Board. We made a conscious decision in selecting "SDGs meet RBI" as the motto for the Report. We want to contribute accordingly towards the global development goals – the "Sustainable Development Goals" – to which the United Nations, Austria included, is committed. As an international banking group, we believe it is our responsibility to support this important initiative as part of our sustainability agenda.

The fact that sustainability plays an important role in our business activities can be seen in the numerous measures described in the Report, as well as through our membership in the United Nations Global Compact. We have been a member of the world's largest network for corporate responsibility and sustainability since 2010.

RBI will continue to pursue its strategy as a leading universal bank in CEE and Austria with the overriding goal of creating value over the long term. Selective growth is planned over the next few years in certain core markets that are stable and feature good economic prospects. The aim of the transformation program over the last few years has been to improve our risk profile and our capital position. We have implemented a series of measures in this respect, including exiting selected markets such as Asia, the USA and Slovenia, along with certain sectors such as car financing in Russia. We believe that we are ready for the challenges as a result, including those involving continued low interest rates and high regulatory standards. The merger between RBI AG and RZB AG has also allowed us to reduce complexity within the Group.

RBI has an environmental and social management system in place in eight network banks, and a corresponding environmental and social policy which defines the principles of the Bank's environmental and social risk management. These are predominantly based on the standards of the International Finance Corporation and/or the Multilateral Investment Guarantee Agency.

Digitization provides promising opportunities for our business processes. We examine these carefully and will deploy them consistently if they have a positive impact on our efficiency and customer retention rates. This latter factor in particular is a high priority for us as a relationship bank which places a special emphasis on added value for the customer. We already have a pioneer in digitization within the Group in the form of Tatra banka. Our Slovakian subsidiary was one of the first banks in the region to offer innovative digital solutions – such as payments via smartphone, without the parties involved needing to exchange their account details. The use of biometric voice recognition in call centers is another example. We are transferring the knowledge and expertise that we have acquired here as we progress to other markets where the population is receptive to these kinds of innovations. A further step towards digitalization is our Elevator Lab – a program in which we work closely with fintechs, i.e. technology-oriented companies with ideas for innovative solutions for the financial industry. Another example of our activities in the area of digitization is our R3 membership. This is an international consortium with more than 160 members working on pilot projects for the commercial use of blockchain applications.

We see our award of Prime status in oekom research's sustainability ratings as recognition of our commitment to sustainability. In the fall, those ratings once again confirmed the "C+" assessment level for RBI. Other awards are the inclusion, once again, of RBI AG in the VÖNIX sustainability index, the listing in the STOXX® Global ESG Leaders indices, the FTSE4Good Index Series as well as our first-class rating in the CDP. Once a year, the non-profit organization CDP surveys and evaluates the CO₂ emissions of listed companies on behalf of investors in over 71 countries. The goal is to evaluate the degree of maturity of companies with respect to their strategic alignment on climate-related issues. Only 193 of more than 1,839 listed companies around the world secured a place on the CDP Leadership List in 2017. RBI is one of the three best companies in Austria that are included in this ranking and was named best domestic company in the finance sector for the third time in a row.



© David Sailer

We are faced with specific challenges in our efforts towards achieving our vision for sustainability. These stem from the economic, social and environmental impacts of our business activities as well as from the external conditions within which we operate. Last year, therefore, we worked intensively on RBI's impact on the economy, environment and society, and the risks and opportunities associated therewith. Details can be found in the various chapters in the Report.

In 2017 we also continued extensively to pursue the "Diversity 2020" initiative launched two years ago, with the aim of using diversity within the company to maximum effect through professional diversity management. Numerous measures were implemented, with the contextual focus here placed on empowerment of women and the integration of people with disabilities. One of the objectives that we have set as part of this initiative is to achieve a proportion of 35 percent for women in senior management positions across RBI by 2024.

As an international banking group we also see ourselves as a "committed corporate citizen" that actively advocates sustainable development in society. Diversity, tolerance and a strong focus on people provide the basis for our efforts to bring about forward-thinking developments in society. We are trying to help solve the problems society faces, we promote culture and are implementing measures to protect the environment. RBI invested a total of about € 3.5 million in the community in 2017. Overall, 1,594 projects were supported in those communities in which we operate.

On behalf of the Management Board, I would like to say thank you to all of our employees for their commitment to sustainability. One thing is certain: we can only continue in our efforts towards successfully achieving sustainability if we work together – in the interests of our company, as well as the environment and society.

I would like to invite you to continue the discussion with us going forward.

On behalf of the Management Board

Dr. Johann Strobl
Chief Executive Officer
Raiffeisen Bank International AG

Information on the Sustainability Report (Non-financial report pursuant to sections 267a and 243b of the Austrian Commercial Code)



Overview

About the report

In this Sustainability Report, we describe the economic, environmental and social impact of our business activities in 2017 and present our current activities in the area of sustainability. The aim of the Report is to give a comprehensive account of how Raiffeisen Bank International (RBI) has fulfilled its sustainability mission during the reporting period and how it plans to implement and improve its sustainability performance in the future. In addition, some portions of the Sustainability Report are now published only on our website. This applies in particular to detailed tables relating to the chapter "Inhouse ecology" (for the areas of paper, water and waste). Similarly, our sustainability guiding principles are only included in this report as excerpts. The full version can be found on our website at www.rbinternational.com/sustainabilitymanagement.

This Report represents RBI's "non-financial report" (pursuant to sections 267a and 243b of the Austrian Commercial Code) in accordance with the Austrian Sustainability and Diversity Improvement Act ("Nachhaltigkeits- und Diversitätsverbesserungsgesetz"). It includes matters related to the environment, and social and employee matters, the matter of human rights and the fight against corruption and bribery. The Report is not structured according to these specific matters. Instead, the corresponding information is actually included in the relevant chapters. The "Human Resources" chapter focuses on those matters that relate directly to employees.

The Report lays out the impacts, risks and opportunities of our business activity/business relationships, the sustainability strategy together with corresponding management approaches (concepts) and measures and it describes specific sustainability activities carried out during and prior to the reporting period. In addition, we present our sustainability program for the next reporting period. The current reporting period follows on seamlessly from the RZB Group Sustainability Report for 2016, and the Report is published annually.

As shown in our stakeholder universe (see page 27), the Sustainability Report is addressed to all stakeholders of RBI. Many stakeholders were involved in selecting the most important topics for this Report. We particularly refer readers to the "Materiality Analysis" chapter (starting on page 20) and "Stakeholder Inclusion" chapter (starting on page 27).

Group Sustainability Management at RBI is your point of contact concerning this Report. Comments, ideas and suggestions for improvements can be sent to sustainabilitymanagement@rbinternational.com.

GRI Standards

This Report was produced on the basis of the internationally recognized GRI Standards for sustainability reporting of the Global Reporting Initiative, involving sustainability reporting with the "core" option. In addition, selected indicators relating to the information related to the financial services sector are included.

Verification of the report's contents

The contents of this Sustainability Report have been audited by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft (KPMG) (see pages 157-158).

This Report has been examined by the Supervisory Board pursuant to section 96 subsection 1 of the Stock Corporation Act.

Materiality, impacts, risks, opportunities and determination of the Report contents

In the Report, we address the subjects identified within RBI as material, and that reflect the expectations of our stakeholders, and that represented the focus of our commitment in the past year.

This Report contains information – including non-financial performance indicators – describing the specific impact of RBI on the economy, society and the environment. The contents of the Report were selected using the principle of materiality. A materiality analysis provides the basis for selecting the relevant topics. The internal and external sustainability requirements and expectations of RBI were analyzed in detail and summarized in a materiality matrix.

The materiality analysis is based on an online survey carried out in January and February of 2016 (see from page 22). It is intended to ensure that the contents of the Report cover all topics and indicators that have the greatest impact on business activities, products and services. This includes both the impacts that RBI has, which occurs inside the organization, as well as impacts to which RBI contributes, i.e. that have arisen based on business relationships with other entities. The risks and opportunities that are relevant to RBI in connection with the aforementioned matters or for which there are risks or opportunities for RBI on account of its business activities or its business relationships are also presented.

In order to assess the materiality of the various topics and determine the contents of the Report, RBI considered the following matters:

- Relevance to strategy and management
- Results from stakeholder dialogs, focus groups and online surveys, which we have combined in the materiality matrix
- Disclosure requirements on financial analysts, sustainability rating agencies, institutional investors, etc.
- The principles of the UN Global Compact and the Sustainable Development Goals

Report scope and data collection

The report includes Raiffeisen Bank International AG (RBI AG) and 14 network banks in Central and Eastern Europe. The key participations of RBI AG in Austria are also included. These are Raiffeisen Bausparkasse Gesellschaft m.b.H., Raiffeisen Kapitalanlage-Gesellschaft m.b.H. and Raiffeisen-Leasing GmbH as well as the Valida Group, Kathrein Privatbank AG and Raiffeisen Centrobank AG.

Raiffeisen Bank International (RBI) is used to designate the RBI Group in this Report. The term RBI AG is used, on the other hand, to designate Raiffeisen Bank International AG. You can find more information on the structure of RBI as a whole on page 10.

The structure of the chapters and summaries of figures in this Report correspond with the segments of RBI's Annual Report. RBI is divided into Austria (AT), Central Europe (CE), Southeast Europe (SEE) and Eastern Europe (EE). RBI AG is presented separately.

Due to rounding, the tables may add up to greater or less than 100 percent and the totals may not always correspond to the individual items.

Economy

The information on economic circumstances contained in this Sustainability Report is primarily based on the information from RBI's 2017 Annual Report. The information and data contained therein was examined by external auditors, and some of that information and data was used for this report. Further information can be found in the Annual Report.

Ecology

As in the previous year, quantitative data relating to inhouse ecology was collected using the “mona” software. Additional data published in the Report was gathered by means of standardized questionnaires and discussions with individuals. The environmental figures consist exclusively of the head office data of the individual companies. The key ecological indicators from Kathrein Privatbank AG and Raiffeisen Centrobank AG were taken into account for the first time. Data acquisition of the inhouse ecology indicators was adjusted on account of earlier reporting requirements in the 2017 financial year (as a result of the Austrian Sustainability and Diversity Improvement Act). All-year values are still published, but with a time lag. The values from the fourth quarter of the previous year are totaled with the values of the first three quarters of the current year. Staggered data acquisition is still not necessary in the case of RBI AG alone in order to meet the new time-related requirements. The areas of paper, water and waste are not covered in detail in this Report; instead they are presented on the website.

Employees

Employee data is gathered group-wide using the “Tagetik” software. The data are then imported into “mona”. Additional data published in the report was gathered by means of standardized questionnaires and discussions with individuals.

Comparability of the information

The 2017 Report is fully comparable with the 2016 Report in terms of content. It should be noted that since January 2017, the Raiffeisen Zentralbank Österreich AG (RZB AG) business introduced as a result of the merger is included in full in the details for RBI. The current RBI figures relate to the merged bank. The historical figures include notes regarding whether these relate to RBI figures (published) or the RBI pro forma details that are based in each case on the merged bank.

The tables cover a period of five years for RBI. The inhouse ecology figures include 2011, not 2013, as the fifth reference year. This is the reference year for the objectives set in the environmental area and is therefore more relevant. The data for RBI AG are also presented for 2017. (The figures from the previous year for RBI AG are not comparable as a result of the merger with RZB AG.) Further details regarding the areas of paper, water and waste from the “Inhouse ecology” chapter are available on our website at www.rbinternational.com.

Wording

Where possible, terms are used that are not gender-specific in order to preserve readability and the flow of the text. Where the male form is used (such as “he” or “his”), the female form is included implicitly in the meaning.

Interesting facts about RBI

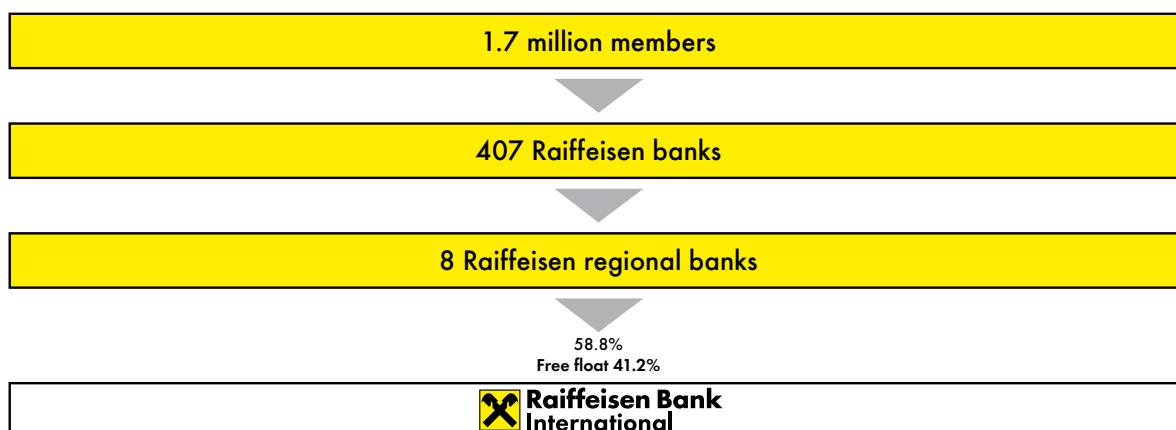
Ownership relationships and structure

The Raiffeisen Banking Group in Austria (RBG) is the largest banking group in the country and has the densest network of bank branches in Austria. There are three levels to the RBG: it is made up of 407 independent and locally active Raiffeisen banks (level one), the eight Raiffeisen “regional banks”, which are also independent (level two) and RBI AG (level three).

The 407 Raiffeisen banks with their 1,467 bank branches, together with the regional Raiffeisen banks and specialist companies, form an extensive and wide-ranging banking network. The Raiffeisen banks are universal banks offering a full range of banking services, and at the same time are owners of their respective regional banks.

The Raiffeisen regional banks (Raiffeisen Landesbanken or Raiffeisenverband) are responsible for balancing liquidity and provide other central services for the Raiffeisen banks within their area of operation. The Raiffeisen regional headquarters act as independent universal banks and have been shareholders in RBI since the merger between RZB AG and RBI AG in March 2017.

Raiffeisen Banking Group in Austria



About RBI

RBI regards both Austria, where it is a leading corporate and investment bank, as well as Central and Eastern Europe (CEE) as its home market. 14 markets in the region are covered by subsidiary banks. In addition, the group comprises numerous other financial service providers in areas such as leasing, asset management as well as M&A.

All in all, nearly 50,000 RBI employees manage 16.5 million customers at more than 2,400 business outlets, most of them in CEE. RBI AG shares have been listed on the Vienna Stock Exchange since 2005.

Following the merger between RBI AG and RZB AG in March 2017, the merged company – like RBI AG before it – operates under the name of Raiffeisen Bank International AG. RBI AG acquired all rights, obligations and responsibilities of the transferring company RZB AG with this.

The total assets as of December 31, 2017 of RBI amounted to € 135.146 billion. The Raiffeisen regional headquarters hold around 58.8 percent of the shares in RBI AG, while the remaining quantity of around 41.2 percent is in free float.

The fundamental values of RBI

In the 19th century, Friedrich Wilhelm Raiffeisen simplified the idea of a cooperative down to one basic principle: In unity lies strength. RBI is part of a cooperative organization. This can be seen in the key strategies and decisions.

Friedrich Wilhelm Raiffeisen believed in helping others to help themselves and in the principles of charity, community and solidarity. His life was characterized by a sense of responsibility for the community. Now, as before, we build upon a powerful brand that combines and embodies the principles of identity, self-administration, sustainability, subsidiarity and business ethics based on solidarity.

Our values and principles implemented in established rules

RBI is one of the signatory companies of the UN Global Compact (UNGC) and is therefore committed to consistently complying with the ten UNGC principles of responsible business. The UNGC is the world's largest CSR and sustainable development initiative. Its principles include the core areas of human rights, labor standards, environmental protection and combating corruption. The globally responsible approach associated with this is expected of all employees and managers as well as partners and suppliers of RBI. Further information is available at www.unglobalcompact.org.

The ten principles of the UN Global Compact

Human rights	
Principle 1	We support and respect the protection of international human rights within our sphere of influence.
Principle 2	We make sure that we are not complicit in human rights abuses.
Labor	
Principle 3	We uphold the freedom of association and the effective recognition of the right to negotiations about the Collective Bargaining Agreement.
Principle 4	We support the elimination of all forms of forced and compulsory labor.
Principle 5	We support the abolition of child labor.
Principle 6	We support the elimination of discrimination in employment and occupation.
Environmental protection	
Principle 7	We support a precautionary approach to environmental challenges.
Principle 8	We undertake initiatives to promote greater environmental responsibility.
Principle 9	We encourage the development and diffusion of environmentally friendly technologies.
Anti-corruption	
Principle 10	We work against corruption in all its forms, including extortion and bribery.

The Code of Conduct (CoC) for dealing with customers, business partners and employees, which is applicable group-wide, is a binding regulatory framework for all employees and, accordingly, is available on the RBI websites in the respective national language. It is based on the fundamental Raiffeisen values and is oriented towards the specific requirements of everyday business at home and abroad. More information can be found in the chapter on "Compliance", starting on page 39, as well as at www.rbinternational.com.

Visual implementation of SDGs

For the first time, the 2011/2012 Sustainability Report ushered in the concept of giving our report layout a socially relevant character. Over the years this has given certain artists and amateurs an opportunity to present their works as part of the report layout.

Given the motto for this Report, we not only included global sustainability goals as the centerpiece of the report's content, we also used graphic design to further highlight those sustainability goals. We wanted to include the generation whose future the Sustainable Development Goals (SDGs) aim to secure, and came across a college close to Mödling just south of Vienna, i.e. the Höhere Lehranstalt für wirtschaftliche Berufe (Federal College of Business Administration) in Biedermannsdorf (Lower Austria). The in-depth courses at the Federal College include the subjects "Leisure management and the environment," "Culture and creative subjects" and "Communication and media design." The fact that "Digital photography" is taught at the initial stages of the "Communication and media design" in-depth course was particularly interesting in terms of developing a new report layout.

The partnership began with a visit by two employees from Group Sustainability Management in the winter semester 2017/2018 to discuss the topic of sustainability with students, and specifically, the SDGs along with the framework for implementing the project.

A photo competition on the SDGs was launched for the first two classes (1C and 1D) in agreement with Professor Reinhold Wagner. This required the students to examine the global sustainability goals and also allowed them to put their basic photographic knowledge to use in a practical and creative way. Using the SDGs as specified by RBI (SDG 1: No poverty; SDG 4: Quality education; SDG 5: Gender equality; SDG 7: Affordable and clean energy; SDG 8: Decent work and economic growth; SDG 9: Industry, innovation and infrastructure; SDG 13: Climate action; SDG 16: Peace, justice and strong institutions) the students, with guidance from their teacher, were given the task of finding appropriate photographic subjects and creating an original work with due respect for the principles of image composition.

The students mastered the task within the team by working independently, both during lessons and in their own free time. This freedom allowed the students to exploit their potential and to create something using their own imaginations and creative talents. They were also able to put their theoretical technical knowledge to practical use and link their knowledge with their skills. The students were highly motivated through the project work and were now able to use their design abilities directly in a professional context.

Seeing how these young people document critical topics of our times in the form of their photographic contributions for the Report's artistic design is both impressive and also bears testimony to their professional approach. Selecting the images for the cover and the chapter pages was an extremely difficult task. It resulted in all of the shortlisted images shown on the next page.

We would like to say a big thank you to the HLW in Biedermannsdorf, especially to Professor Reinhold Wagner and all of the students for their fantastic support.



Students at the HLW Biedermannsdorf (together with Prof. Wagner) whose submissions were selected, © HLW-Biedermannsdorf



Students at the HLW Biedermannsdorf whose submissions were selected, © HLW-Biedermannsdorf



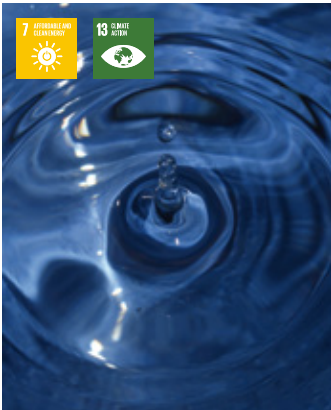
Elli Bäcker, © HLW-Biedermannsdorf



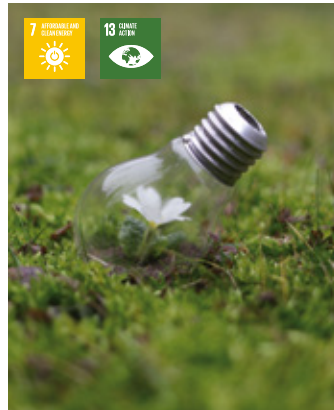
Alexander Wildenauer, © HLW-Biedermannsdorf



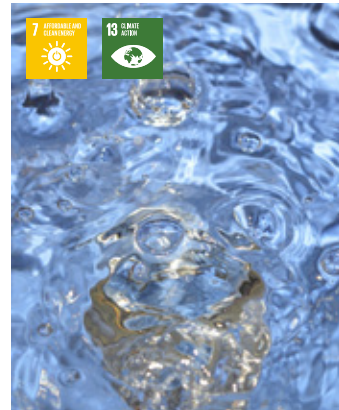
Anika Beer, © HLW-Biedermannsdorf



Simon Stepanek, © HLW-Biedermannsdorf



Anika Beer, © HLW-Biedermannsdorf



Tim Gerber, © HLW-Biedermannsdorf



Julia Veres, © HLW-Biedermannsdorf



Daniel Jakob, © HLW-Biedermannsdorf



Anika Beer, © HLW-Biedermannsdorf



Alina Ludwig, Clarissa Steiner, Bernd Simoner, © HLW-Biedermannsdorf



Verena Brabec, © HLW-Biedermannsdorf



Johanna Stangl, © HLW-Biedermannsdorf

Sustainability strategy, Impacts, Risks and Opportunities, Materiality, Sustainable Development Goals, Stakeholder inclusion, Ratings and Awards



Sustainability management and corporate responsibility

Sustainability concept and strategy

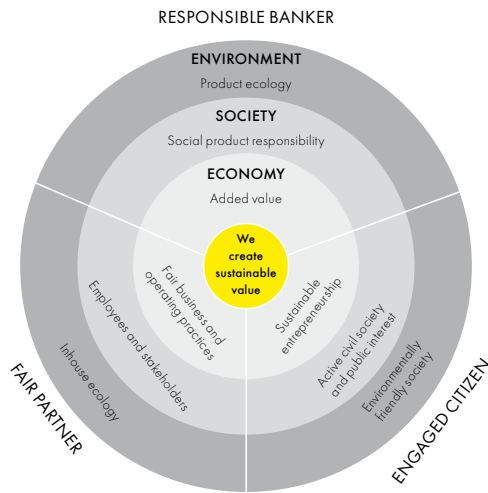
Our understanding of sustainability

Sustainability has always been a fundamental principle for RBI and a measure of corporate success. For 130 years, Raiffeisen has combined financial success with socially responsible action.

- We understand sustainability to mean responsible corporate activities for a long-term, economically positive result in consideration of key societal and environmental aspects.
- We will continue to combine financial success with social responsibility by anchoring sustainability as a fixed component of our business and by practicing sustainability as an integral leadership and management responsibility, in addition to taking key sustainability aspects into consideration in our business activities.
- We therefore commit to aligning our management structures and processes with this attitude. In the three sustainability areas of responsibility, "Responsible banker," "Fair partner" and "Engaged citizen," which are closely linked to our business activities, we endeavor to optimally apply our values and competences to fostering sustainable development both in our companies and in society.

In our Sustainability Guiding Principles "We create sustainable value", we have formulated how we pursue sustainability strategically and how we wish to live up to this ambition within our business activities. Our Sustainability Guiding Principles serve as a guide for all transactions, activities and services offered by RBI or on its behalf.

Our declared objective is to concentrate on those areas with significant potential for making a difference. This requires us to continuously improve the sustainability impact of our business activities and develop ways to measure and verify this impact. In doing so, we hope to increase the long-term value of our group while also actively contributing to the sustainable development of our society. (Sustainability Guiding Principles, see www.rbinternational.com/nachhaltigkeitsmanagement)



Our approach as designers of a sustainable company and society

Our sustainability strategy

In order to improve the effectiveness and scope of our sustainability management across the whole of RBI, we published the group-wide sustainability strategy “We create sustainable value” in 2013. This strategy consists of nine core action areas within which we focus our group-wide sustainability management. In order to systematically address these core areas, which are also important to our stakeholders, we continuously seek to improve our sustainability strategy. In identifying the core action areas, we rely on our group perspective as well as the perspectives of our stakeholders, who include our employees, customers, shareholders and suppliers, as well as non-governmental organizations and a number of other stakeholder groups. We carry out a multi-stage materiality analysis on a regular basis in order to prioritize these fields of

activity. For this reason, as well as for the purpose of making any adjustments to our sustainability strategy, we place great value on maintaining a dialog with our stakeholders.

Central core areas of our sustainability strategy

Sustainability matrix of RBI	Economy	Society	Environment
Responsible banker	Added value	Social product responsibility	Product ecology
	Successful business through responsible management and business strategies, sustainable economic responsibility in the real and regional economy and integration of sustainability aspects into the core business	Social responsibility for our products and services by taking consumer concerns into account, consideration of social aspects in providing loans and financial products, protection of customer data and providing correct information	Ecological responsibility for our products and services by guaranteeing national environmental provisions and recognized, international conventions as well as taking into account the environmental impact in project finance plans and financial products
Fair Partner	Fair business and operating practices	Employees and stakeholders	Inhouse ecology
	Fairness and transparency towards employees, customers and shareholders through exemplary behavior in areas of influence; as an attractive employer, through transparent reporting as well as the avoidance of corruption and fraud	Continual inclusion of stakeholders as part of sustainable company development by strengthening cooperation management in order to reduce business risks and make use of business opportunities	Responsible handling of resources and the environment by reducing our environmental impact and through the sustainable use of resources
Engaged citizen	Sustainable entrepreneurship	Active civil society	Environmentally friendly society
	Commitment to sustainable entrepreneurship and enterprise and the creation of wealth by helping to establish a framework for sustainable finance as well as direct and indirect support for organizations and socially relevant initiatives	Commitment to a sustainable civil society and responsible political cooperation by promoting public interest and knowledge of financial topics and voluntary work	Working for the environment and the climate through climate protection, protection of species diversity and conservation of different ecosystem functions and services

Impacts, risks and opportunities

As an internationally active banking group, we are faced with specific challenges in our efforts to realize our sustainability vision. These arise from the economic, social and environmental impacts of our business activities as well as from the external conditions within which we operate. We work within a global environment that is characterized by numerous economic, geopolitical and environmental risks.

The financial sector itself has for years been confronted with many challenges and risks. In order to remain profitable over the long term, these challenges call for a strong culture of risk management and sustainability.

In 2017, therefore, we worked intensively on RBI's impacts on the economy, environment and society, and the risks and opportunities associated therewith. This includes both the risks as well as opportunities for RBI and those of RBI for the economy, environment and society.

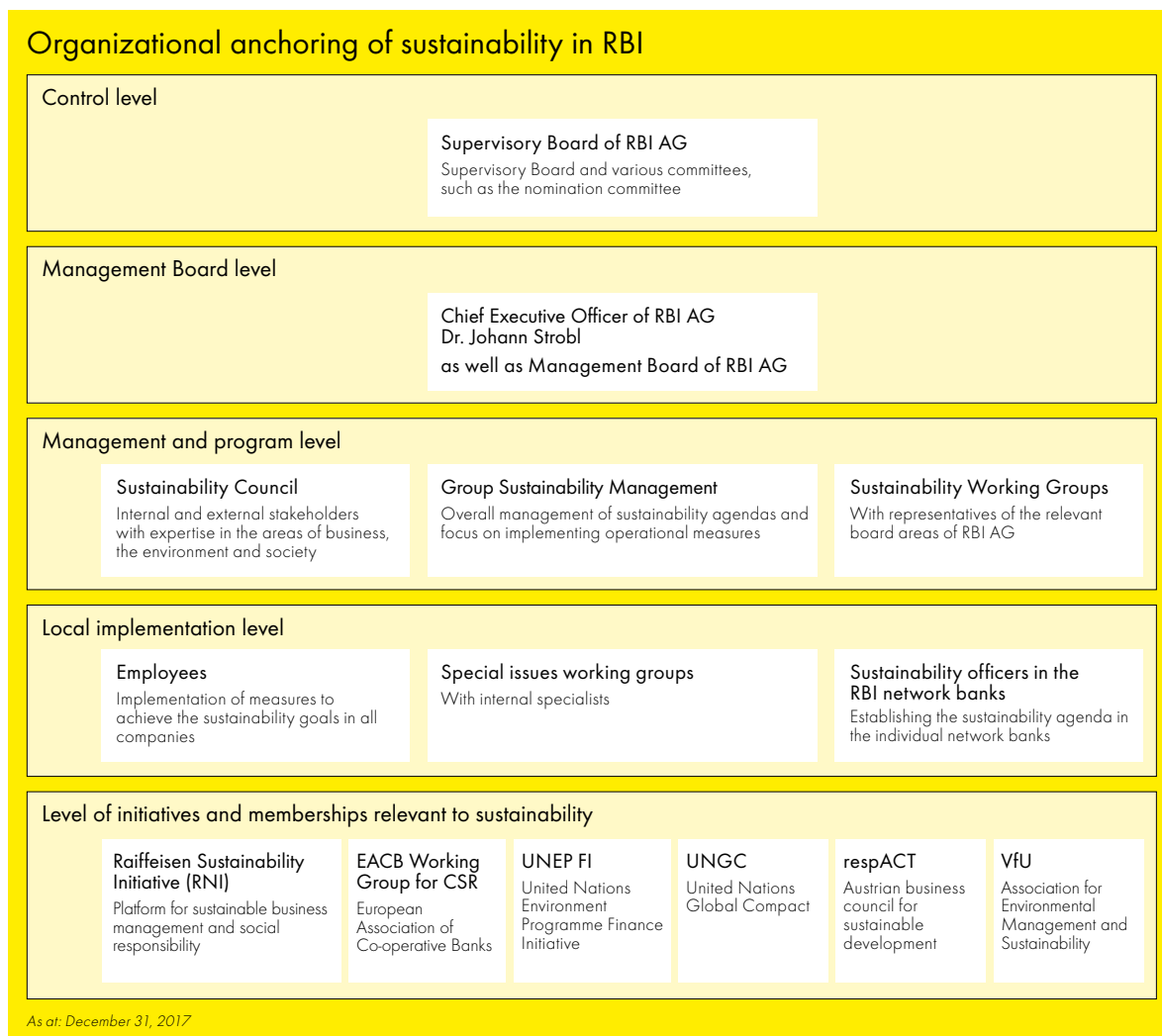
There is a separate sub-chapter in each case in the chapters "Responsible banker," "Human resources," "Inhouse ecology" and "Engaged citizen." A summary of the impacts ranked in order of relevance as assessed can be found on the next page.

Material impacts

Topics	Material impacts	Sustainability context
Sustainability of the products & services	<ul style="list-style-type: none"> • Allocation of capital (with regard to relevance for sustainability) • CO₂ footprint of the credit business • Generation of deposit money • Stability of the financial sector • Enabling the economy "to work" • Producing prosperity 	Interconnected aspects Environment Economy
	<ul style="list-style-type: none"> • Distribution effects (with regard to diversity dimensions) 	Society
Secondary impacts	<ul style="list-style-type: none"> • Enabling innovation 	Economy
Economic added value	<ul style="list-style-type: none"> • Creating added value for the stakeholders: Shareholders (dividends), RBI (profit accumulation), employees (market-compliant remuneration), suppliers and business partners, customers, public sector (taxes and duties) • Economic impacts as under "Sustainability of the products and services": Generation of deposit money, stability of the financial sector, safeguarding the functionality of the economy, producing prosperity, distribution effects 	Economy
Work environment	<ul style="list-style-type: none"> • Employee satisfaction • A sense of meaning • Physical and mental health • Impact on diversity (especially gender equality) • Opportunities through increasing level of education 	Society
	<ul style="list-style-type: none"> • Creating jobs • Compensation (in connection with "Economic added value") 	Economy
Secondary impacts	<ul style="list-style-type: none"> • Security, stability and prosperity 	Society
Organizational management	<ul style="list-style-type: none"> • External multiplier effect • Internal multiplier effect, spreading to the entire company (both vertically and horizontally) - employee survey • Controlling of monetary flows and activities • Effectiveness of instruments and processes 	Interconnected aspects
Commitment to society and environment	<ul style="list-style-type: none"> • Upholding positive social values (e.g. cooperative principle "helping others help themselves") • Reducing inequality and poverty • Strengthening civil society 	Society
	<ul style="list-style-type: none"> • Strengthening of regional economic and social structures • Increased awareness of environmental issues 	Economy Environment
Secondary impacts	<ul style="list-style-type: none"> • Strengthening of financial education 	Economy
Regulations and controlling	<ul style="list-style-type: none"> • Legally compliant behavior • Anchoring of legal compliance and codes of conduct among all employees (individual responsibility) • Awareness of society and customers (especially risks, know your customer) • Transparency and security for customers • Professionalization with customers 	Interconnected aspects
Transparency and disclosure	<ul style="list-style-type: none"> • Pioneering role and setting an example • Promoting trust • Increasing complexity • Enabling decisions through clarity 	Interconnected aspects
Inhouse ecology	<ul style="list-style-type: none"> • Setting an example • Health 	Society
	<ul style="list-style-type: none"> • Keeping and/or making resources available • Climate change - CO₂ footprint • Maintaining biodiversity and ecosystems 	Environment
Secondary impacts	<ul style="list-style-type: none"> • Opportunities to impact sustainable behavior 	Society

Sustainable corporate management

The anchoring of sustainability within the organizational structure looked as follows as of December 31, 2017:



The group-wide management of the sustainability agendas and coordination of the operational implementation is the responsibility of Group Sustainability Management. This department is supported by representatives of specialized units and business areas as well as the Sustainability Officers at the network banks. The latter act as an interface between the Group Sustainability Management department of the head office in Vienna and the relevant departments in the network banks.

The Sustainability Council has been firmly established as a core organizational component of sustainability management. The task of this council is to advise on the development of sustainability agendas and to evaluate their performance. It assists in defining important action areas and focal points (materiality approach), identifies targets and measures, and makes recommendations on developing and implementing the annual sustainability program.

As at December 31, 2017, the following internal and external persons were members of the Sustainability Council:

- Chair Johann Strobl, CEO of RBI AG
- Dieter Aigner, Managing Director of Raiffeisen Kapitalanlage GmbH
- Rudolf Bretschneider, consultant of GfK Austria GmbH
- Klaus Buchleitner, Chairman of Raiffeisenlandesbank Niederösterreich-Wien
- Ralf Cymanek, member of the Management Board of Raiffeisen Bank Zrt. in Hungary
- Martin Essl, founder of the Essl Foundation
- Eva Eberhartinger, Head of the Tax Management Group at the Institute of Accounting & Auditing, Vienna University of Economics and Business Administration
- Franz Fischler, Chair of the Raiffeisen Sustainability Initiative and President of the European Forum Alpbach
- Christian Friesl, Divisional Head of Social Policy in the Federation of Austrian Industry
- Susanne Höllinger, CEO Kathrein Privatbank AG
- Gregor Höppler, Head of the Group Executive Office of RBI AG
- Hannes Mösenbacher, CRO of RBI AG
- Andreas Pangl, General Secretary of the Austrian Raiffeisen Association
- Georg Schöppl, Member of the Management Board of Österreichische Bundesforste AG
- Andrea Sihn-Weber, Head of RBI Group Sustainability Management and Managing Director of the Raiffeisen Sustainability Initiative
- Alfred Strigl, Managing Director of plenum gesellschaft für ganzheitlich nachhaltige entwicklung gmbh

The ten principles of the UN Global Compact, which we joined in 2010, represent fundamental guidelines for our business activities. Our internal rules and regulations, such as our Code of Conduct (CoC), build upon this international reference framework as well as other international principles. Special significance is accorded the CoC and other guidelines for supporting our employees in making the right decisions in their everyday work.

Since 2013, we have used an internal tool as the central instrument for controlling and monitoring our main sustainability efforts. This innovative software, called "mona," is based on the Global Reporting Initiative (GRI) and relies on scientific data as an instrument for sustainability monitoring and reporting.

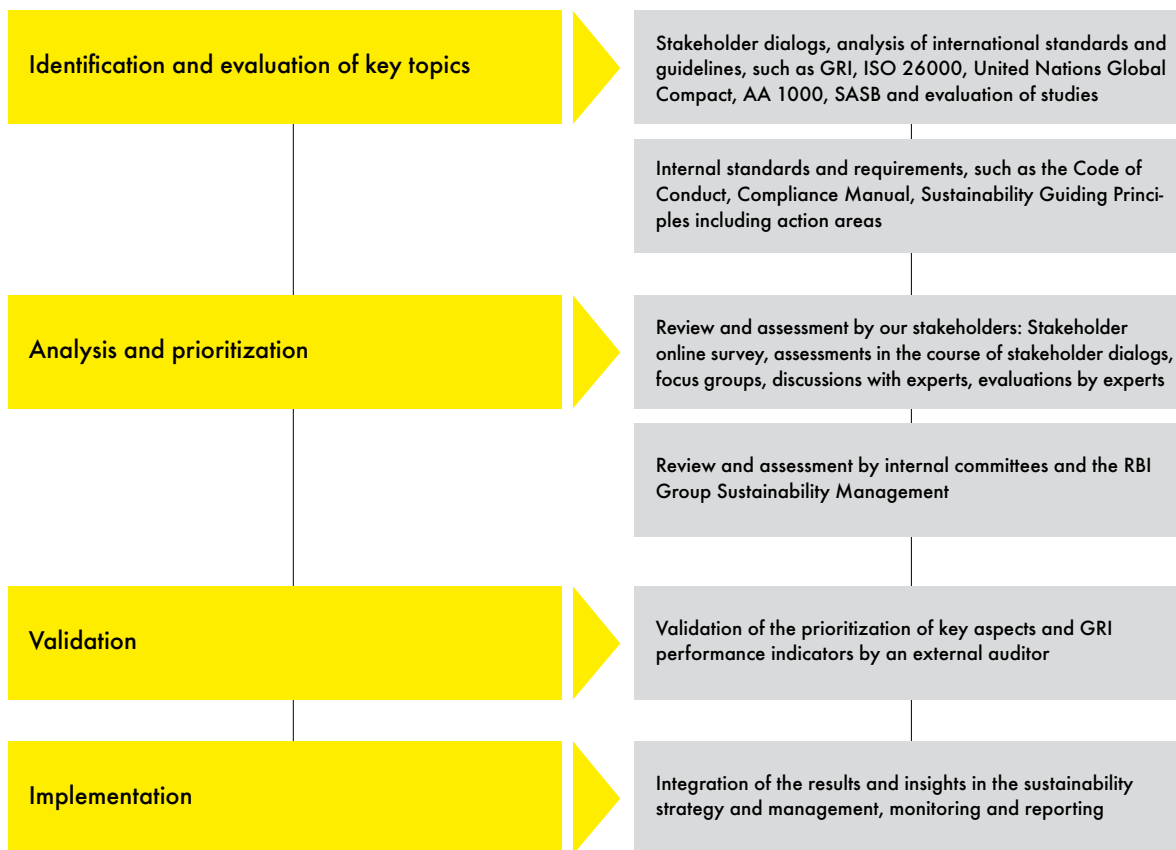
Material topics

We pursue two approaches in the further development of our sustainability strategy and the definition of reporting content and focal points: On the one hand, we want to know what standards we must meet in order to enjoy long-term success. On the other, it is important to us as an internationally active banking group to know what our stakeholders expect of us. Accordingly, we make use of a multi-stage materiality analysis that includes our stakeholders, in order to identify the areas of activity and key sustainability aspects.

Since the publication of the fourth generation of the Global Reporting Initiative (GRI G4), the principle of materiality has been placed at the center of the reporting. In this way, the GRI emphasizes even more strongly than before that sustainability reports should be focused on the key aspects of sustainability. The process of identifying and prioritizing the relevant topics and aspects must also be systematic and well documented.

Materiality analysis

Materiality analysis process



Identification of relevant topics

The selection of material topics takes into account internationally recognized criteria and sustainability standards, such as those created by the GRI, United Nations Global Compact, SASB Sustainability Accounting Standards Board and ISO 26000. In addition, we consider feedback about the Sustainability Reports and evaluate dialogs with individual stakeholders, such as within the framework of the annual Stakeholder Council and other communication forums, such as focus groups.

Direct feedback in the form of surveys and workshops as well as evaluations of discussions held with individual stakeholder groups, including customers, employees, rating agencies, non-governmental organizations and sustainability experts, as well as the defined focal points of the company strategy, served as important sources for RBI and its Sustainability Officers for the identification of key topics.

The process for identifying topics is based on the question of whether the given topics influence company activities now or in the future and whether RBI is in a position to influence them directly or indirectly.

Prioritization of the sustainability aspects and materiality analysis

The prioritization of identified topics with regard to their materiality is based on a multi-stage approach:

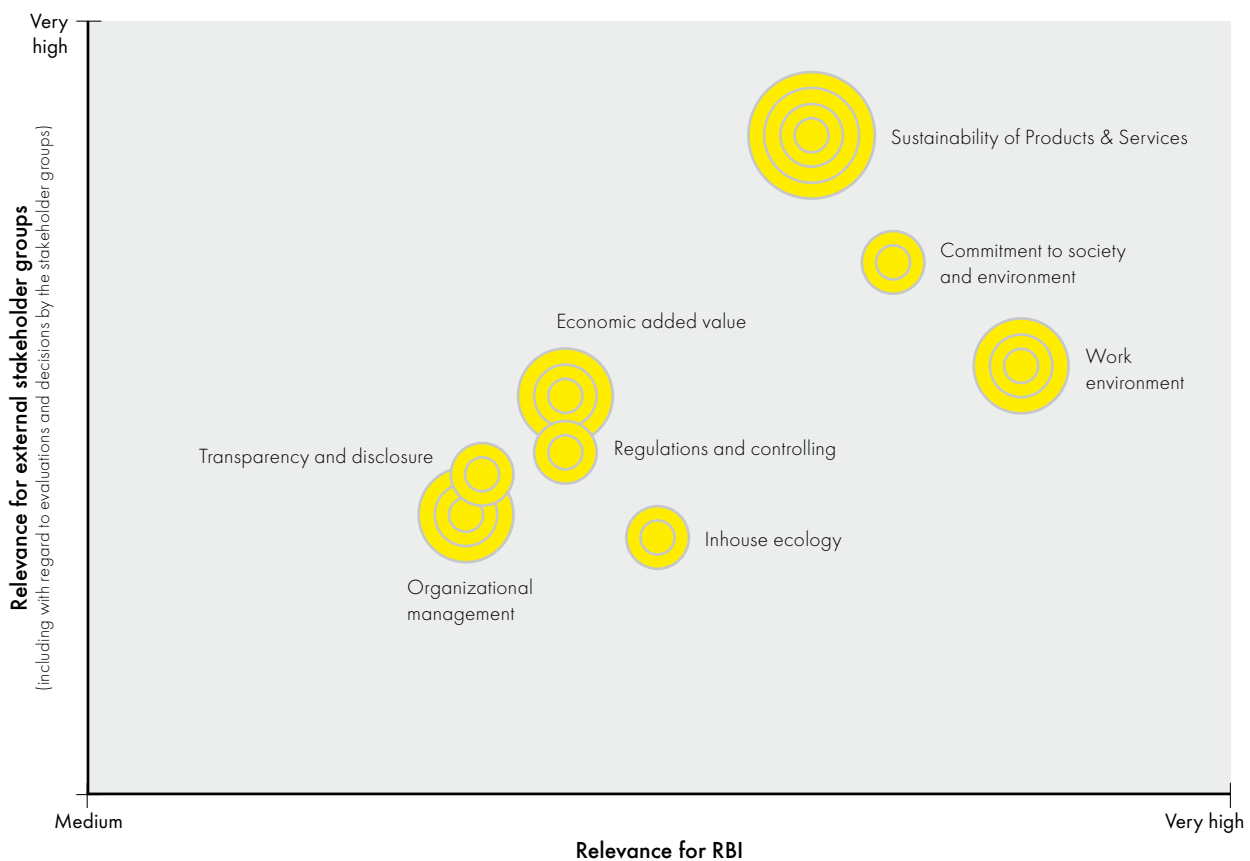
1. In order to be able to better evaluate and subsequently prioritize the key topics and areas of activity, the following tool was used to prepare and present topics: the topic map.
 - a. First, a list of the current key issues was drawn up by Group Sustainability Management. This is based on an internal analysis of past Stakeholder Councils, focus groups, sustainability reports, online surveys (online materiality survey 2013 and selective evaluations of the materiality of specific sustainability aspects), discussions with experts and the GRI.
 - b. The list was checked and added to by an external sustainability expert. At the same time, additional requirements of recognized standards and guidelines (incl. the Global Reporting Initiative, ISO 26000, EU Directive on non-financial reporting, Sustainable Development Goals) as well as current corporate strategies were also incorporated.
 - c. Next, the relations between the concepts were recorded. On the one hand, this involves hierarchical structures based on strategic clusters and concept levels (e.g. values, strategies, tools), and on the other, causal relationships and impact levels (e.g. input, output, outcome, impact).
 - d. Finally, these data were evaluated with the aid of network analysis software, and a topic map was created (see Sustainability Report of the RZB Group 2015, page 22).
2. The eight most important topics areas were identified from the topic map. These were the basis for the online stakeholder materiality survey carried out in January/February 2016:
 - Work environment
 - Inhouse ecology
 - Commitment to society and the environment
 - Sustainable products and services
 - Economic added value
 - Organizational management
 - Regulations and controlling
 - Transparency and disclosure
3. The current materiality matrix was created on the basis of the results of the online stakeholder materiality survey.
4. In the table "Material topics", we then present how the topics we identified as material are related to the associated key GRI topics. The completeness of all key GRI topics was checked in detail in 2014 when converting to GRI G4. The table was adapted to the new structure of the materiality matrix.
5. The demarcation of the key GRI topics in terms of their impact inside and outside the organization took place as part of the conversion to GRI G4 in 2015 for the 2014 Sustainability Report. It was developed in a workshop of employees from Group Sustainability Management together with an external sustainability expert. The results were incorporated into the current structure of the materiality matrix and are shown in the table "Material topics".
6. Validation of the key aspects, including GRI's compliance with the key aspects, was carried out by an external expert who has international experience as an auditor of sustainability reports produced by financial service providers. This expert examined the identified prioritization of topics and performance indicators.

Process for weighting the impacts

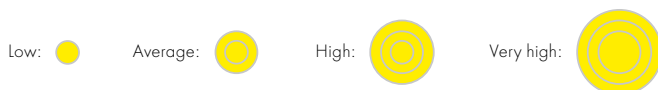
A workshop was held in December 2017 with around 20 external and RBI-internal participants with the appropriate professional expertise and chaired by external experts, in order to arrive at expert-based weighting and determination of the impacts of RBI’s business activities on the economy, environment and society. The impacts on the material topics were identified in two discussion groups. All workshop participants then anonymously assessed the material topics, and particularly the extent of the impacts thereof. The results were then ranked and subjected to critical review. In a follow-up meeting, the Group Sustainability Management Team, together with the external experts, determined and discussed further important impacts that have not yet been achieved.

The adapted materiality matrix provides the following picture of the topics that our internal and external stakeholders perceived as being most relevant, as well as the weighting of the impacts of internal and external experts. The x-axis shows how relevant the topics are for RBI while the y-axis shows their relevance for the external stakeholders. The number of circles illustrates the importance of significant impacts of a topic for the economy, the environment and society. To be sure, this does not indicate whether this impact is positive or negative.

Materiality matrix with weighted impacts of RBI



The number of circles for the individual topics reflects the significance of the economic, environmental and social impacts:



The results of the materiality survey show what our Sustainability Management must focus on in the future. Our sustainability program has been modified accordingly.

Sustainable Development Goals

In order to help find solutions for global challenges, promote human welfare and protect the environment, the international community of states making up the UN adopted “Agenda 2030” in September 2015 in the interests of sustainable development. At its core are 17 goals for sustainable development, the so-called Sustainable Development Goals (SDGs) and their 169 sub-goals. The SDGs encompass social and economic development as well as environmental sustainability. They also address aspects such as peace and security, justice and global partnerships, all of which are of great importance for sustainable development. The SDGs are globally applicable. In other words, all 193 UN member states, including Austria, are called upon to contribute to achieving the goals according to their means. Incentives should also be established to encourage non-state actors to increasingly make active contributions to sustainable development.

As an international banking group, we consider ourselves obliged to support these important international initiatives within the scope of our sustainability agenda. Our focus is on those SDGs that are most material and relevant to our business activities and that best complement our sustainability strategy.

To make this possible, we worked with an external consultant to create a structured process to identify the SDGs that are most material to our business. This process included a number of steps:

1. In the first step, we explored the existing connections between the SDGs and our areas of strategic focus as well as the material topics and initiatives of RBI and the SDGs. We also investigated which SDGs have been placed on the agendas of other financial companies.
2. Based on this analysis, Group Sustainability Management and the external consultant participated in a workshop where they evaluated the top SDG topics according to specific criteria. The following four criteria were of primary importance:
 - Reference: How closely is an SDG related to RBI?
 - Importance: Group Sustainability Management examined how important it is for RBI to contribute to this global goal.
 - Impact: The impact that RBI can actually have on the respective goal was evaluated.
 - Attractiveness: Finally, we evaluated how promising this SDG is for RBI.
3. The individual evaluations were combined into an overall evaluation. This resulted in ten SDGs that are relevant to RBI, of which five have especially high relevance.
4. In 2017, the SDGs were expanded due to additional internal analysis, so that in the end eight SDGs are considered essential to RBI. The expansion includes SDGs 1, 4 and 7.



SDGs relevant for RBI

Of the ten SDGs identified as most relevant to RBI, the eight mentioned below were considered particularly relevant – both for the company as a whole and for the core business. Priority will be given to these SDGs over the coming years. They directly expand upon the aspects and topics that have already been identified as material. The topics and aspects addressed in this Report that have SDG relevance are specially indicated.

The eight most important SDGs for RBI are:



- SDG 1: To end all poverty everywhere.



- SDG 4: Assuring inclusive, equitable and high-quality education and promoting lifelong learning opportunities for all.



- SDG 5: Achieve gender equality and empower all women and girls.



- SDG 7: Ensuring access to affordable, reliable, sustainable and contemporary energy for all.



- SDG 8: Promote sustained, inclusive and sustainable economic growth, full and productive full employment and decent work for all.



- SDG 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.



- SDG 13: Take urgent action to combat climate change and its impacts.



- SDG 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.

Material topics

Areas of responsibility	Material topics	GRI Standards Material topics	Demarcation of the themes	"Top" Sustainable Development Goals
Responsible banker	Responsibility to society and the environment	Local communities	Customers	SDG 1 SDG 4 SDG 5 SDG 8
	Organizational management	Active ownership Marketing and labeling of products Product portfolio	Customers	SDG 8 SDG 9
	Economic added value	Economic performance Indirect economic impacts Product portfolio	Owners, employees, network banks, customers, business partners, RBI investors	SDG 5 SDG 8 SDG 9 SDG 13
	Sustainability of products and services	Product portfolio	Customers	SDG 7 SDG 8 SDG 9 SDG 13
	Regulations and controlling	Audit Compliance - Society Compliance - Product responsibility Fighting corruption Protection of customer data Marketing and labeling of products Anti-competitive behavior	Owners, employees, customers, RBI investors, supervisory authorities	SDG 16
	Transparency and disclosure	Public policy	Employees, rating agencies, RBI investors	SDG 8 SDG 16
Fair partner	Work environment	Occupational health and safety Training and development Employment Non-discrimination Freedom of association and right to collective agreement negotiations Diversity and equal opportunity	Employees	SDG 1 SDG 4 SDG 5 SDG 8
	Inhouse ecology	Waste water and waste Emissions, Energy Materials, Water	Employees, civil society, NGOs and NPOs	SDG 7 SDG 8 SDG 13
	Organizational management	Product portfolio	All stakeholder groups	SDG 8 SDG 9 SDG 16
Engaged citizen	Commitment to society and the environment	Marketing and labeling of products Product portfolio Economic performance	Civil society, NGOs and NPOs, education and research	SDG 1 SDG 4 SDG 7 SDG 8 SDG 9 SDG 13 SDG 16

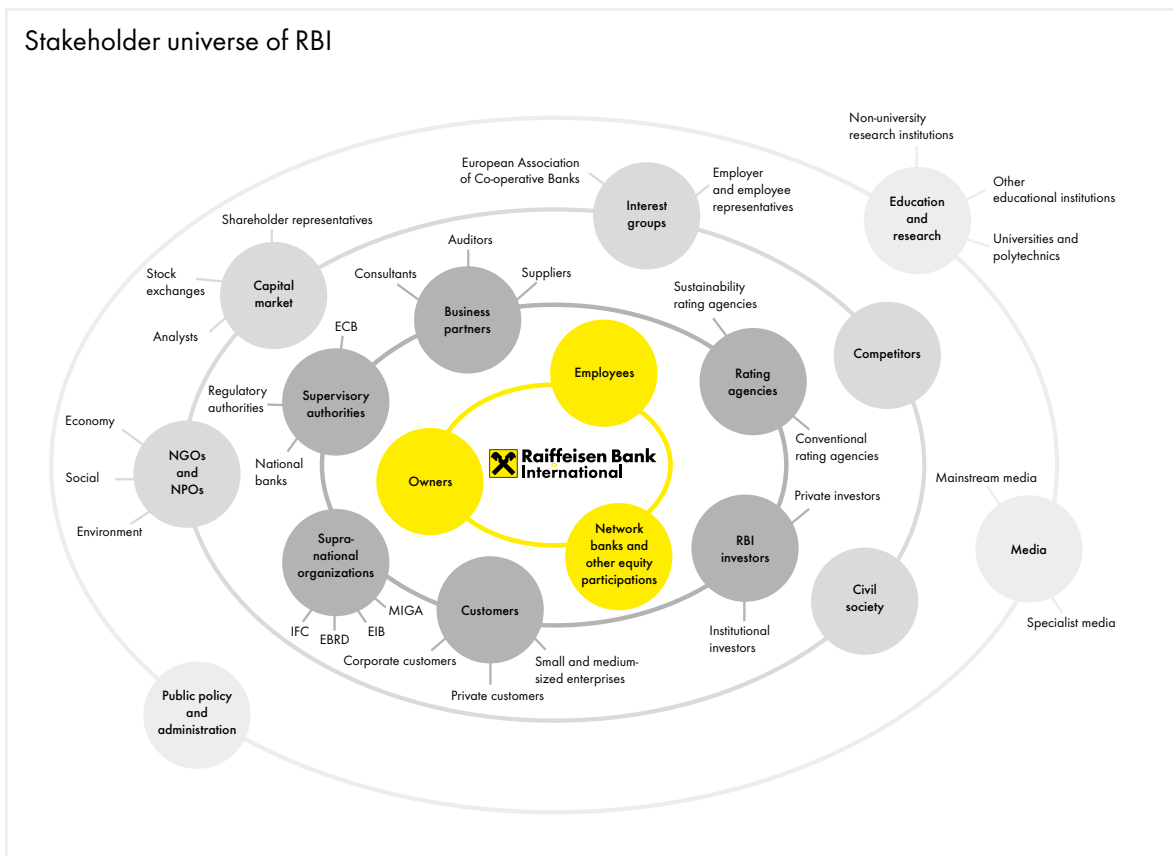
Stakeholder inclusion

Our business activities affect the interests of many stakeholder groups and people in different countries. We also recognize that we are only able to run our company sustainably if we engage in frank and constructive dialog with our stakeholder groups and seek out and find common solutions, even on controversial topics. Involving our stakeholders is therefore one of the core action areas of the sustainability strategy and a central element of our sustainability management.

We identify and assess relevant and sensitive issues through regular and effective dialog with stakeholders. In various forms of communication with our stakeholder groups, we evaluate the relevance of sustainability topics. In our sustainability committees, we consider the results of the stakeholder dialogues, including controversial themes, and based on what we have learned, we develop concrete objectives and measures for further development of our sustainability management.

Our stakeholders

RBI defines its stakeholders as those people or groups of people that have a legitimate interest in the company through their direct or indirect business activities. Stakeholders are therefore primarily employees, customers, owners, subsidiaries and equity participations as well as business partners. There are also several other stakeholder groups with regular mutual relations.



Dialog and information

For the inclusion of our stakeholders, we engage in many forms of dialog including the internet, intranet, blogs, workshops and interactive events, surveys, conversations with experts, training courses and participation in local, national and international discussions on sustainability and sustainability initiatives.

In order to reach as many stakeholder groups as possible, we regularly carry out comprehensive stakeholder surveys. The last stakeholder survey was conducted in January and February 2016. Over 700 stakeholders took the opportunity of working with us to identify the material topics for RBI (see the 2015 Sustainability Report, starting on page 22).

The results of our stakeholder surveys are reflected in our materiality analysis and are integrated into our sustainability management alongside the results from focus groups, discussions with experts, and the annual Stakeholder Council.

The materiality analysis is an important tool for our annually held Stakeholder Council. This allows for direct selection of the topics that we will discuss in greater depth with our stakeholders. At the Stakeholder Council and within the context of our reporting, we share information about the progress we have achieved in our sustainability performance. Our objective is to transparently disclose the most important expectations and recommendations of the stakeholders as well as our responses and associated measures. Here too, we focus primarily on those topics and aspects that we and the stakeholder groups have identified as material.

Selected forms of dialog			
Forms of inclusion	Information	Dialog and consultation	Participation
Goals	Creating transparency, sharing information	Open exchange and dialog on perspectives, expectations and possibilities for solutions: listening and learning	Active participation, cooperation, setting out initiatives, implementing projects
	Sustainability Report based on GRI Standards	Stakeholder Council	Active launching of sustainability measures (e.g. via RNI)
	UNGC report "Communication on Progress"	Focus groups	Participation in national initiatives (e.g. respACT)
	Participation in the CDP (formerly the Carbon Disclosure Project)	Surveys and opinion polls on sustainability topics (e.g. online surveys)	Participation in international initiatives (e.g. UNEP FI, UNGC, EACB, VfU)
	Sustainability information about the company websites	eLearning tool (internal sustainability training)	Support of projects (e.g. cooperation with polytechnics and universities, such as student workshops with oikos Vienna)
	External and internal Communication (e. g. regular articles in the employee magazine INSIDE) as well as public relations work	Social media (Facebook RNI, internal Raiffeisen blog on sustainability and corporate responsibility)	Incorporation of external Stakeholder groups in inhouse committees (e.g. on the Sustainability Council)
	Participation in sustainability ratings of agencies (e.g. oekom research, Sustainalytics, Vigeo-ERIS)	Ad hoc dialogs with policymakers and various specialized lectures (e.g. at universities)	Regular meetings (e.g. Group meeting)
	Articles in specialized publications	Organization of events (e.g. ICEP conferences)	

Stakeholder Council

The most important communication format for us is the annual Stakeholder Council, in which various stakeholder groups enter into dialog with representatives of our Management Board and management. The goals of the event are dialog and knowledge transfer, informing the participants about progress achieved, discussing possible actions and jointly considering and dealing with current sustainability questions.

Of the suggestions from the Stakeholder Council in 2016, the following points were prioritized and implemented:

- There are more training courses for Raiffeisen employees in Austria ("certified sustainability consultants"), as well as the first customer events in CEE to enhance customer information about sustainability in investment and to strengthen the presence thereof in CEE.
- We were encouraged to consider the long-term vision and to be confident in addressing our own investment decisions and climate risks in investments. To that end, we can refer to the introduction of a coal policy as well as the preparation of clear policies for sensitive business areas (war material, nuclear power and gambling) (see page 51).
- We successfully implemented the suggestion to continue our participation in the CDP again in 2017. Detailed information on the results can be found on pages 34–35 and page 122.
- In addition, the previous climate policy has been extended (see page 144 ff) or adapted to meet the targets of the Paris Agreement. Additionally, RBI actively supported the development of a climate strategy in 2017 as part of its membership in the Raiffeisen Sustainability Initiative; there are plans to adapt RBI environmental targets accordingly.
- Also, the suggestion to expand the existing corporate volunteering program in the field of financial education has been made (see page 129).



The 8th RBI Stakeholder Council was attended by over 80 people from various stakeholder groups (customers and business partners, employees and owners, and representatives from the financial world and rating agencies, education and research, special interest agencies, media, politics and administration, NGOs and NPOs). The aim was to shed more light on RBI's contribution to the Global Sustainable Development Goals (SDGs) adopted by the international community in fall 2015. Therefore, the event slogan was "SDGs meet RBI."

During real-time voting, 81 percent of participants said that they had already heard of the SDGs, and 82 percent said that the topic was of critical importance. 70 percent said that it would be good for RBI to make a contribution to this cause, 30 percent said it was essential.



Welcome, © wdw4friends



Stakeholder Council 2017, © wdw4friends



Closing remarks, © wdw4friends

Johann Strobl, CEO of RBI, welcomed the participants and thanked them for coming as well as for the time they invested in the RBI topics. He was pleased with the numerous suggestions people come up with every year at the Stakeholder Council and wished all guests a good time at the event.

The Keynote Speaker Nebojsa Nakicenovic, Deputy Chief Executive of the International Institute for Applied Systems Analysis (IIASA), retired University Professor for Energy Economics at the Technical University of Vienna and author of numerous scientific publications, explained the “great transformation to sustainability for everyone” during his address. He sees pursuing and implementing the global Sustainable Development Goals as a “social contract with the world”. From his point of view, we don’t have the option of a plan B, because we don’t have the option of a planet B either. However, achieving the SDG goals will only be possible if the financial sector also participates in the transformation. Big changes have already been made within the last 200 years, including mobility sector, and the fields of production and services. Therefore, Nakicenovic is convinced that the economy can be transformed in the direction of “low emissions” by the year 2050.

In his presentation, James Niven, Head of Corporate Affairs at Triodos Bank – the only pan-European sustainability bank – told of Triodos Bank’s efforts to manage its impact and communicate their efforts. Triodos Bank has granted 38 percent of its loans to the environmental sector and 24 percent in the social sector. According to Niven, an important prerequisite would be “true cost accounting,” which takes into account the overall true costs of each project – e.g. water pollution in agriculture or air pollution by CO₂ emissions. These costs would have to be attributed to the polluters. But the positive impact also plays an important role. As an example, Niven mentioned a US city farm project that, along with other positive factors, contributes to public health by supplying fresh, healthy, locally grown food. With regards to SDGs, he stated that all goals are interconnected and that Triodos Bank seeks to support as many of these goals as possible in their financial operations.

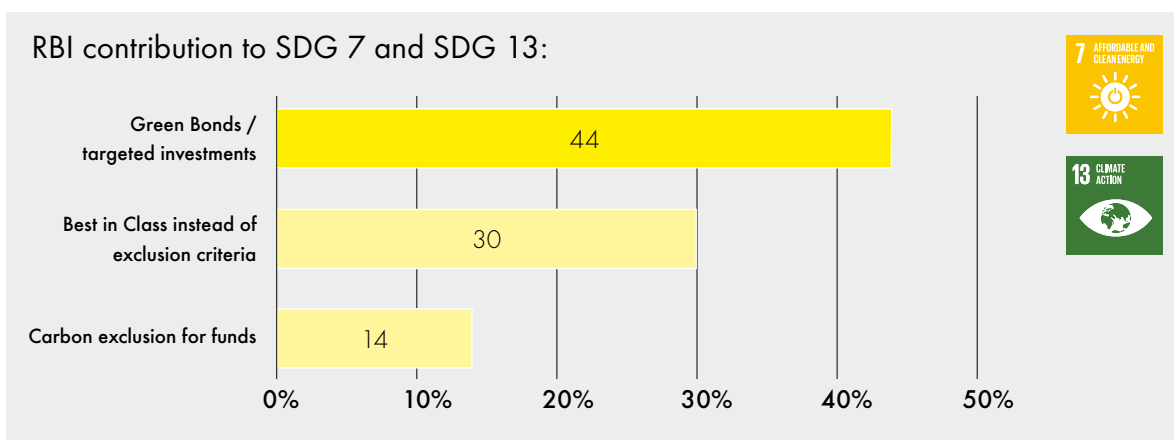
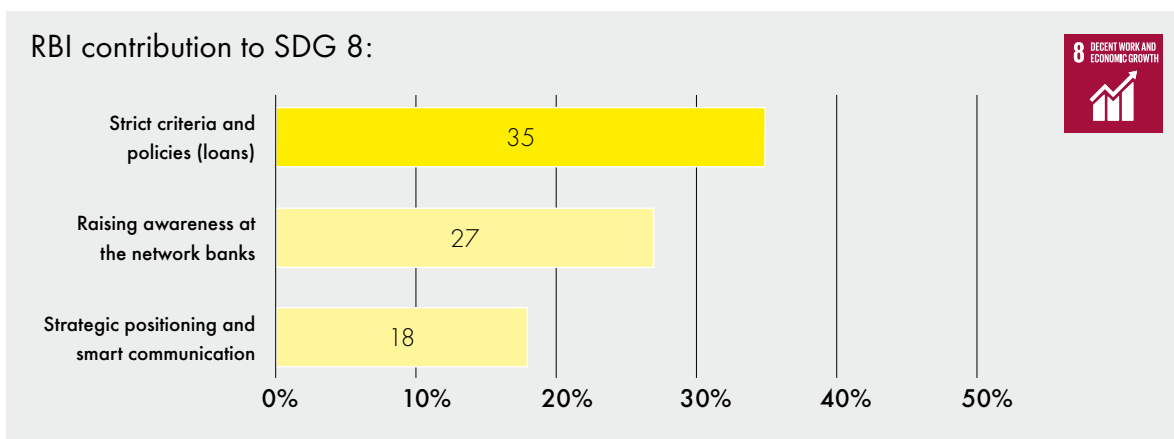
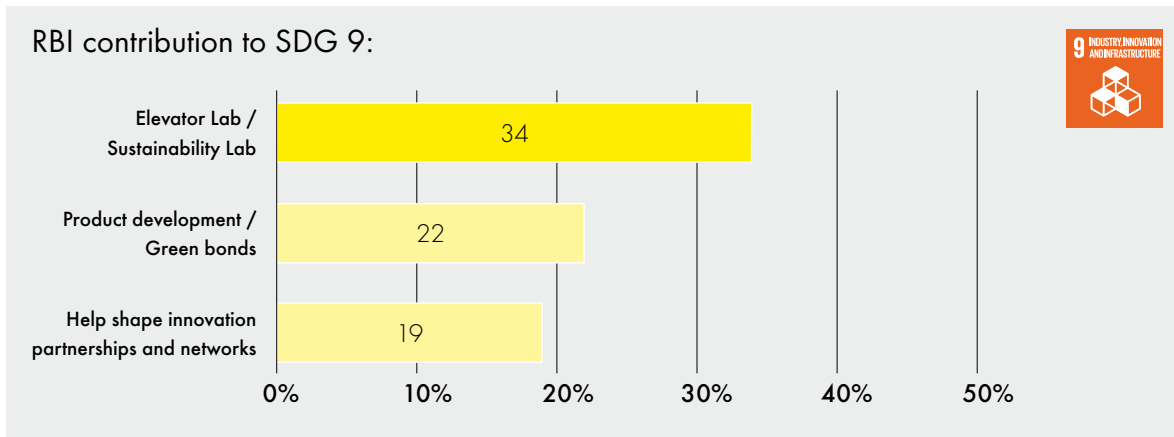
Andrea Sihn-Weber, Head of RBI Group Sustainability Management, presented current developments in sustainability management as well as suggestions already implemented from the various stakeholder meetings.

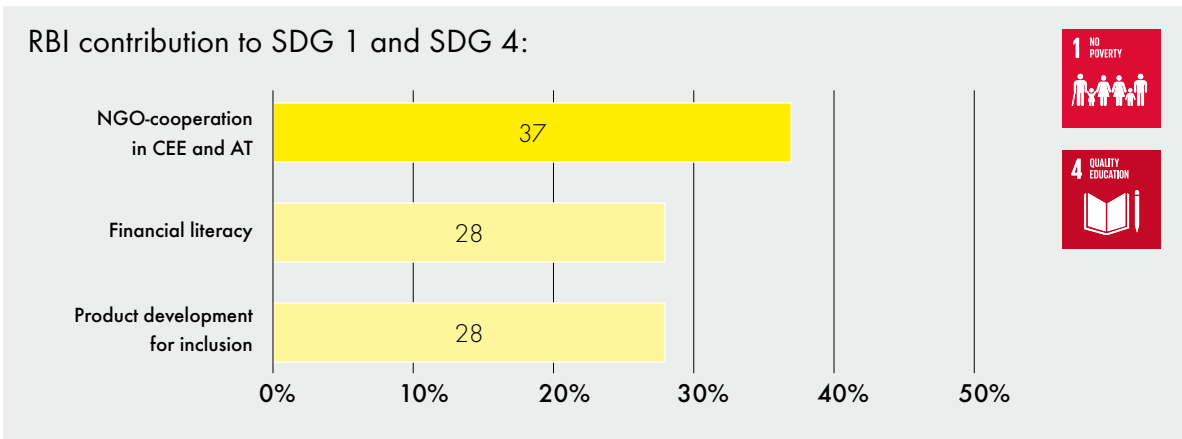
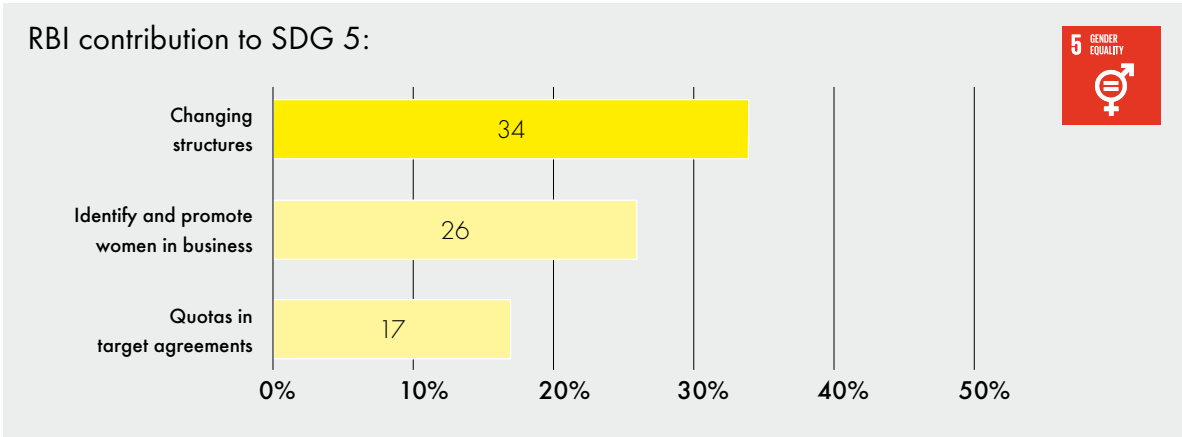
The aim of the workshop groups that followed was to intensively discuss which specific contributions RBI can and should make to the SDGs “No Poverty, High-quality Education, Gender Equality, Affordable and Clean Energy, Decent Work and Economic Growth, Industry, Innovation and Infrastructure as well as Climate Protection Measures” in the future.

The results from all five workshop groups were then presented to the plenary and prioritized using real-time voting (see page 31 f).

In his closing remarks, RBI CRO Hannes Mösenbacher emphasized that the Stakeholder Council has brought many interesting and constructive suggestions to the table, which will certainly lead to further discussions. He considers them an expression of the participants’ great interest in the various RBI topics. Finally, Andrea Sihn-Weber thanked all the participants for the intensive conversations held and the many questions that had been raised. The suggestions will be analyzed and the reflections will be incorporated into the sustainability strategy and the next Sustainability Report.

The following Top 3 results of the 2017 Stakeholder Council workshop groups demonstrate how RBI can and should contribute to the SDGs in the future. The percentages in the following five graphs illustrate what percentage of participants voted for the respective measures and suggestions:





Sustainability ratings, indices and awards

Sustainability ratings and sustainability indices

In addition to financial indicators, sustainability criteria are increasingly involved in the investment decisions taken by investors. Analyses and ratings by agencies and index providers specializing in sustainability – such as oekom, Sustainalytics or Vigeo Eiris – offer guidance and orientation.

oekom research rating

Oekom research evaluates a company's social and ecological performance in the context of corporate ratings by applying over 100 sector-specific social and environmental criteria. oekom research ensures that the ratings are kept up to date through regular update cycles. In order to make the evaluations transparent, oekom research publishes not only criteria and processes but also important rating results. The sustainability rating of RBI was rated at level "C+" for the first time in December 2016, which means "Prime Status". This rating level was confirmed once again in fall 2017.

VÖNIX



RBI AG has been listed in the sustainability index of the Vienna Stock Exchange – the VBV-Österreichischer Nachhaltigkeitsindex (VÖNIX Index) – for 12 consecutive years. This index includes those domestic companies listed on the Vienna Stock Exchange that are leading in terms of their environmental and social activities and services. The VÖNIX index, which was launched in June 2005, is one of the first national sustainability indices and demonstrates the long-term benefit of sustainable business and investment. The VÖNIX index is based on the measurement

of entrepreneurial sustainability. This requires a complex model with extensive environmental and social exclusion criteria and positive criteria.

As part of an annual sustainability analysis, information about the relevant sustainability criteria is surveyed for all resident companies whose shares are listed on the Prime Market of the Vienna Stock Exchange. Publicly available company information, individual company sources and other materials such as press releases or databases serve as sources.

FTSE4Good



FTSE4Good

RBI AG has been included in the FTSE4Good Index Series of FTSE Russell since 2015. The FTSE4Good Index Series is designed to measure the performance of companies that have effective environmental, social and management (ESG) practices. This is measured on the basis of transparent criteria.

SSTOXX ESG Leaders



RBI AG is a member of STOXX® Global ESG Leaders. This family of indices contains a group of sustainability indices which are determined by means of a transparent and structured procedure.

Awards

Award at the Austrian Sustainability Reporting Awards



Presentation of the ASRA award to RBI. © KWT- point of view

The Sustainability Report for 2016 was awarded at the Austrian Sustainability Reporting Awards (ASRA) in mid-November 2017. The ASRA, which last year was awarded by the Chamber of Chartered Accountants for the 18th time, honors the best Sustainability Reports by Austrian companies in five categories. We are delighted that RBI was ranked third place in its report for the 2016 financial year in the category "Separate sustainability report for large companies."

From the positive qualitative feedback of the jury, RBI was specifically praised, among other things, for the exemplary stakeholder involvement, the serious economic evaluation of the material impacts as well

as the successful integration of the global Sustainable Development Goals into the Sustainability Report.

In total, around 250 organizations in Austria prepare a Sustainability Report, and more and more companies are doing so due to legal provisions (NaDiVeG). RBI has already submitted its fifth Sustainability Report in accordance with the international standard of the Global Reporting Initiative (GRI).

CDP



Once a year, the non-profit organization CDP surveys and evaluates the CO₂ emissions of listed companies on behalf of investors in over 71 countries. In order to make it possible to compare qualitative and subjective facts in connection with the answers provided by the companies, these facts are subjected to a points-based evaluation system. The goal is to evaluate the degree of maturity of companies with respect to their strategic alignment on climate-related issues. Only

companies that can demonstrate a score of at least 80 percent on the "Leadership" level are given a place on the A-List.

In 2017, 6,300 companies reported their CO₂ data to CDP. Based on these data and the CDP scores, investors and companies are able to make decisions in respect of material climate risks by using an improved information base which helps them select suppliers. Only 193 of more than 1,839 listed companies around the world secured a place on the CDP Leadership List in 2017. RBI is one of the three best companies in Austria to find themselves in this ranking again. In addition, RBI is the best domestic financial sector company for the third year in a row.

Of the 145 companies participating in CDP from Germany, Austria and Switzerland, in 2017 RBI was once again in the leadership list with a grade of "A-". In order to be added to this list, it is necessary for CO₂ reporting to be verified, for no relevant CO₂ emissions to be excluded from the reporting, and for companies to have set themselves ambitious emissions reduction targets.

RBI has been rewarded by CDP for the fifth time in a row for its high standard in answering the questionnaire.



Green Frog Award



The Raiffeisen Bank S.A. in Romania received the Green Frog Award for the best non-financial report in Romania for their "Corporate Social Responsibility Report 2016". The prize is also presented by Deloitte at national level as part of the "Deloitte Central European Sustainability Report". An aim of the prize is to identify and reward companies that have integrated non-financial reporting into their activities, thereby motivating others to follow their example.

**Field of action Responsible banker:
For sustainability in the core business**



Responsible banker

As a “responsible banker”, long-term added value is our primary objective. Therefore, our business strategy as well as our products, services and processes are aligned with this goal. To achieve this, we take a holistic approach. Rather than limiting ourselves purely to economic added value, we always consider the environmental and social impacts of our business activities as well. Only by considering these factors is it possible to make effectively sustainable contributions.

The most effective leverage factor is to be found in the core business. RBI therefore believes that granting loans and investment of funds represent both our primary responsibility and the most important fields of action for creating sustainable success. In all business areas and products, RBI strives assiduously to structure its business and business relationships for long-term resilience, to avoid social and environmental risks and to take advantage of opportunities to improve environmental protection and social standards.

Impacts, risks and opportunities

Only by knowing the impacts of our business activities on the environment and society can we pursue a serious policy of sustainability and align the company strategy accordingly with this goal. However, the sustainability impact of the core business of a bank is felt across a wide range of aspects consisting of many opportunities as well as risks. For instance, when considering the economic added value from the business activities, we make an indisputable contribution to the stability, resilience and productivity of the economic system. On the other hand, this naturally poses the risk that the real economy could become caught up in the problems that arise from the financial economy. The question of just distribution of the added value among stakeholders – in particular shareholders, employees and customers – is often a controversial one as well.

The structuring and sustainability of the products and services we offer play important roles here. As a bank, it is up to us to make funding available for the implementation of sustainable projects or to refrain from supporting the realization of projects that are not sustainable. In deciding to whom and for what purpose we provide loans, we have an impact on the environment and the climate as well as social issues ranging from health to human rights, for example. By considering environmental and social aspects (including human rights) or stipulating requirements in our financing decisions, we also motivate our customers to change their perspective. This also applies to our own investments and the funds managed by our capital investment company (“active ownership”). We believe that possessing a certain market power is a great responsibility, one we wish to exercise in accordance with our principles for the good of society. Analogously, the same also applies to the extensive accumulation and processing of customer data (big data). We have an impact on the transformation of business and consumption in the direction of greater sustainability and we are in a position to incentivize or support such innovations. The financing of infrastructure investments also plays a major role. Inevitably, our business activities leave behind not only an environmental footprint but a social footprint as well.

The impacts of our activities are also still felt in other areas. We also make a contribution to supporting the Sustainable Development Goals (SDGs) (see “Sustainable financing” starting on page 57). For example, disadvantaged groups of the population can attain greater equality in socio-economic respects through purposefully designed products and information offers (see “Initiatives for improving access to financial products for disadvantaged groups of the population” on page 74). We also have an obligation to ensure that we do not contribute to the over-indebtedness of customers through granting loans irresponsibly, thereby endangering the existence of these (see “Responsible lending” on page 50). Another worthy goal is achieving and maintaining a foundational awareness of the concepts of saving, preparing for the future and economic responsibility as well as an associated product base, which we support with our investment products (see “Sustainable investment products” starting on page 64). All this in turn has an influence on the prosperity and quality of life of the population.

Conversely, we are also aware of the risks that affect our business activities and we work to counteract these. When considering the risks in connection with the environment, the negative impacts of global warming must also be taken into account. This includes consequences for tourism, agriculture, forestry and health as well as the damages resulting from increasingly frequent natural disasters, which contribute to the destruction or depreciation of our own assets or assets financed by us. On the other hand, stricter environmental protection laws and regulations can make existing investments less profitable or even unprofitable altogether. The market can also be expected to anticipate various future developments. The withdrawal of many investors from the area of fossil energy, especially coal and carbon-dependent industries, is an indication that such assets of our customers or investees can be expected to fall in value over the medium term (“carbon bubble”).

With regard to social and societal risks, factors such as poor working conditions, endangerment of health and failure to uphold human rights can play a very significant role in connection with financing and investments we carry out. We strive never to be involved in or associated with human rights violations. We further attempt to prevent such violations within the scope of our influence and our capabilities. In addition to our intrinsic interest in avoiding human rights violations, it is also in our economic interest to decrease the risk of strikes, loss of personnel, regulatory fines or compensation payments on the part of our customers.

Timely identification of these risks together with the classic business risks is a fundamental requirement for proactive countermeasures and minimizing risk (see “Lending policy and lending decision policy” starting on page 50). We are also constantly analyzing our development opportunities. RBI views sustainability itself as an opportunity – both for our own business activities and for our stakeholders. Awareness of environmental and social issues has risen and this is reflected clearly in the increased demand for fair and organic products. The market for sustainable financial investments in particular has grown significantly in recent years and presumably will continue to do so. In this area, it has now become necessary not only to take advantage of the opportunity for more business and acquiring new customers but to minimize the risk of losing business to more sustainable providers. As a consequence, the financial sector has become “greener”. We also see that the development of new sustainable technologies can open up new business fields over the medium term.

Business Strategy

RBI is a leading universal bank in the CEE region and Austria and its business strategy is oriented towards sustainability and a long-term perspective. Its business activities include corporate business, financial services for retail customers in CEE and its business with banks and other institutional customers. The challenges for the business model of RBI will continue to be influenced by supervisory and regulatory requirements, banking-specific taxes, politically motivated market interventions, the continued low-interest environment as well as technological developments and new competitors. RBI implemented a program of transformation to successfully address these challenges. After the merger of RBI AG and RZB AG in March 2017, the strategic focus for the coming years lies on growth in the most promising markets. RBI will continue focusing on the CEE region, which offers a structure with higher growth rates than Western Europe as well as a more attractive level of interest and earning potential. Supplemented by leading specialized institutes in Austria, such as the building society, asset management company and pension fund management company in particular, RBI benefits from the stability of the Austrian business areas. On the whole, this results in a balanced, attractive business portfolio.

The business model of RBI is based on the following core competences:

- RBI maintains and develops a strong and reliable brand that forms the basis for the business model.
- RBI offers comprehensive financial services to all private customer segments, utilizing in each case the preferred sales and communication channels of the customer.
- RBI is a reliable business partner to corporate and institutional clients and offers financial services in line with international standards, closely tailored to the target region.
- RBI is characterized by strong local ties, customer focus and long-term business relationships.
- RBI utilizes the strengths of country-specific business strategies combined with central business management strategies.

RBI serves more than 16 million private customers, private banking customers and small businesses, around 90,000 corporate clients (medium-sized businesses, large local companies and international corporations and local authorities) as well as about 9,000 institutional clients (banks, insurance companies, asset managers, sovereigns and public sector organizations). RBI sees itself as a “financial adviser” to its customers, always keeping the focus on their needs.

Governance and Compliance

RBI places great value on responsible and transparent business management to strengthen and maintain the understanding and trust of its stakeholders. This is a prerequisite for the performance of our banking group. The traditional Raiffeisen values provide the basis for this (see page 11) as does the Code of Conduct which is applied across the group. Long-term added value is our primary strategic objective.

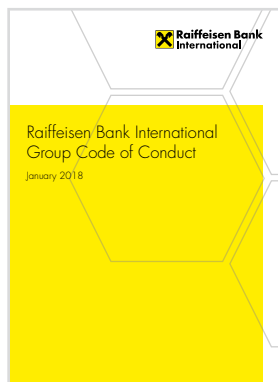
Corporate Governance

Corporate governance (CG) refers to the framework of rules and practices for managing and monitoring a company and is determined by legislators and owners – in short, the principles of leading a company. The specific structure is the responsibility of the Management Board and the Supervisory Board.

Management and inspection within a company that is aware of responsibility, is qualified, transparent and focused on the long-term increase in value are the goals of good corporate governance. Trust-based, efficient co-operation between the various company bodies, protection of shareholder interests as well as open and transparent communication are central guidelines for us in the implementation of modern corporate governance. As a publicly listed company, RBI AG is committed to the principles of good and responsible company management as laid out in the Austrian Corporate Governance Codex (in the version of January 2015) and has pledged to comply with these principles. The compliance evaluation of the Corporate Governance Report according to § 243c of the Austrian Commercial Code (UGB) was carried out by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft for RBI AG. In their conclusive report, they noted no cause for objections. (The report is available to the public at www.rbiinternational.com under Investor Relations/ Corporate Governance/External Evaluation of the CG-Code.) For more information on the composition of the Management Board and the Supervisory Board, including its committees, please refer to the annual report of RBI.

Openness and transparency in communication with shareholders and interested members of the public is of great importance to RBI AG. Extensive information on the following is available on the internet and is regularly updated: Annual reports and interim reports, company presentations, telephone conferences via webcasts, ad-hoc communications, press releases, investor relations releases, share price information and data on shares, information for foreign investors, the financial calendar with a large time lead for important dates, information on security transactions by the Management Board and the Supervisory Board (directors’ dealings), the articles of association of RBI AG, the Corporate Governance Report, estimates of analysts, an ordering service for written information as well as a sign-up option for automatic delivery of the “Investor Relations News” by email.

Code of Conduct



Our Code of Conduct (CoC) forms the basis for our practices, dictating, among other points, the avoidance of fraud, corruption, bribery, market abuses, money laundering and financing of terrorism as well as the avoidance of any conflicts of interest, upholding financial sanctions and securities regulations as well as compliance with data protection standards and other sensitive issues (see “Compliance” starting on page 41). As a main component of our corporate responsibility, it consciously goes beyond formal and legally ordained conduct and describes how we deal with customers, business partners and employees. It ensures compliance with international standards, which are based on moral concepts, customer focus, professionalism, quality, mutual respect, initiative, teamwork and integrity.

The business model of RBI places people at its core. The Code of Conduct is a binding regulatory framework which is applicable group-wide for all employees and can be found in the respective national language on all of the websites of RBI and the network banks. In addition, all persons acting for or providing services on behalf of RBI as well as all other business partners are expected to apply rules and standards that are identical or comparable to those set out in the Code. It is based on the fundamental Raiffeisen values and is oriented towards the specific requirements of everyday business at home and abroad. This includes observing laws including supporting the fight against money laundering and terrorism, implementing financial sanctions, prohibiting fraud, corruption and bribery, as well as respect for the fundamental rights of employees and environmental legislation.

The Management Board of RBI AG has the ultimate responsibility for the CoC; the Chair is also the highest authority on issues of sustainability. Operational responsibility for implementing the CoC in all global group units lies with the competent management bodies respectively. The division head responsible for compliance is tasked with coordinating the activities in connection with the CoC. This person is also responsible for all issues relating to compliance with selected legal requirements. In addition, all members of management are responsible for ensuring compliance with the CoC in their own areas of responsibility.



Human rights violations may generate illicit profit, support slavery and human trafficking, promote the continuation of poor working conditions, and lead to other abuses. RBI strives to further improve the implemented controls concerning financed projects and corporate customers as well as concerning existing and potential suppliers. RBI also does not directly or indirectly finance any businesses, projects or parties in which human rights violations are discernible. Our employees have been instructed to take information on forced or child labor into account and, in case of doubt, to involve Compliance.



The CoC was revised in 2017 and adapted to improved standards according to international practices and the “ethical bank” concept. The new version was the focus of extensive consultation with various stakeholders and was approved by the Management Board of RBI AG in January 2018. The content was restructured to be more readable and transparent. The new wording is more principle-based, and clearer requirements and obligations have been established. The previous text was rephrased and explanatory elements were reduced. A number of existing and otherwise binding elements were merged together under new headings. New topics were added in accordance with internal and external developments (such as with regard to sustainability, social media, financial crime, corporate governance, internal control system). With regard to the sensitive business fields of “Nuclear Energy”, “War Materials” and “Gambling”, internal policies were passed, which must be adhered to by all employees.



Furthermore, RBI is one of the signatory companies of the UN Global Compact (UNGC) and is therefore committed to consistently complying with the ten UNGC principles of responsible business. These principles include the core areas of human rights, labor standards, environmental protection and combating corruption. The concomitant attitude of global responsibility is expected of all staff and managers as well as of partners and suppliers (see also page 11).

Compliance



RBI places great value on compliance with relevant regulations. We do not tolerate any form of corruption, money laundering, financing of terrorism, fraud or market abuse and work actively against such activities. A prerequisite in our business and operational practices is the fair, ethical and legally compliant behavior of all members of our staff. Mechanisms for complying with laws as well as internal or external codes of conduct are established in all countries in which RBI operates through our CoC and clear, detailed regulations contained in the Compliance Manual. The compliance area has an important managing and checking function in our company, particularly in the context of the development of group standards and their implementation. In total, five network banks were fined in 2017 in the context of non-compliance with laws and regulations. For confidentiality reasons, the monetary value cannot be mentioned.

Each new employee of RBI must attend training courses dealing with the topic of compliance. These cover, in particular, aspects of preventing economic crime (in particular corruption and fraud prevention), market abuse and conflicts of interest as well as appropriate measures and rules concerning internal reporting obligations. Defined groups of employees must also attend refresher courses on a regular basis. In addition, there are numerous special training classes for management staff and those sectors where there are particular aspects of compliance involved. The terms of the CoC apply worldwide, for all employees. In 2017, 41 percent of the Board and 44 percent of the B-1 managers as well as 48 percent of the B-2 managers, 58 percent of other management staff and 64 percent of employees without a management function were trained on the issue of preventing corruption across the group and also had to take an associated test. At RBI AG, there were 35 percent of the B-1 managers, 43 percent of the B-2 managers, 50 percent of other management staff and 59 percent of employees without a managerial function trained on the issue.

Measures and activities to prevent corruption are guided by the principles of the Austrian criminal code, the UK Bribery Act and the US Foreign Corrupt Practices Act, in the current applicable version. These include the obligation of the management staff of all units of RBI to shape a corporate culture in which each and every form of fraud is unacceptable. Assessment and evaluation of the risk of fraud takes place periodically and is documented accordingly. Persons who provide services for us are subject to due diligence. The relevant procedures for avoiding fraud are communicated clearly and put into practice effectively. Monitoring and reviewing these procedures takes place on a regular basis. The group's internal Anti-Corruption and Bribery ("ABC") framework was revised in 2015 and is now even more strongly based on risk and prevention. To ensure the greatest possible level of plausibility with regard to invitations and gifts, relevant cost refunds have only been approved by Accounting since 2017 upon presentation of a compliance statement. In addition, not only customers but also suppliers and business partners are assessed in terms of integrity and reputation. The relevant data from these assessments is also published in the course of the MiFID II Inducement Register.

Our anti-bribery and corruption framework is based on the following principles: proportionate, process-based annual risk assessment and scenario analysis; commitment of the executive management; a rigorous disclosure regime of gifts, invitations, secondary employment, company participations and sponsoring; a continuous communication and training program including a candidate testing; monitoring and review of the company conduct (concentration risks, accounting checks to avoid reimbursements without Compliance approval).

Each member of staff is obliged to report serious violations of the CoC – such as market abuse, fraud, theft, embezzlement, bribery or corruption. This can be done in the form of an email to Compliance, a telephone conversation with a Compliance employee, in writing or via an external telephone hotline run by a service provider in the United Kingdom (group whistle blowing hotline). All allegations will be investigated. The group reacted immediately to previously reported occurrences of corruption. Appropriate disciplinary action is carried out in accordance with group regulations, up to and including dismissal. We analyze our rules on a regular basis in order to minimize the risks for the future as much as possible.

Discussions on the topic of better identification of all sectors exposed to economic crime are usually carried out at Board level, or with the second level of management, and ensure appropriate awareness. The necessary measures and on-going efforts to provide in-depth training are implemented with the support of local Compliance departments or the Financial Crime Management departments. These also play a key role in avoiding corruption and in anti-corruption checks as well as in business activities in sensitive areas. Financial contributions or contributions in kind to political parties, politicians or related institutions are given only in accordance with strict rules and with the approval of RBI AG Management Board. Clear regulations in this regard are enshrined in the Code of Conduct and are monitored by Compliance. Sponsoring, (financial) support and contributions are also given only to recognized private organizations with impeccable reputations.

RBI has a well-established internal control system that entails documented controls and requirements in internal governance documents to enable transparency in roles/responsibilities, periodic validation of the adequacy and efficiency of the controls in place for managing the underlying risks and periodic assessment of the controls by means of various forms of tests to measure its effectiveness. The reporting procedures in the form of directives for strategically important topics are a central element and the basis for an effective internal control system. These directives and instructions constitute our “company law”. They include the assignment of approval authority for group and company directives as well as department- and division-specific directives, process descriptions for the creation, quality inspection, approval, publication, implementation and monitoring of directives as well as regulations for their revision and repeal.

The management of the respective group units is responsible for implementation of the directives. The “Confirmation of Compliance” process is carried out each year. As part of this process, 58 group units must confirm that they have followed the relevant policies. If this cannot be entirely confirmed for individual units, these units must create a roadmap of how the gaps will be closed. Monitoring compliance with these group regulations takes place within the framework of audits by the group and local audit departments.

Lobbying

Lobbying is defined as the deployment of suitable people within the company or independent companies to influence public decision-making processes for the purpose of safeguarding or enforcing specific interests in respect of the public sector. We basically consider this to be advisable and legitimate in the process of democratic decision-making and in matters of the execution of state regulations. This activity is subject to high standards of transparency, both for specialized lobbying companies and for companies that use their own employees – known as corporate lobbyists – for lobbying activities. All members of RBI are required to register lobbyists who are active for them in the national lobbying register. At RBI, lobbying work is carried out via RBI AG as well as the “Fachverband der Raiffeisenbanken” (Association of Raiffeisen banks, part of the Austrian Economic Chambers [WKO]). Accordingly, RBI AG is registered in the Austrian lobbying register.

At EU level, RBI AG is registered in the transparency register of the European Commission and the European Parliament. This involves observing activities by EU institutions with regard to possible impacts on the Raiffeisen Banking Group (RBG), creation of networks and shared interest coalitions and specific research and preparation of information on EU initiatives and measures in the area of financial services that are of relevance to us (e.g. Basel III, deposit insurance fees, corporate governance). Since being included in the register, RBI AG is bound to comply with the code of conduct of the institutions (European Commission/European Parliament). Our position statements concerning consultations of the European Commission can be found on the Commission website. At national level, our position enters into joint position statements by the Austrian Economic Chambers, banking and

insurance section. (Membership of the Austrian Economic Chambers is mandatory.)

Corporate lobbyists of RBI also undertake to observe the following points in their contact with officials: They are committed to the truth, and any information that they provide must be – to the best of their knowledge – undistorted, complete, up to date and not misleading. They ensure that officials know who they actually are, that they work for RBI, and declare that they are entered in the lobbying register.

All lobbyists who work for RBI obtain information exclusively by fair means and make decisions in a fair way. They inform themselves about the restrictions on activities and rules on incompatibility that apply to office holders and comply with these restrictions and rules. They do not tempt office holders to infringe the applicable rules and standards of behavior and never exert unfair or inappropriate pressure on office holders. Clear rules are defined in our Compliance Manual as well as the “Code of Conduct according to Article 7 of the Lobbying Act”. More information can be found on the RBI AG website at www.rbinternational.com → Investors → Corporate Governance → Code of Conduct pursuant to art.7 Austrian LobbyG.

The Management Board of RBI AG is solely authorized to approve contributions to political parties, election committees, party-affiliated organizations and political figures (politicians, candidates) for all of RBI, and such contributions are permitted only if the following conditions are fulfilled:

- The contribution does not violate any statutory regulations.
- The contribution is within the customary extent of the respective country.
- The contribution is not apt to have any improper impact.

Such payments must be handled transparently, involving RBI Group Compliance. The transparency provisions regarding party financing and lobbying in place since January 1st, 2013 must be complied with and are implemented in the Management Board Office of RBI AG. Once again in 2017, RBI did not make any financial contributions or contributions in kind to any politicians, parties or affiliated institutions.

Economic Sustainability

Economically successful business is a prerequisite for ensuring the long-term survival and success of a company. Economic value creation is generally the primary goal of productive activities. Only this ensures that other ethical objectives can also be realized. Through the economic value creation of its business activities, RBI generates additional benefit for the company itself as well as for its owners and employees, its customers and the economy in general. In this way, it makes an important contribution to the stability, resilience and productivity of the economic system and the prosperity of society.

Another requirement is to ensure appropriate capital resources. The concept of group risk controlling comprises a sustainability perspective that should ensure that the company has a sufficiently high core capital ratio at the end of a planning period even if there is an macroeconomic environment worsens unexpectedly (details on this can be found in the 2017 RBI Annual Report starting on page 150). The following tables provide an overview of the direct contribution RBI has on the economy.

Operating result (in million €)			
	2017	2016 pro forma*	Change
Net interest income	3,208	3,197	11
Net fee and commission income	1,719	1,599	120
Net trading income	244	220	25
Other net operating income	57	96	-39
Operating income	5,228	5,112	116
Staff expenses	-1,554	-1,552	-2
Other administrative expenses	-1,222	-1,214	-8
hereof regulatory administrative expenses	-148	-152	4
Depreciation	-328	-375	46
General administrative expenses	-3,104	-3,141	37
Operating result	2,123	1,971	153

The following table shows the value contribution for the most important stakeholders: the owners, the employees, the economy and public authorities. "Investments in the Community" have been reported separately since 2015.

Financial flows to stakeholders (in million €)		
	2017	2016 pro forma*
Owners – Dividends	0	0
Employees – Wages and salaries	1,179	1,183
Business – Investments and operating costs	1,226	1,210
Investments in the community	3	4
Public authorities	720	728
Income taxes (excluding deferred taxes)	322	281
Banking levies	121	174
Social security costs and staff related taxes	277	272
Equity status as per December 31	11,241	9,794

* Since January 2017, all business brought in by RZB is fully included in RBI. Current RBI figures refer to the merged bank; unless otherwise indicated, the historic pro forma figures are based on the merged institution (taking account of the merger).

Key figures of RBI, by segment (in million €)							
2017	Balance sheet total	Change from previous year	Business outlets	Employees	Profit/loss after taxes	Customers in millions	Amounts owed to customers
Poland	11,724	-2.7%	237	3,871	49	0.8	8,256
Czech Republic	16,125	9.2%	132	3,325	139	1.1	12,266
Slovakia	12,606	6.3%	190	3,867	129	0.9	10,036
Hungary	7,040	6.6%	71	1,993	113	0.5	5,049
Central Europe segment	46,814	4.6%	631	13,069	419	3.4	35,608
Albania	1,883	-5.9%	78	1,229	34	0.5	1,542
Bosnia and Herzegovina	2,156	4.8%	98	1,277	38	0.4	1,691
Bulgaria	3,723	10.0%	136	2,576	69	0.6	2,753
Kosovo	922	2.9%	48	730	26	0.5	3,354
Croatia	4,606	-1.8%	75	2,106	18	0.3	734
Romania	8,144	2.9%	454	5,333	107	2.3	6,487
Serbia	2,277	8.6%	89	1,541	55	0.7	1,715
Southeastern Europe segment	23,709	2.9%	978	14,792	346	5.4	18,277
Belarus	1,518	-0.4%	90	1,906	65	0.8	975
Russia	12,060	2.5%	185	8,229	443	2.5	9,200
Ukraine	2,004	-1.2%	500	7,997	181	2.5	1,556
Eastern Europe segment	15,579	1.7%	775	18,132	689	5.7	11,731
Group Corporates & Markets segment	41,435	2.0%	25	2,680	209	2.0	21,598
Corporate Center segment	37,204	8.6%	-	1,027	654	-	498
Reconciliation/other	-29,595	-	-	-	-1,071	-	-2,880
Overall	135,146	0.3%	2,409	49,700	1,246	16.5	84,831

Responsibility in the core business – Product responsibility

At RBI, values such as trust, reliability and responsibility with respect to society, the economy and the environment have always been fundamental principles. The needs of the customers in this regard coincide with Raiffeisen values. Customer interest in the sustainable structuring of the products and services we offer is on the rise.

RBI is committed to an outstanding service culture which regularly seeks to exceed the expectations of customers with regard to quality. The goal is to serve customers as comprehensively as possible with financial services in line with their needs while taking into account the impact on society and the environment. Naturally, we only offer a product or service when we have the necessary license, specialist knowledge and infrastructure. We also ensure when making recommendations that customers are adequately informed about the risks and that the recommendations are given in an honest and fair manner. The provision of top quality advisory services as well as innovative solutions is a key for the successful implementation of this concept.

For retail customers, these could be video or telephone consulting solutions or state-of-the-art internet and mobile banking solutions, for example. By means of these sales and support channels – along with around 2,400 business outlets, which remain the central component of customer service – RBI offers its customers a broad product range (e.g. current account packages, payment transfers, consumer financing and mortgage loans) from which they can select the products that best fit their needs. Particular emphasis is placed on transparent and customer-friendly solutions, first-class advisory services, a fast flow of information and short decision-making processes.

For corporate and institutional clients, special attention is given to group-wide sales and management tools with a focus on capital and liquidity-efficient products (particularly trade finance, capital market products and hedging of currency, interest rate and credit risks, as well as payment transfer business). Group-wide product competence centers not only enhance efficiency through the pooling of know-how but also facilitate customer access to complex financing products (e.g. in the areas of project, real estate and export financing or capital market transactions).

Due to the systemic importance of banks and their contribution to the functioning of the economic cycle, we consider it our obligation to place a strong focus on the sustainability of our products and services. By granting financial resources, banks have significant leverage in actively shaping sustainable development which is fit for the future. A prerequisite for this is the consideration of environmental and society standards and criteria within the core business of the bank.



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Reinhard Friesenbichler,
CEO of rfu

“2017 is the year in which, for the first time, large companies across the EU are subject to mandatory “non financial reporting”. What this means is that the corporate world must actively take a position on “environmental, social and employee-related matters, the respect of human rights and the fight against corruption and bribery”. The Austrian implementation of this EU directive was given the unwieldy name of “Sustainability and Diversity Improvement Act”, or “NaDiVeG”, and will provide some exciting reading material in the course of 2018 (with regard to 2017). The legislator has also explicitly thought of the financial sector as a relevant player from an ecological and social point of view. With good reason! After all, financial institutions steer capital flows in the different branches of the economic system and thus (jointly) bear responsibility for related risks and effects. With this, what the voluntary “Global Reporting Initiative” (GRI) anticipated two decades ago has become binding. And in conjunction with the UN “Sustainable Development Goals” (SDGs) which came into effect in 2016, we now have a comprehensive international framework to address corporate sustainability for the first time – both in words and actions.”

QUOTE



This means that we strive to offer products which offer specific benefits to society, the environment and the real economy while minimizing the range of products on offer that present a risk to society or the environment. No products that are banned or the subject of public debate were offered or sold during the 2017 reporting period.

We give special attention to the innovation and continuous development of our products. This is ensured through group-wide product competence centers. Our broad range of products and innovative banking solutions are important building blocks for the high level of satisfaction and loyalty among our customers. The consistent development of our range of products and services with a special focus on transparent and customer-friendly solutions as well as easy access to information, short decision-making procedures and sustainable development will continue to strengthen the position of RBI. As part of this, internal procedures were standardized and the risk classification process improved. In order to expand the range of what we offer our customers, we work continuously to develop innovative products while giving attention to trends and developments in the market. The topic of digitization continues to represent a central strategic challenge for RBI.

Changed circumstances in the field of competition, new technologies and business models, rapidly changing customer requirements and new, upcoming companies entering the market are additional challenges faced by RBI. It is often difficult to implement complex, deep-seated innovation in large international companies. Nevertheless, this is the key to remaining competitive. Innovative methods, such as prototyping, customer tests and concept tests, help us test out ideas, products and processes at the start of the development cycle. This is intended to help avoid poor investments and undesirable developments, but it also makes it possible to predict the potential market success even at an early stage in development. By getting a diverse range of people involved in the tests, it is possible to create and improve products and services much more cost-effectively. Materials and personnel resources are used more efficiently in this way.

Against this backdrop, RBI has initiated projects such as the Elevator Lab and the Intrapreneurship program in order to respond to digital structural changes. The Intrapreneurship program is about more than just actively promoting entrepreneurial spirit within the organization. It is intended to motivate employees to pursue their own ideas and fully realize the potential of these ideas within an innovation-friendly corporate culture. The Intrapreneurship program should serve to accelerate innovation within existing structures. On June 1, 2017, the accelerator program "Elevator Lab" was presented by Johann Strobl, CEO of RBI, at the founder and technology festival "Pioneers". The Accelerator program is the first FinTech accelerator in Central and Eastern Europe. Specifically, the program seeks out later stage start-ups in the areas of SME banking, big data analytics, RegTech, payments and transactions, branch of the future and investing and trading tech. The aims of the collaboration include long-term cooperation as well as expansion of our own product and service portfolio.

RBI follows a standardized product introduction process that applies to all new products, product combinations and variations throughout the entire network. We intend to ensure that every product is offered in an optimal form and all risks associated with a product are disclosed.

Ecological Product Responsibility



RBI cares about the environment. We therefore always consider the associated environmental consequences of the products and services we offer. In particular, financing of or participation in transactions or projects which put the environment at risk of lasting effect are not in accordance with our business policy. Our goal is to reduce the negative impacts of our business activities on the environment to the minimum and to lower CO₂ emissions. RBI is committed to complying with all applicable environmental regulations in each country within its business operations and service sectors. It acts in an environmentally-conscious manner and continually strives to improve its own environmental balance as well as the environmental balance attributable to its product and services portfolio.

When making decisions, every employee must consider the potential risks posed by a transaction or project that could lead to negative impacts on the environment. The risks range from endangering the environment to the associated risk for the financing business as well as the resulting damage to the group's reputation. In addition, when auditing financing and projects it must always be ensured that the company being financed is using the funds in a way that ensures compliance with the respective regional and EU environmental legislation as well as with the international agreements on protecting the environment.



Carbon policy

RBI is committed to promoting environmentally friendly technologies. The declared fight against climate change, based on the 2015 Paris climate agreement, has given impetus to our ambitions in this area. We see this as a chance for new business fields, such as in the areas of renewable energy, electric mobility, energy efficiency and resource management. The climate agreement could drive investments in these areas and provide new impetus for innovation. We have therefore established restrictions on our own practices that apply across the entire RBI. For example, we avoid financing new thermal coal mining projects and new business relationships with customers in the thermal coal mining sector or companies where more than 50 percent of the revenue is generated from thermal coal trading. Coal power plants are only financially invested in on a selective basis and only if the project offers discernible positive environmental impacts. We are striving to significantly reduce our involvement with thermal coal. Instead, we prioritize financing projects associated with renewable energy.

Social product responsibility

RBI is aware of the impacts of its business activities on society. Virtually, all payment transactions are processed through banks and by issuing loans, banks have an influence on the purposes for which funding is utilized. Our products and services can therefore directly contribute to changing the life situations and consumer behavior of the population. Indirect influences arise through investments in projects or companies with particular social or societal relevance, from which people could either benefit or be disadvantaged.



Observing human rights is a basic requirement in connection with all of the products and services we offer. Specifically, we do not finance transactions connected with forced or child labor or in violation of the European Convention on Human Rights, obligations under the labor and social law of the respective country, applicable regulations issued by international organizations (including the relevant UN conventions) or the rights of local populations or indigenous people. RBI is also not involved in business with products which can serve to suppress demonstrations or political unrest or infringe on human rights in some other way. This is especially true for businesses involved in countries in which political unrest, military conflicts or other violations of human rights are taking place or expected.

Considering the requirements and concerns of our customers also plays an important role for our company in the shaping, sale and use of products and services. The security of our products and the security of our customers are both of central concern to us. Along with access to relevant information regarding products and services, this includes the verifiability of claims, explanations of the possible risks associated with products or services and appropriate information on risk reduction. Where possible, we inform customers about the sustainability aspects of our products. We carefully check any complaints which are brought to us and respond as soon as possible. We also strive to provide comprehensive barrier-free access to our financial services for disabled persons.

Protection of customer data

The RBI views comprehensive protection for all data provided to or made available to the group (concerning customers as well as employees) to be an important part of its business activities. Strict organizational rules apply throughout RBI for collecting, storing, processing and sharing such information (as far as is permissible and/or necessary for the business activities), and compliance with these rules is regularly monitored by Group Auditing. In addition, all data protection measures implemented and employed throughout RBI are aligned to the most current technical security standards.

The most important principles of the data protection measures applied within RBI are:

- Classifying all data/information according to a four-level system, with appropriate (technical) authorization required for read and/or write access even in the "standard" category 2 protection class.
- All read or write accesses are continuously logged electronically, and these logs are even centralized in the case of particularly sensitive classified data/information.
- Regular backup routines (on a daily basis for business-critical data/information).
- Technical security measures (such as network security and segmentation) to additionally regulate access to data.

Instances of complaints relating to violations of customer privacy and the loss of customer data are monitored in all units. The reasons for the complaint or data protection violation are investigated and necessary measures are taken.

In financial year 2017, there were no substantiated complaints within RBI AG in Austria regarding violations of customer privacy or the loss of customer data. In our network, complaints relating to data protection violations were received in four network banks, and in one network bank there was a case of fraudulent data theft; however, we did not become aware of any releases of customer data. All incidents were investigated immediately and appropriate countermeasures were introduced.

The technical and organizational measures that have been in place since last year for implementing the General Data Protection Regulation of the EU, which will enter into force in 2018, are well underway and on schedule.

Responsible lending

RBI is committed to responsible lending. This also includes only granting customers loans that they can handle based on their financial situation. We strive to offer the clearest, most comprehensible information possible concerning our loan products and to conclude loans to our customers under equally transparent conditions. This includes explaining the entire process, the precise steps involved as well as the responsibilities, risks and primary lending conditions associated with a loan agreement (in particular the costs of the loan, repayment amount, precise deadlines, due dates and number of installments).

Our group guideline "RBI Retail Credit Policy" describes our balanced approach to credit risk – in the interests of the customer as well as our own risk controlling. We strive to prevent our customers from taking on too much debt by employing, among other measures, modern creditworthiness procedures for issuing loans based on clearly defined assessment criteria. The risk of a possible default should be avoided from the outset in order to prevent our customers from suffering financial cuts in their living situation and living standards. We therefore apply conservative rules with regard to the relationship between the loan amount and collateral as well as the recipient's income. To support this determination, we also employ a calculation of the household income/cost of living for every market.

Subjective selection factors, such as gender or religion, play no role when deciding whether to issue a loan. Before issuing the loan, the customer's credit rating is checked. We strive for the greatest possible level of objectivity in order to reach an unbiased and transparent lending decision. This is only possible if the customer provides all the necessary data and information. RBI aims to offer the customer a suitable and tailored offer based on the available information and results of the creditworthiness assessment.

Dealing respectfully and sympathetically with customers who are experiencing payment difficulties is a natural part of our banking operations. As soon as RBI notices the first visible signs of payment difficulties, assistance is provided to the customer with information and advice. Furthermore, it tries to find a suitable solution for the situation at hand within the scope of its options and the customer's financial situation. If difficulties arise with servicing the loans, RBI looks at each case individually and assesses how the customer can be helped by means of deferments, payment suspensions, credit restructuring etc. within financially justifiable limits. In the event of payment difficulties, RBI endeavors to work with the customer to find a fair solution. In doing so, particular attention is paid to the customer's changed circumstances. In the event of a dispute, RBI follows a fair and professional complaints procedure.

Lending policy and lending decision policy

Our business model is geared around the high level strategic goal of creating long-term value. Responsible lending is a significant component of this model. We achieve this with a lending policy that is based on continuity. We remain a fair and reliable lender to businesses with future prospects, even in difficult times. And we hold a clear position regarding the handling of sensitive business areas.

The Code of Conduct is part of our lending policy. All employees involved in lending are accordingly obliged to act responsibly and also to carry out their supervising duties with great care. Likewise, the reputation of our banking group must be considered in all activities and decisions. The executives of our company are responsible for compliance with these standards in their respective areas of responsibility.

Specifically, we are committed to not finance – directly or indirectly – companies, projects or parties which use forced or child labor or which contravene the European Human Rights Convention, the legal working and social obligations of the respective countries, the applicable regulations of international organizations and, in particular, the relevant UN conventions and rights of the local population or indigenous people. Financing or participating in transactions or projects which put the environment at risk (e.g. destruction of the rainforests or environmental

and water pollution) is not in accordance with the business policy of RBI. Our employees are required to ensure that during financing and project audits, the company being financed is using resources in a way that ensures compliance with the respective regional and EU environmental legislation as well as with the international agreements on protecting the environment.

Furthermore, RBI does not participate in the building of nuclear power plants or their operators or transactions with them. Likewise, we are not involved in business transactions involving weapons and other military goods, or involving materials of repression in countries where there is, or is expected to be, military conflict or political unrest. RBI does not invest in companies that manufacture, maintain or trade in military goods or weapons. Financing and other transactions with military companies are strictly restricted. In addition, RBI naturally complies with international standards on financial sanctions and trade restrictions. As previously mentioned, we are also a signatory of the Global Compact of the United Nations (see page 11). In connection with the gambling industry, we strive to finance exclusively reputable, transparent companies within the European Economic Area or other European countries with a regulated gambling market that are subject to supervision, comply with the principles of responsible gaming and adhere to the AML and CTF standards.

The credit portfolio of the group is controlled by means of the portfolio strategy. Lending in different countries, sectors or types of products is thus limited, which enables the concentration of undesirable risks to be avoided. The risks and potentials of various industries are evaluated in individual countries based on an "industry heat map". On this basis, lending guidelines and limits for future structuring of the credit portfolio are developed.

Specific lending criteria for individual customer segments and countries are defined by credit committees, which consist of representatives of the front office and back office areas. The composition varies depending on the customer group for corporate customers, financial institutions, public authorities and retail. The credit committees make all associated lending decisions within the framework of the lending approval process and the rating and volume-oriented assignment of responsibility (details on the loan decision process and the Credit Portfolio Management department can be found in the 2017 RBI Annual Report, on page 151).



The lending decision process is carried out on a case-by-case basis, following standardized principles and guidelines. As such, there is a clear personnel and functional separation between the business activities and all risk management activities. In addition to classic "hard facts" and numerous qualitative criteria, our internal rating model incorporates an evaluation of the management, which is responsible for adequate handling of environmental and social topics within the company. An evaluation is also performed as to whether an industry is subject to special environmental or social risks, including human rights violations or health risks, and whether a potential borrower follows the existing rules with regard to the environment, human rights and health. The agreed credit terms are also assessed as standard as part of the annual analyses. Group Compliance is responsible for all issues concerning compliance with legal requirements.

The described group-wide standards apply to all group units, but these are also supplemented with local, sometimes more stringent, internal guidelines and policies by many of our network banks. They take into account, to varying extents, the social and environmental risk strategies of the respective bank, define sometimes higher minimum criteria or define the exact procedure for compliance with all of the agreed-upon principles.

The standards of the International Finance Corporation (IFC) and/or the Multilateral Investment Guarantee Agency (MIGA) apply at eight network banks: Raiffeisen Polbank, Raiffeisen Bank Sh.A. in Albania, Raiffeisen BANK d.d. Bosna i Hercegovina, Raiffeisen Bank Kosovo J.S.C., Raiffeisen Bank S.A. in Romania (which has also committed to compliance with the EBRD standards), Raiffeisen banka a.d. in Serbia, Priorbank JSC in Belarus and AO Raiffeisenbank in Russia.

These network banks all have an Environmental and Social Management System (ESMS) and a corresponding Environmental and Social Policy (E&S Policy). This policy describes the principles of the ecological and social risk management in the bank and defines important roles and responsibilities for managing E&S risks as well as key elements of the E&S risk management process. An E&S Officer is nominated by the Management Board for each bank and are responsible for proper implementation within that bank. All of the employees who are involved in the evaluation of E&S risks receive appropriate training.

The credit process ensures that all credit applications in the corporate customer area are reviewed in three steps, in addition to the usual credit and risk criteria.

1. Evaluating whether the company is engaged in activities on the IFC Exclusion List.
2. Categorizing the environmental and social (E&S) risk level depending on the type, location, noticeability and size of the project as well as the nature and scope of its possible environmental and social impact (low, medium or high).
3. Social and environmental impact assessment (E&S due diligence) for all transactions of high and medium risk: Determining the environmental and social impacts and risks of a project as well as determining whether it meets the laws of the respective country and other policies of the World Bank and IFC.

Also included are performance standards regarding work and labor conditions, resource efficiency and the avoidance of environmental pollution, public health and safety, land acquisition and forced relocations, retention of biodiversity and sustainable management of natural resources as well as indigenous peoples and cultural heritage (see the IFC website at www.ifc.org). The IFC and MIGA standards also include extensive reporting and monitoring requirements, which are carried out within the scope of "E&S Supervisory Visits".

More extensive standards are also applied in the credit business at other network banks. For instance, social and environmental criteria for the credit assessment and limit applications apply at Raiffeisenbank (Bulgaria) EAD. Target industries have also been defined for financing. These include health care, agricultural products, the food retail trade as well as human resources and employment.

At Raiffeisen Bank Aval JSC in Ukraine, the analysis of social and environmental risks is also part of the decision-making procedure for the credit analysis in the non-retail segment. In this process, the industry environmental risk is classified as high, medium or low according to its impact and then categorized into one of three segments. This is done on the basis of historical data and general developments in Ukraine. A management quality assessment of environmental and social risks as well as a general evaluation of the quality of the assets is also carried out, which enters into the corporate rating database within the scope of the qualitative assessment. For the retail segment, the policy also contains criteria for lending in the area of environmental protection, and a number of sensitive business areas are excluded from lending activities. This information is included in the SMB rating database as part of the qualitative assessment.

Customer satisfaction

The satisfaction of our customers and outstanding customer relationships are our top priority. Customer satisfaction is therefore regularly measured at RBI in both retail and corporate customer business. The insights gained in this way are intended to enable further improvements.

In our business with private customers, small enterprises and micro businesses, customer satisfaction and service quality have been an integral component of our business management for a number of years. Since 2012, we have also employed a number of different methods to gain insight into the quality, duration and consistency of our customer relationships. In 2017, the “Net Promoter Score” (NPS) of RBI improved by 38 percent and we are currently positioned among the top 3 competitors in ten countries. The NPS measurement is carried out locally in all network banks based on a standardized method for the entire group. (The NPS is based on the question: “How likely is it that you would recommend Raiffeisenbank to a friend or colleague?”) We also conduct a brand performance analysis every two years. This measures the brand awareness and the brand trust in comparison with local competitors and other network banks. Most network banks rank above the market average in this analysis. High brand awareness/brand trust, a stable market presence and high advisory service quality on the part of the employees are among the most frequently listed reasons for a willingness to recommend us. We have invested in the establishment of customer experience management at all network banks. This consists of the development of competence in improving the customer experience, establishing measurement and controlling criteria and anchoring customer satisfaction within the strategy of the network banks.

Regularly measuring customer satisfaction and the customer experience are used to reflect on and analyze changes. The increasingly popular digital channels (website, internet banking, mobile banking and social networks) have now also become an integral part of all measurements. Results are evaluated immediately and corresponding measures put in place. The digital channels on offer are very well received by our customers (overall approximately 26 percent of customers make use of online or mobile banking) and the customer satisfaction scores (CSS) are also continuously on the rise: In 2017, the CSS value for our digital offers increased by 3.5 percent. We have also made progress in the internal NPS measurement for the digital channels (increase of 20 percent in the year 2017). In parallel with this, we have achieved quality improvements in the “traditional” channels (branches) as well.

In combination with regular measurements – of service quality, complaint analysis, post-complaint satisfaction, waiting time analysis, mystery shopping and brand, transaction and customer relationship surveys – we are in a position to continuously improve the quality of our service and to take measures that create added value for our customers.

Direct customer feedback is also an important indicator within the corporate business of RBI AG. On behalf of the Raiffeisen Banking Group in Austria, IMAS International conducted a market survey in 2017 which focused on corporate customers with € 50 million or more in annual revenue. The results were not yet available upon publication of this report.

We fundamentally view criticism and complaints by our customers as an opportunity to improve our products and processes, reduce errors and increase how customers benefit from our services. The importance of taking customer complaints seriously is unquestioned throughout the entire group (see page 55, “Complaint management”). The employees at our network banks therefore follow a list of principles, the “Golden Rules”, an open document that is regularly updated on the basis of changing customer expectations. The Customer Experience head and a Management Board member are responsible for monitoring compliance with these principles on a monthly and quarterly basis within the framework of the quarterly reports.



Awards

Our commitment to customer satisfaction and our employees' expertise once again earned us a number of awards in 2017. By way of example, here are our awards from four internationally renowned financial journals: "EMEA Finance", "Euromoney", "Global Finance" and "The Banker".

For instance, the "Financial Times" journal "The Banker", "Global Finance" and "EMEA Finance" named RBI "Bank of the Year in CEE" and "Best Bank in CEE". For the seventh time in a row, RBI was recognized by "EMEA Finance" for the "Best Cash Management Services in CEE". A number of subsidiary banks were rated as "Best Bank" or "Bank of the Year" for their respective countries in Albania (EMEA Finance: "Best foreign bank"), Belarus (Euromoney, The Banker, EMEA Finance: "Best foreign bank"), Bosnia and Herzegovina (EMEA Finance, Euromoney, Global Finance), Bulgaria (The Banker), Kosovo (EMEA Finance), Romania (EMEA Finance: "Best foreign bank", Global Finance, The Banker: "Best private bank"), Poland (The Banker: "Best private bank"), Russia (EMEA Finance: "Best foreign bank"), Serbia (EMEA Finance, Euromoney), Slovakia (EMEA Finance, Euromoney), the Czech Republic (EMEA Finance: "Best private bank"), Ukraine (EMEA Finance, Euromoney) and Hungary (EMEA Finance).

Global Finance also recognized RBI as the "Best Bank for Working Capital Optimization in CEE" and The Banker ranked it as the "Best Transaction Bank in CEE". The Slovakian RBI subsidiary Tatra banka was selected by Global Finance as "Best Consumer Digital Bank in CEE" as well as for "Best Web Site Design in CEE", by Euromoney as "Best Digital Bank in CEE" and by EMEA Finance as "Most innovative bank in CEE & CIS" as well as for the "Best product launch in CEE & CIS". EMEA Finance and Euromoney named RBI the "Best investment bank" in Austria. A series of awards from EMEA Finance for RBI's investment banking services and transactions complete the picture, including the awards for "Best securitization deal in Europe", "Best promissory note loan", and "Best sovereign bond in CEE".



In 2017, Raiffeisen in Austria was once again the most successful banking group in terms of customer shares, both in the private customer as well as in the corporate customer segment. Regionality, security and sustainability have been among the guiding principles of the Raiffeisen Banking Group since it was founded. These principles have a special meaning during economically challenging times especially. Security and trust are the most important criteria when choosing a bank. With a value of € 1.87 billion, the Raiffeisen brand ranked sixth among all brands according to the Austrian brand value survey carried out in 2017 by the European Brand Institute. Raiffeisen is the undisputed number one in the Austrian financial services industry.

Complaint management

So as to implement the complaints procedure guidelines for European financial institutions of the EBA/ESMA committee (European Banking Authority/European Securities and Markets Authority), RBI introduced a central complaint management system during the third quarter of 2016 and passed corresponding head office and group laws. We define a complaint as any type of expression of dissatisfaction directed toward the bank by a person (natural or legal) with a specific demand regarding a specific transaction, as long as this same demand is not the subject of a pending process in a court or at a board of arbitration or of a decision already issued by such a body. The central responsibility for complaint management lies with Group Compliance. In accordance with head office law, decision can be taken in co-operation with the departments that certain complaints will be processed and resolved within the departments (in compliance with the prescribed process steps).

If an expression of annoyance – and therefore a possible complaint – is addressed to the bank or an employee, this must be evaluated as to whether or not it qualifies as a complaint. If it does qualify as a complaint, it must always be entered directly and without delay into the web-based complaint management system (IT system “Archer”). The person issuing the complaint must then be kept informed of the receipt and handling of the complaint. It must be evaluated and decided whether the complaint is justified. This decision is made by the person or department responsible for complaint management. The result must then be documented in the system and the person who registered the complaint must be informed. The department responsible for processing the complaint must investigate its cause.

RBI does not consider customer complaints to be a burdensome nuisance; on the contrary, they are seen as a welcome opportunity to enhance customer loyalty to the bank through handling the complaint in the best possible way. Furthermore, they offer useful indications of potential for improvement. This attitude is held by all employees, especially those who come into contact with customers. We want to give customers the feeling that their issue or problem is being taken seriously and that someone is personally working toward a quick and individual solution. Information about the complaints procedure can be found on our website (www.rbinternational.com → Customer Relations → Complaints Management).

Responsible sales practices and marketing



As surveys consistently show, trust is at the top of the list when it comes to choosing the right banking partner. Since trust is based on honesty, it is important to RBI that our products and services are clearly and transparently communicated to all customers and stakeholders. That is why, when advertising and marketing our products, we align ourselves with strict principles that are intended to protect customers. False or misleading information is taboo. Our goal is to inform our customers as far as possible

in an easy-to-understand manner. When giving recommendations, our main focus is to be objective and comprehensive. It is essential that the risks associated with our products can be clearly demonstrated and explained to the customer. During the 2017 reporting period, violations of regulations and voluntary codes of conduct in relation to information and labeling obligations for products and services were identified at two network banks, and 21 penalties were enforced. All violations that have been classified as operational risks are monitored and controlled on a group-wide basis within the scope of the operational risk management by the “Operational Risk Controlling” team as part of the “Integrated Risk Management”. The incidents are recorded in a central database, the risk is evaluated, scenarios and action plans are analyzed and early warning indicators are developed.

In addition, we carry out promotions in accordance with the ethical and moral principles of the code of ethics of the Austrian advertising industry and we are committed to complying with quality criteria agreed jointly with the advertising industry that extend beyond the statutory provisions. For this reason, the Raiffeisen Banking Group (and therefore also RBI AG) have been awarded the Pro-Ethics Seal of the Austrian Advertising Council.

The Pro-Ethics Seal is awarded for a period of two years. Companies are awarded for marketing measures which reflect:

- the ethical and moral principles of the code of ethics of the Austrian advertising industry (for ethical advertising)
- the community social-ethical ideals of the communications industry (for self-regulation)
- and for standing up for freedom of advertising and against advertising bans in this form.

All marketing measures of RBI, including the nationally and internationally advertising RBI AG as well as the network banks in Central and Eastern Europe, all comply with the “Consolidated ICC Code – Advertising and Marketing Communication Practice” published by the International Chamber of Commerce. This is to ensure a transparent and fair market presence, one that is oriented to internationally recognized guidelines.

In addition to protecting customers, our responsible marketing managers also ensure that only those marketing activities which are in the interests of the company are actually carried out. Bribery and corruption are not to be tolerated to any degree and our strict compliance guidelines help us to achieve this goal.

International advertising and marketing campaigns of RBI are exclusively developed and commissioned by the Group Marketing division of the Vienna head office. This division also evaluates and approves all local campaigns by the network banks in Central and Eastern Europe by reviewing and approving TV spots, online advertising, print ads, etc. before they are published.

RBI values a functioning capital market and public confidence as being just as important as its reputation as a professional player on the market. Any action which endangers this principle would have serious consequences for both RBI and the employees involved. The need for integrity also applies in the fight for market share. This means that no unauthorized agreements should be entered into and that it is necessary to abide by the rules of fair competition and the standard international rules of market behavior (MiFID). There were no complaints at the Vienna sites during the timeframe covered by this report. One network bank became the subject of a court case in connection with anti-competitive behavior, which was still ongoing at the editorial deadline.

Sustainable financing



We describe financing as being “sustainable” when it has long-term positive effects on the real economy, infrastructure and regional development, on society and social affairs, the environment and climate, or on research,

education and innovation. With a majority of these financing projects, we support targets as stipulated in the “Sustainable Development Goals” (SDGs) within the scope of our capabilities as a financial institution. Particular focus is placed on the following efforts: “promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all” (Goal 8), “build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation” (Goal 9), “ensure access to affordable, reliable, sustainable and contemporary energy for all” (Goal 7) and “take urgent action to combat climate change and its impacts” (Goal 13).

Sustainable financing at the Vienna sites

(By RBI AG, unless otherwise specified)

Once again in 2017, numerous new business transactions were carried out in areas considered desirable from a sustainability perspective.

Positive impacts on the real economy, infrastructure and regional development

- Public sector projects:

Last year, RBI AG once again supported 199 institutes of the Raiffeisen Banking Group in Austria in financing a total of 88 additional projects for water supply facilities, waste water systems, schools and kindergartens as well as similar public sector projects for a value of € 76 million. As a result, the total volume of new and existing financing projects supported in 2017 was € 884 million.

Positive impacts on society and social affairs

- Health:

A long-term development aid loan was issued for the establishment of a modern emergency medicine and ambulance system in Sri Lanka – in line with European standards – and for improvement of the medical emergency infrastructure. This enabled the purchase of modern and functional ambulance vehicles. Hospital waste in Cameroon is still disposed of in public landfills. To ensure proper disposal of infectious hospital waste in 25 district hospitals, soft loan financing was provided for the procurement of incineration plants for hospital waste.

- Property and wealth accumulation among the population:

In recent decades in Austria, domestic building societies have co-funded the construction, purchase or modernization of around 1.5 million residential units, creating living space for about four million people. In this way, building societies have contributed to the broad accumulation of property and wealth as well as individual financial security. A significant portion of this financing was provided by Raiffeisen Bausparkasse Gesellschaft m.b.H., which serves around 1.6 million customers. The financing services provided by this company for residential construction are an important boost for the domestic construction industry and economy. The topics of renovation, energy efficiency improvements in existing structures and energy-efficient construction have gained importance here. Raiffeisen Bausparkasse Gesellschaft m.b.H. assists its customers in implementing such projects with an extensive range of free information services.

- Art and culture in the public sphere:

For three years now, the residential construction projects of “Raiffeisen WohnBau”, a brand of Raiffeisen-Leasing GmbH, have featured a sustainability perspective alongside the “Quality Living” seal in the form of the “Art and Living” project. Primarily young but also established artists proposed by a curator and selected by a jury are given the opportunity to design the entry areas and exterior spaces of the residential complexes. Each work of art is a special production tailored to the respective building, its location or history and intended to welcome both residents and visitors to the building. Ten artworks have already been produced and several more have already passed through the jury selection process. Modern definitions of sustainability encompass not only the three classic pillars of economy, environment and society, which have already been implemented in the “Quality Living” residential projects, but also the aspect of art. The promotion of art is an investment in the future. Artists, as seismographs of society, help sensitize people to current developments that affect all aspects of co-existence. The goal here is to support artistic projects in a way that extends beyond isolated sponsoring and decoration activities.



Art and Living: Sebastian Schlager “Outside in” in Vienna 5, Stolberggasse 41, © Irene Schanda



Art and Living: Thomas Laubenberger “sicht beton mauer – beton mauer sicht” in Innsbruck Igl, Badhausstraße 11a+b, © Bernhard Hörtnagl

Positive impacts on the environment and on the climate

- Renewable energy:

RBI AG financed a pioneering project in which one of the world’s largest energy suppliers with a strong presence in the Austrian facility management industry acted as a turnkey provider for the planning, construction and operation of a photovoltaic roof system (1,008 kWp) on the newly built retail market in St. Pölten and will supply the site with electricity from the PV system for the next 25 years by way of energy supply contracting. The market was realized as a “zero emission building” and the installed PV system is a significant component of the sustainability concept. The financing concept and legal framework serve as a role model for the construction of additional retail markets with a green footprint.



The total volume of financing by RBI AG in the category of “renewable energy” as of the end of 2017 amounted to around € 156 million. This included two biomass-fueled thermal power plants in Austria and Romania, a small hydroelectric plant in Austria, a solar park in Romania and another in Spain as well as wind farms and wind farm portfolios in Austria, Germany, France, Spain, Poland, Romania, Bulgaria and Turkey.

- Energy efficiency:

Participation in the amount of € 20 million in syndicated financing for the construction of a plant for the production of various dried dairy products, in particular baby formula. One key component of the plant concept is the creation of a new spray drying process, including the development of a process-integrated thermal recovery system. The total investment costs amount to € 90 million. The project was refinanced by KfW as part of the “Production Facilities Energy Efficiency” program.

In the course of the implementation of its residential construction projects, Raiffeisen WohnBau, a brand of Raiffeisen-Leasing GmbH, makes the topic of energy efficiency a priority as part of its own “Quality Living”

concept. Alongside planning and constructing optimally energy-efficient buildings, sustainability is actively addressed through intelligent and efficient supply and control of energy. There is an increasing number of areas in Vienna where sufficient electricity cannot be supplied to residential complexes to meet modern demands, such as electro-mobility. It is therefore necessary to consider and develop alternative concepts that ensure an environmentally and economically optimal supply while conserving and making efficient use of resources. In one residential project, Kahlenbergerstraße 17, for example, the aim is to make optimal use of the small amount of available electricity. All power consumers should be evaluated with regard to energy efficiency, such as through the exclusive use of LED lighting. To enable a reserve of power for electro-mobility and ensure the maximum number of car charging stations, the unused electricity of the residential complex as a whole should be intelligently made available for charging without impairing safety-relevant systems such as elevators or pumps.

- Alternative mobility:

Raiffeisen-Leasing once again demonstrated and expanded its market leadership in the financing of alternatively powered vehicles in 2017. The portfolio currently includes financing of around € 56.3 million for fully electric vehicles. Within the framework of a public tender, it won the contract for "Fleet Management for Alternatively Powered Vehicles" from the Bundesbeschaffung GmbH (BBG), Austria's public sector procurement service provider. The program partnership with "klimaktiv", the climate protection initiative of the Federal Ministry of Sustainability and Tourism, was also completed recently. The last model region, "E-LOG Klagenfurt", was successfully completed at the end of 2017. No other model regions are required within the scope of the nationwide e-mobility program that was launched on January 1, 2017. The funds are disbursed across the country to promote alternatively powered vehicles.

- Protection of nature:



André Rupprechter, former Federal Minister for Agriculture and Forestry, the Environment and Water Resources, at the presentation of the climate protection certificate to Manfred Url, CEO of Raiffeisen Bausparkasse, © RBSK

With an innovative climate campaign, Raiffeisen Bausparkasse Gesellschaft m.b.H. (RBSK) supported a sustainable climate protection project in Zimbabwe. During the campaign period from January 30 to March 31, 2017, RBSK purchased one-ton CO₂ certificates, each protecting 30 trees for a period of three years, for every building society financing project concluded with land register collateralization. A total of 41,250 trees in the south African country of Zimbabwe were saved in this way. RBSK subsequently rounded this to a total of 50,000. This compensates for 1,500 tons of CO₂ emissions. This campaign was carried out in cooperation with Climate Austria due to its many years of experience.

It wasn't just the local flora and fauna that benefited

from the investments in climate protection; jobs for the local population were also secured in this way.

- Emission reductions:

For the construction of a highly efficient combined cycle power plant dedicated to a chemical production plant, RBI AG signed the contracts for participation in investment financing in the amount of € 40 million as part of the KfW energy efficiency program in 2017. The combined production of steam and electricity makes the plant especially efficient. The fuels used are primarily waste materials from production, which helps ensure that the resources are used to their full extent. The electricity generated by the combined cycle power plant saves up to 400,000 tons of CO₂ compared with the average electricity mix in Germany consisting of coal, natural gas, nuclear energy and renewables. This corresponds to the annual CO₂ emissions of up to 200,000 mid-size cars in Germany.

The investment financing in the amount of € 20 million provided for new transportation buses equipped with especially clean engines (EURO 6 emissions standard) and special soot particle filters also contributes to emission reduction. The exhaust gas cleaning is based on SCR technology and noise levels can also be reduced in this way. A second bus financing project, also in the amount of € 20 million, was structured in 2017 and is going to be paid out in 2018. A rail transport company was also provided with financing to shift the transport

of goods from the road to rails. The centers for fleet maintenance and management are going to be expanded and modernized with these funds starting in 2018. These projects mean a reduction in individual road traffic.

- Sustainable real estate financing:



Two real estate financing projects from the past year are particularly worthy of mention: The Hyatt Regency hotel in Amsterdam, completed in 2017 with 226 rooms/suites, has everything expected of a 5-star hotel and also satisfies the highest environmental standards (energy, waste water). A portion of the historic façade was even preserved. The hotel is located within the historic canal ring of Amsterdam and is easily accessible by public transportation. It was recognized with the BREEAM certificate – the highest sustainability certificate ever received by a hotel in the Netherlands.

The office complex EXPO 2000 is a highlight for Raiffeisen Property Holding International GmbH as well as an outstanding property in the Bulgarian capital of Sofia. The project has now achieved its full extent with the completion of phase IV with 12,300 m² of modern office space and underground garage (construction costs of about € 23 million) financed by RBI AG – just like the majority of the first three construction phases. Phase IV is leased entirely to major Western European companies. The property is situated halfway between the airport and the city of Sofia and is surrounded by residential and recreational facilities as well as development properties. The building received LEED Platinum certification and was recognized as “Building of the Year 2017” in Bulgaria.



Hyatt Regency, Amsterdam, © Bart van Hoek



EXPO 2000, Sofia, © Bernd Steingruber

The overall portfolio of RBI AG in sustainable real estate financing currently amounts to approx. € 317 million. The sustainability certificates include ÖGNI Blue Card, LEED Gold and Platinum as well as BREEAM. The various projects focus on aspects such as energy efficiency, avoiding motorized private transportation, renewable energy sources, comfort criteria, safety, construction site management, life cycle costs, capacity for alternative uses, use of environmental products, water efficiency, integration and infrastructure, integral planning, energy monitoring and building operation.

Positive impacts on research, education and innovation

- Research and science:
In this area, an R&D loan was issued for the development of medications for cancer therapy.
- Education and training:
Concessionary financing was provided for the expansion and improvement of an existing educational institute for technical professions in Colombo, Sri Lanka.

Sustainable financing at the network banks

Central Europe (CE)

In Poland, the Corporate Banking department of Raiffeisen Polbank continues to offer de minimis guarantees within the framework of a government program managed by Bank Gospodarstwa Krajowego (BGK), the state development bank of Poland. Micro, small and medium-sized enterprises are supported in this way through improved liquidity. A guarantee program was also implemented in November 2017 that is also financed by BGK and covers up to 80 percent of the investment loans. This aims to support companies of all size classes (large, medium and small enterprises). Also worth mentioning is the "Technological Loan" for companies. This is a financial instrument that supports innovation by small and medium-sized enterprises. The portfolio of Raiffeisen Polbank in the area of renewable energies encompasses 16 wind farm projects with a total volume of approx. € 78 million (several currently in restructuring, primarily due to measures relating to government policy).

In Slovakia, Tatra Banka, a.s. financed two new hydroelectric plants in 2017. The projects are still in the construction phase and encompass a financing volume of about € 5.3 million. The overall portfolio of renewable energy projects amounts to approx. € 192 million and consists of over 100 individual projects. When providing mortgage loans for new construction, in the retail business energy certificates are required by the time of the final inspection of the property.

In the Czech Republic, Raiffeisenbank, a.s. financed five new solar energy plants in 2017 with a total volume of € 52 million as well as a residence for seniors in the amount of approx. € 3.5 million. In addition, Raiffeisenbank, a.s offers green loans to SMEs with the support of the European Investment Fund (EIF). Preferential financing is also offered for agricultural land. The total financing volume for renewable energy amounts to approx. € 149 million.

In Hungary, Raiffeisen Bank Zrt. financed one wind power plant and three solar power plants in 2017. Overall, the portfolio encompasses seven projects in the area of renewable energy in the amount of approx. € 27 million.

Southeastern Europe (SEE)

In Albania, some ministries and private companies, whose employees are amongst the lowest earners, can make use of a special offer from Raiffeisen Bank Sh.A. as part of the retail loan business for unsecured and secured loans. The aim is to support employees, especially in the civil service, and to offer them affordable loans at comparatively low rates. Furthermore, there is an agreement between Raiffeisen Bank Sh.A. and the Municipality of Tirana, according to which young families who want to buy a house in Tirana can take out a mortgage loan with a low interest rate. These families pay an interest rate of only three percent throughout the term of the loan. Any additional interest will be paid by the Municipality of Tirana. The aim of this measure is to help young families to finance their own home. In the field of renewable energies, Raiffeisen Bank Sh.A. made € 13.7 million available to fund six projects totaling in 2017.

Raiffeisen BANK dd Bosna i Hercegovina currently has a credit line, the EBRD Western Balkans Sustainable Energy Credit Line Facility II (WeBSEFF II). It is intended to finance projects undertaken by private companies, energy service companies and municipal utilities in the field of energy efficiency and renewable energy. This credit line is intended to raise awareness of the need to reduce energy consumption and CO₂ emissions. It has existed since 2013 and has funded 18 projects worth a total of € 4.6 million. With regard to new financing in 2017, RBBH can refer to two smaller projects, replacing outdated production facilities and energy-inefficient vehicles with energy-efficient ones.

In the past, Raiffeisenbank (Bulgaria) EAD offered four programs aimed at encouraging desirable investments: the "KfW Energy Efficiency Program", the "EIB III Energy Efficiency Program", the "BEERECL - Bulgarian Energy Efficiency and Renewable Energy Credit Line" and the "EBRD BEECIFF Energy Efficiency Program and Green Economy". Although these programs have been phased out, there are still investment credits aimed at increasing energy efficiency, investing in renewable energy sources such as wind, solar, geothermal, and hydropower, as well as lowering energy consumption and CO₂ emissions. Raiffeisenbank (Bulgaria) EAD has three wind farms located in northeastern Bulgaria near the Black Sea and a hydroelectric power station in the Blagoevgrad area in its portfolio. The total amount of financing for renewable energy projects was approx. € 5.3 million.

Raiffeisenbank Austria d.d. in Croatia offers several programs for financing socially and/or ecologically desirable investments. For instance, there is a low interest rate credit line by EIB for SMEs, since these are viewed as the driving forces of the national economy. In addition, there are two credit lines available in cooperation with the EBRD: the “EBRD WiB Line” (Women in Business Line) for the promotion of entrepreneurship among women and the “EBRD Credit Line MSMs”, which aims at supporting micro, small and medium-sized enterprises in their banking activities. Collaboration also continues with the Croatian Bank for Reconstruction and Development, HBOR, which creates favorable financing conditions for projects that protect the environment and increase energy efficiency. The “EIF First Loss Portfolio Guarantee” program from the EIF to boost lending to SMEs is also worth mentioning. Raiffeisen-Leasing in Croatia offers EBRD credit lines for small and medium-sized enterprises. The prerequisite is compliance with the EBRD environmental and social standards, the exclusion list as well as an annual environmental and social report. In addition, favorable real estate financing is provided for buildings with high energy efficiency or investments for improving energy efficiency.

In 2017, Raiffeisenbank Austria d.d. launched another project with investment loans for the reconstruction of apartment blocks. These are long-term loans that are secured by standing orders from the building reserve account and managed by property management companies. The payout of the building reserve is regulated by law and can be enforced by a property management company. Accordingly, the loan agreement provides no further collateral. Raiffeisenbank has introduced this product to meet the additional demand expected on the one hand from the availability of national and EU funds for building reconstruction, and on the other hand which corresponds to the true market needs due to the large number of old buildings. For the time being, implementation in the micro-segment is planned, followed by the introduction in the other company segments. The financing portfolio for renewable energies amounts to € 3.84 million and for energy-efficient buildings € 12 million.

In Romania, Raiffeisen Bank S.A. structures financing with the goal of promoting investment in environmentally friendly projects. This includes, for example, financing the construction of an environmentally friendly landfill site. This resulted in improved waste management in a region of poor infrastructure. In addition, the company funded two projects in 2017 aimed at improving the recycling processes for PET bottles and scrap, containers and metal products that have a significant impact on the environment. The company has six sustainable financing projects in its portfolio, amounting to around € 7.7 million. In the area of sustainable real estate, the Bank is involved in financing projects totaling around € 143.4 million, including a BREEAM certified Class A office building in Cluj-Napoca and a Class A office building in the center of Bucharest, which includes the renovation of a historic villa. Other projects include the urban development of a large area in downtown Timișoara, which includes not only office and residential buildings, but also the construction of a hospital. In the north of Bucharest, the first construction phase of an office building has begun this year, which is unparalleled in terms of its sustainable construction, its green roof and its outstanding layout. The total financing portfolio in the area of all renewable energy projects is approx. € 13.8 million.

In Serbia, Raiffeisen banka a.d. Beograd is launching EIB credit lines. They are intended to support local small and medium-sized enterprises. They are only granted upon compliance with certain environmental requirements and the exclusion criteria of the EIB. The total volume of all sustainable real estate financing projects was € 18.9 million. In the area of renewable energies, the overall portfolio encompasses € 16 million.

Eastern Europe (EE)

In 2017, AO Raiffeisenbank in Russia can point to a project of major importance for the health and social system, as it has financed the entire production line as part of the construction of a new insulin production facility. Their production capacity is sufficient to cover almost half of Russian insulin needs. Another substantial investment financing was used to finance the renewal and modernization of water treatment plants belonging to a group involved in the water supply and sanitation of seven Russian cities. In addition, a guarantee was provided for a project involving waste transport in Saransk and various other small districts in the Republic of Mordovia. The entire sustainable property portfolio in 2017 amounted to around € 59.1 million.

In Ukraine, Raiffeisen Bank Aval JSC offers “partnership programs” that help small and medium-sized enterprises gain access to cheap financing for the purchase of agricultural raw materials and supplies. This contributes to the development of the Ukrainian economy and thereby supports improved prosperity in many areas. Raiffeisen Bank Aval JSC can point to a growing financing portfolio in the field of energy-efficient projects of more than € 30 million. Recent financing trends highlight high-performance technologies, facility modernization and energy-efficient buildings. Clean transportation and renewable energy are seen as an important challenge to overcome. The Energy Efficiency Financial Program is an investment finance facility aimed at private Ukrainian companies from all sectors of the economy who wish to invest in energy efficient projects or renewable energy projects. The essential points are:

- Energy efficiency of the Ukrainian economy
- Infrastructure for supply and waste management in structurally weak areas
- Optimization of the business processes of borrowers
- Training and access to new technologies and knowledge through energy audits
- Support for the development of social strategies
- Strengthening fair competition
- Protection of nature through waste and emission reduction

With regard to renewable energies, a loan agreement with the holding company Gal-Agro was signed in October 2017 as part of the financing program of the bank for renewable energy. The loan will be used for the construction and commissioning of three biogas plants in the regions of Chernihiv and Kiev with a total capacity of 6 MW.

Sustainable investment products

Raiffeisen Bausparkasse Gesellschaft m.b.H.

Building societies support the economic cycle through savings and financing, thereby enabling the construction of residential projects that also benefit the coming generations. The core co-operative principle of Raiffeisen is expressed very clearly here: One group saves for the financing of residential construction, renovation, care and education for others who currently need this financing. The savers profit from the secure investment of their assets as well as the government incentives and can also be certain that their capital is being invested in useful, sustainable projects.

Raiffeisen Kapitalanlage-Gesellschaft m.b.H. (Raiffeisen KAG)

Raiffeisen KAG continues to sustainably handle the customer deposits at RBI AG by offering securities and real estate investment funds as well as investment management products to institutional and private customers both in Austria and abroad. The focus is on Austria as well as in Italy, Germany and – with substantial increases – the network banks in Central and Eastern Europe. Raiffeisen KAG is a leading asset manager in Austria, with a managed fund volume of € 30.6 billion and a market share of 17.5 percent (according to statistics from OeKB). The Raiffeisen Capital Management (RCM) umbrella brand unites Raiffeisen KAG, Raiffeisen Salzburg Invest (RSI) and Raiffeisen Immobilien KAG. The total volume managed in security funds, including advisories (mandates to third parties) and RSI, amounted to € 34.2 billion at the end of 2017. In addition, around € 1.1 billion is managed in the business area of asset management for premium private customers.



In 2002, Raiffeisen KAG issued the first investment funds with ethical/sustainable criteria ("Raiffeisen-Ethik-Aktien", today the "Nachhaltigkeitsfonds-Aktien"). Subsequently, the offer of such funds was progressively expanded and built into a consistent product range (see the table on page 65). This product portfolio includes retail investment funds as well as mandates (special funds) that explicitly give significant consideration to the ESG criteria ("environmental, social and governance").



Sustainable investment

The volume of sustainable investments by RCM in this demarcation rose 2017 by approx. 26 percent to € 2.85 billion*, compared with the previous year. This was partially through growth and partially through the establishment of new funds and the value development, which was also very good in 2017. The share of these sustainable investments in the total volume of Raiffeisen KAG is currently 8.3 percent.

In recent years, Raiffeisen KAG has strongly pushed the topic of "sustainable investment" and expanded its product portfolio in this area in recent years and now offers eight sustainability funds (retail investment funds) with differing risk-yield profiles – from very short-term bond funds to three mixed funds with different proportions of equity, to the pure equity funds. In addition, there are funds with a specific focus, such as Green Bonds (pension funds), additional special funds, two funds of RSI and one well-established pension fund with mainly Austrian government bonds that focuses primarily on trustee status alongside the ESG criteria (Raiffeisen-Österreich-Rent).

* In this volume increase, two funds (RSI) and five funds (fund administration) are also included in the basis for 2016.

Sustainable Funds of Raiffeisen KAG and RSI	Volume (million €)
Retail investment funds (Raiffeisen KAG)	
Raiffeisen-Nachhaltigkeit-ShortTerm	39.4
Raiffeisen-GreenBonds	52.4
Raiffeisen-Nachhaltigkeit-Solide	79.3
Raiffeisen-Nachhaltigkeit-Diversified	27.7
Raiffeisen-Nachhaltigkeit-Mix	515.4
Raiffeisen-Nachhaltigkeit-Momentum	56.6
Raiffeisen-Nachhaltigkeit-Aktien	102.1
Raiffeisen-Nachhaltigkeit-EmergingMarkets-Aktien	6.0
Further retail investment funds (Raiffeisen KAG)	
Raiffeisen-Österreich-Rent	319.4
Raiffeisen-Global-Aktien	564.7
Retail investment funds RSI	
Klassik Nachhaltigkeit Solide	30.2
Klassik sustainability Mix	18.1
8 special funds and mandates (partly abroad)	557.8
Fund administration Raiffeisen KAG (5 funds)	480.7
Total	2,849.8

Status: December 29, 2017

Note: Fund administration means that all typical fund services are carried out by the KAG, except for portfolio management in the narrower sense.

Strict exclusion criteria for the management are defined in the dedicated sustainability funds (retail and special funds), such as the violation of human rights and labor rights, atomic energy, weapons, green genetic engineering, violations of the Global Compact and other ethical principles (e.g. gambling, alcohol and the use of human embryos in research). Based on this, a high degree of responsibility and future viability was spotlighted in the investments (equity and debt capital of enterprises and states analogously) by self-developed, specific ESG research.

To ensure compliance with the sustainability criteria and the sustainability process, both the criteria framework (extra-financial exclusion criteria) as well as the sustainable quality (combination of data from two sustainability research agencies and own data) are verified and updated on a monthly basis. The "sustainability universe" that results in this way can be modified based on ad hoc events. The internal limit testing ("pre-trade testing") and reporting any limit violations takes place in the asset management system on the basis of this data. The external fund audit also provides further assurance of the applied framework of criteria on an ex post basis.

The development of demand in the retail segment remains very strong, so that additional sustainability funds were launched in 2017 again. The volume of the eight retail investment funds listed in the table increased during 2017 by over 50 percent. Likewise, progress is made in expanding the integration of ESG principles to all funds. These ESG activities go beyond the product line of sustainability funds. For all retail investment funds, for example, a commitment has been voluntarily made in recent years to exclude investments in agricultural commodities and livestock, as well as controversial weapons. In 2017, an exclusion of companies whose business consists predominantly of the supply or use of coal was implemented. Compliance with these exclusions is regularly reviewed. In 2017, these exclusion categories are implemented in all retail investment funds and almost all special funds. Minor restrictions with regard to third-party funds apply only in the case of umbrella funds containing third-party funds. This equally applies to the funds being managed by the partner Investec Asset Management, London, as manager of certain global equity fund. Investec is also a signatory to the UN-PRI and other initiatives relevant to ESG.

The UN-PRI was signed in 2013, while, at the same time, the competence and capacity of the management was expanded as a significant step toward the integration of sustainability elements into the total investment, initially on the basis of KAG publicly offered funds (retail funds). Additional information systems were also purchased and integrated for the increased integration of ESG research. Furthermore, Raiffeisen KAG has been an active member of the Sustainable Investment Forum, the professional association for sustainable investment in Germany,

Austria, Liechtenstein and Switzerland since 2009 and, since 2016, a member of the Italian counterpart “Forum per la Finanza Sostenibile”. Raiffeisen KAG is also a founding member of the Raiffeisen Climate Protection Initiative, which was renamed the Raiffeisen Sustainability Initiative in fall 2017. This was the beginning of a growing involvement with an overall integration of sustainability into the asset management business.

In 2015, Raiffeisen KAG joined the “Montreal Carbon Pledge”, an initiative of the UN-PRI (United Nations-supported Principles for Responsible Investment) dedicated to publishing the CO₂ footprint of investment funds. As a result of climate change, withdrawing from investments in companies focused on fossil fuels (“fossil divestments”) is entering the discussion of responsible business activities more and more.

Other memberships include the “CDP” or “CDP Water” (formerly the Carbon Disclosure Project – a non-profit organization with initiatives in the area of climate-damaging greenhouse gas emissions and water consumption – and in the Green bond-related initiatives “Investor Statement re: Green Bonds & Climate Bonds” as well as “Green Infrastructure Investment Coalition”. Membership in these initiatives is an active one. Raiffeisen KAG regularly takes the impulses and information it receives there on board, while, at the same time, it shares its own experiences in the day-to-day sustainability investment business. These initiatives also usually include the (further) development of standards which improve the comparability and the impact of sustainable investing.

In order to take into account the increasing importance of integrating sustainability into investment and also to broaden discourse with stakeholders, an advisory committee for sustainable investment was established in 2017. The committee has already met twice. Its purpose is to provide Raiffeisen KAG’s activities in the area of sustainable investments with substantive, academic and inputs motivated from various stakeholder groups’ perspectives. The advisory board acts as a specialized body representing the key stakeholder groups for sustainable investments.

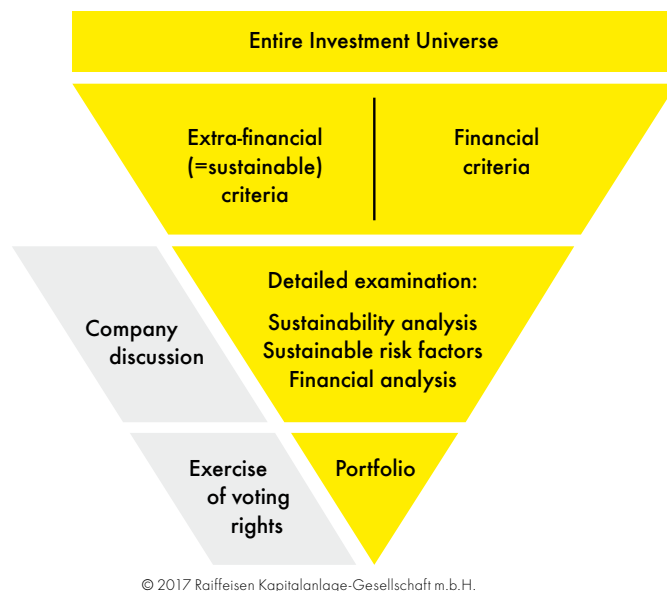
The goal of consistently enhancing sustainability in the core business is last but not least ensured by a dedicated “Sustainable Investments” team together with an already large group of specialists within the fund management. Close coordination between this department and other areas of Asset Management ensures ongoing deepening and broadening of sustainability know-how within Raiffeisen KAG. This is reflected not least in our active commitment in the sense of exercising our right to vote or actively communicating with listed companies on ESG issues. In 2017, 392 active company engagement activities took place and 140 votes were cast. These votes took place either directly at general meetings or on specific platforms. This is a significant increase compared to previous years. An annual engagement report is published on the website (www.rcm.at).

Another result of the intensive involvement with ESG topics is the publication of the regular newsletter “nachhaltiginvestieren”. In 2017, there were five – addressing specific questions, e.g. coal, regionality and urbanization, Sustainable Development Goals (SDG), electromobility, shipping and cruises, and finally being overweight and obesity. Over the past four years, a total of 19 newsletters have been published.

Sustainability philosophy and investment processes

Raiffeisen KAG’s sustainability philosophy, as it is implemented in the sustainability funds, consists of three main elements: The first is the expanded information base that comes from considering sustainability. Taking into account extra-financial information – in addition to traditional financial criteria – leads to a larger set of data for the analysis of companies and issuers compared with traditional investments. The second point that follows this is the broader basis for selection decisions and risk reduction. Sustainable analyses can improve the risk profile of the portfolio. In general, the responsibility and future viability of the investment is the central focus. Ecological, stakeholder-relevant and governance risks are considered in the investment process and improve the risk profile of the portfolio. Thirdly, the positive influence on yield that comes with sustainability needs to be mentioned. Investing in the most sustainable companies and issuers leads to stable yields that are at least comparable with those of traditional investments.

The sustainability process for all sustainability funds of Raiffeisen KAG is structured as follows:



Certifications and quality seals

Raiffeisen KAG works both internally and with external partners to continuously improve its sustainability investment processes. Visible signs of this include, for example, the national and international certifications it has received. These include the “Austrian Ecolabel”, the “FNG seal” and the “eurosif Transparency Code”, among others.



Financial products with the Austrian ecolabel (issuing organization: Federal Ministry for Agriculture and Forestry, Environment and Water Management) are not allowed to invest in nuclear power or companies that profit from coal, natural gas or crude oil from fracking or tar sand or those that produce or trade in weapons. Activities in the area of genetic engineering must be evaluated and, if necessary, excluded as an investment if there is evidence of systematic human rights and labor rights violations. State issuers or those related to state governments must not violate core political, social and environmental standards. The award is based on an external audit. Seven sustainability public retail funds – and in addition the VBV ESG Momentum – bear this eco-label.



The FNG seal, awarded for the first time in 2015, represents the highest quality standards in the German-speaking region. In the German-speaking region, it is a quality standard for sustainable retail funds and includes minimum requirements from transparency and process criteria, the exclusion of weapons and nuclear power as well as the consideration of the four areas of the UN Global Compact (human and labor rights, environmental protection, the fight against corruption and bribery – also see page 11). This seal is awarded after an audit conducted by an external auditor (Novethic, France) (information under www.fng-siegel.org). The funds Raiffeisen-Nachhaltigkeit-Aktien and Raiffeisen-Nachhaltigkeit-Mix as well as Raiffeisen-GreenBonds have, as in the previous year, received the highest level of this seal (three stars). Five new RKAG funds and the two RSI sustainability funds with a first rating of two stars have been added.



The European Transparency Code logo for sustainability funds (eurosif Transparency Code) identifies the obligation to provide correct, appropriate and timely information to interested parties, in particular customers, to enable them to understand the approaches and methods of sustainable investment for the respective fund. “eurosif” is the umbrella organization of European sustainability organizations, such as the Forum Nachhaltige Geldanlage (Forum for Sustainable Investments) of the German-speaking region (information at www.eurosif.org).

yourSRI.com is an international online platform that provides access to the ESG & CO₂ footprint and other fund information. There you will find reports on the CO₂ footprint of the funds Raiffeisen Nachhaltigkeit-Aktien, -Mix, -Solide and -ShortTerm. Raiffeisen's sustainability funds have received top rankings in the CSSP/yourSRI study series "TOP 100 ESG Equity Funds Rating" (Austria, Germany, Switzerland) in recent years (for more information, visit www.yourSRI.com).

The sustainability reporting to UN-PRI also received excellent feedback in the relevant areas. This positive feedback from external, independent sustainability initiatives is both confirmation and an incentive to continue along our chosen path.

Kathrein Privatbank Aktiengesellschaft

As a leading bank for asset management in Austria, Kathrein Privatbank optimally unites a number of different aspects: The flexibility, experience and tradition of an exclusive private bank and core values such as competence, efficiency and ease of understanding. At the same time, as a full subsidiary of RBI AG, it belongs to one of the largest banking groups in Europe and, in this way, it is able to guarantee its customers the greatest possible level of security. Kathrein Privatbank offers customer-tailored investments for private assets and foundations and is ready to assist customers in all matters relating to private foundations, asset transfer and the purchase and sale of companies. In its investment decisions, Kathrein Privatbank follows a clearly defined methodology – the quantitative investment style. The object is to identify possibilities for performance improvement and to develop objective economic criteria for investment decisions.

By consciously selecting sustainable investments, Kathrein wants to actively shape a better future. For example, it has voluntarily committed, for selected referenced retail investments, to follow all recommendations in the European Transparency Code for Sustainability Funds. These funds have been awarded the FNG transparency seal. Furthermore, for one fund it received the Austrian Ecolabel for sustainable financial products.



At Kathrein Privatbank, eight percent of the fund volume (retail investment and special funds) is currently managed sustainably. These are the "Kathrein Euro Core Government Bond" and the "Kathrein Euro Bond". At the wholly owned

subsidiary Kathrein Capital Management Ges.m.b.H., 71 percent of the assets under management (retail investment and special funds) are managed sustainably – these are Hypo-Rent, MI Multi Strategy, KCM Aktien Global and 3 special funds. In total, this means that 27 percent of all retail investment and special funds managed by the Kathrein Group are managed sustainably.

The currently offered sustainability funds are:

- Kathrein Euro Core Government Bond: Invests primarily in government bonds of the former EU hard currency countries and euro states with historically stable budget policies. A minimum rating of AA applies as an allocation criterion.
- Kathrein Euro Bond: Invests exclusively in government bonds without the inclusion of corporate tangents. Since July 2011, government bonds with a minimum composite rating of BBB have been exclusively allocated to the fund.
- Hypo-Rent: Gilt-edged pension funds that are suitable for severance payment and pension provisions.
- MI Multi Strategy SRI: A mixed fund that invests according to the investment regulations of the Corporate Employee and Self-Employed Pension Act (Betriebliches Mitarbeiter- und Selbstständigenvorsorgegesetz BMSVG) and is therefore suitable for staff provision funds.
- KCM SRI Bond Select: A global investing bond fund focused on companies with a good credit rating. The fund has a broadly diversified portfolio across different countries and sectors. Social, ethical and ecological exclusion and quality criteria are applied in issuer selection.
- KCM Aktien Global SRI: Designed as a passive, highly diversified global share fund that is intended to replicate the value development of the MSCI World SRI Index on the basis of a reasonable number of individual titles.

Raiffeisen Centrobank AG (RCB)



Raiffeisen Centrobank AG is the competence center for shares and certificates of the Raiffeisen Banking Group. As a leading Austrian certificate issuer, RCB has already been involved in the topic of sustainable investments for more than ten years. With classic index certifications, investors can invest specifically in the areas of solar, wind, bio-energy and climate protection. For safety-conscious investors, RCB issues guarantee certificates at regular intervals which enable participation in the development of the underlying basic values. RCB issued its "Nachhaltigkeits-Winner" for the first time in October 2014. iSTOXX ESG Select Global 100 Index, i.e. the index that combines the best companies in the areas of environmental, social and responsible action, forms the base value for this investment product with capital protection. The guarantee certificate offers 100 percent capital guarantee at the end of the term, 100 percent participation by the investor in the positive average index development, has a seven-year term and can be traded at any time on the Vienna, Frankfurt or Stuttgart stock exchanges. The follow-up product, "Nachhaltigkeits-Winner 2", has the identical product features and was issued in November 2014. Both products are quoted in euros. Due to high demand, four other products in the Nachhaltigkeits-Winner series were created in September 2015 and in 2016 an additional five products were launched. The goal of the product series is to make it easy for investors to enter into the sustainability market and generate returns on investments while being consistent with high environmental, social and governance standards.

Product overview:

		Underlying asset
Nachhaltigkeits Winner 100%	(ISIN: AT0000A1G791)	iSTOXX® Global ESG Select 100 Index
Nachhaltigkeits Winner 95%	(ISIN: AT0000A1G7A2)	iSTOXX® Global ESG Select 100 Index
Nachhaltigkeits Winner 98%	(ISIN: AT0000A1G7B0)	iSTOXX® Global ESG Select 100 Index
Nachhaltigkeits Winner	(ISIN: AT0000A19XZ4)	iSTOXX® Global ESG Select 100 Index
Nachhaltigkeits Winner 2	(ISIN: AT0000A1AEB8)	iSTOXX® Global ESG Select 100 Index
Nachhaltigkeits Winner II 100%	(ISIN: AT0000A1PK03)	iSTOXX® Global ESG Select 100 Index
Nachhaltigkeits Winner II 95%	(ISIN: AT0000A1PJZ4)	iSTOXX® Global ESG Select 100 Index
USD 1,25% Nachhaltigkeits Winner	(ISIN: AT0000A1G783)	iSTOXX® GLOBAL ESG SELECT 100® USD
Europa Nachhaltigkeits Winner 90%	(ISIN: AT0000A1WCY8)	STOXX® Europe ESG Leaders Select 30
Europa Nachhaltigkeits Winner 90% 2	(ISIN: AT0000A1XA13)	STOXX® Europe ESG Leaders Select 30
Europa Nachhaltigkeits Winner	(ISIN: AT0000A1YGH0)	STOXX® Europe ESG Leaders Select 30
Salzburger Nachhaltigkeits Winner	(ISIN: AT0000A1YHJ4)	STOXX® Europe ESG Leaders Select 30
Europa Nachhaltigkeits Winner 2	(ISIN: AT0000A1Z0Y4)	STOXX® Europe ESG Leaders Select 30
Solactive AE Solar Kursindex	(ISIN: AT0000A1LKZ1)	Solactive Alternative Energien Solar Kursindex
Solactive AE Solar Kursindex	(ISIN: AT0000A1LL06)	Solactive Alternative Energien Solar Kursindex
Solactive AE Solar Kursindex	(ISIN: AOGYD1)	Solactive Alternative Energien Solar Kursindex
Solactive AE Solar Kursindex	(ISIN: AT0000A1LKS6)	Solactive Alternative Energien Solar Kursindex
Solactive AE Wind Kursindex	(ISIN: AT0000A0GYE9)	Solactive Alternative Energien Solar Kursindex
Solactive Alternative Energien Kursindex	(ISIN: AT0000A02YF0)	Solactive Alternative Energien Kursindex
Solactive Alternative Energien Kursindex	(ISIN: AT0000A05402)	Solactive Alternative Energien Kursindex
Solactive Klimaschutz Kursindex	(ISIN: AT00009651)	Solactive Klimaschutz Kursindex
Solactive Nachhaltige Forstwirtschaft Kursindex	(ISIN: AT0000A09644)	Solactive Nachhaltige Forstwirtschaft Kursindex
Solactive Wasser Kursindex	(ISIN: AT0000A08ER4)	Solactive Wasser Kursindex

Sustainable investments at the network banks

Local sustainability funds are also still offered at individual network banks. Investors interested in sustainable investments in the Czech Republic, for example, can invest with Raiffeisenbank a.s. in the Raiffeisen-Nachhaltigkeit-Mix and the Raiffeisen-Nachhaltigkeit-Aktien of Raiffeisen KAG. It is also possible to invest in a sustainability fund in the Czech Republic. The Raiffeisen Nachhaltigkeitsfonds-Mix and another sustainability fund issued by a third party are also offered in Hungary.

Other sustainable products and services

Other sustainable products and services at the Vienna sites

Subsidy advice

For many years, RBI AG has advised customers from the service sector on matters of environmental subsidies and supported them in producing KPC applications (Kommunkredit Public Consulting) and accounting statements for funding agencies.

Certificate of indebtedness

RBI acted as lead arranger on a large certificate of indebtedness, the funds of which will be used, among other things, for the expansion of public transport.

Incentives to renovate residential units

Additional incentives for the performance of renovation measures that benefit the environment, the economy and residents alike were generated again in 2017 by the "Renovation Check" and "Contractor Bonus" grant programs initiated by the Austrian federal government. As part of their social responsibility, the Austrian building societies again took over the free processing of the renovation check. Around 34 percent of all nationwide submissions were taken over by Raiffeisen Bausparkasse Gesellschaft mbH for their clients, together with the Raiffeisen banks. The "Contractor Bonus" campaign, in which private individuals can take advantage of grants for contractor services for the renovation, maintenance and modernization of their own homes, was also supported again. Raiffeisen Bausparkasse handled the entry of about 47 percent of all applications, thereby making a valuable contribution to assisting local contractors. Due to the positive response, the contractor bonus was already used up by July.

Services in connection with alternatively powered vehicles



- Eco fleet management:

As part of the environmental fleet management of Raiffeisen-Leasing Fuhrparkmanagement, in 2017 driving profile analyses and TCO (total cost of ownership) calculations were also carried out to compare electric and combustion vehicles in order to individually advise customers and other interested parties according to their needs. Corresponding environmental management and mobility solutions are recommended for implementation in co-operation with a variety of providers. Fleet management customers also receive specially prepared reports to assist them in generating the data for an energy audit or simply to obtain a good overview of their CO₂ emission values. All of these measures are aimed at offering customers an innovative, efficient and environmentally friendly service and at counteracting the continued increase in CO₂ emissions. This is also supported by the integration of modern communication methods in daily business as well as the combination of various app solutions.

The co-operation with Smatrix (a joint venture of Verbund Solutions GmbH, OMV Refining & Marketing GmbH and Siemens AG Austria) can be viewed as another service for all electric vehicle customers. This option for cash-free, card-based charging across Austria makes Raiffeisen-Leasing Fuhrparkmanagement

a complete provider in this service sector. Smatrics has the first comprehensive high-performance charging network in Austria, which is powered by 100 percent renewable energy. Naturally, assistance and advice is also provided for the establishment of independent charging points at customer locations.

- Cooperation with electric car manufacturers:
Raiffeisen-Leasing has been known for many years as a long-time, competent co-operation partner among electromobility manufacturers. Here, the co-operation with the vehicle manufacturer TESLA should be mentioned in particular. This alliance continues to attract a large influx of stakeholders. We are also delighted to announce that in 2017 the vehicle fleet of electric vehicles has increased considerably. For example, 5,433 electric vehicles were registered, of which around 12 percent were financed through Raiffeisen-Leasing. New additional services have also been developed for the customers, which are well received by the "electromobilists".

Valida Vorsorge Management

The Valida staff provision fund is responsible for processing the obligatory contributions under "Abfertigung Neu" for a total of 2.3 million employees and self-employed persons. The contributions it manages are in the amount of approx. € 2.7 billion. The "Valida Staff Provision Fund: sustainability concept" defines the ethical criteria for capital investment.

Central positive criteria (examples):	exclusion criteria (examples)
Responsible dealings with employees	Weapons
Active environmental policy	Nuclear power
Sustainable products	Serious deficits in democracy or human rights violations



The consultancy firm Mag. Reinhard Friesenbichler Unternehmensberatung (rfu), a specialist in sustainable investment, reviews the level of sustainability for the entire corporate assets of the Valida staff provision fund investment community (VG 1) twice each year. The individual investments are rated on a scale of 0 to 200. Investments with a sustainability score of 100 points or more are to be

regarded as sustainable. The scores of the individual portfolio positions are aggregated at the level of the overall portfolio and result in an overall sustainability score.

Additionally, the investments are assigned to one of the following sustainability classes:

- 1) Sustainability funds
- 2) Sustainable individual titles
- 3) Sustainability-oriented funds
- 4) Conventional funds (not sustainable)

The goals for the sustainable capital investment of the Valida staff provision fund are as follows:

- It should be possible to assign all investments to one of three sustainable investment classes.
At the 2017 reporting date, the Valida staff provision fund held no conventional funds. This means that 100 percent of the assets were invested in the above three classes of sustainability.
- The sustainability score for the entire portfolio should be over 140 points.
At the reporting date of December 31, 2017, the Valida staff provision fund exceeded the reference value with 153 points.

Thus, Valida clearly met all of the goals of sustainable investment.



ÖGUT certification: The Valida staff provision fund is audited and certified annually by the Austrian Society for Environment and Technology (ÖGUT). In 2017, the Valida staff provision fund once again received the “ÖGUT Gold” award, the best possible, for the year 2016. This is the fifth ÖGUT Gold certification in a row. In addition to the ethical investment factor, communication and transparency in regard to sustainability, in-house ecological aspects, staff policy and corporate citizenship all play a role.



The Valida Group also supports the UN Sustainable Development Goals (SDGs). As part of its sustainability efforts, it contributes in particular to the achievement of three SDGs: Goal 7 Sustainable Energy, Goal 13 Combating Climate Change and Goal 16 Justice. Sustainable energy generation is one of the positive criteria for investing in the staff provision fund, while investments in nuclear power are excluded. (SDG 7). Valida has been regularly measuring the CO₂ footprint of the staff provision fund's equity portfolio since 2016. Among the criteria for exclusion in the case of government bonds is a “Passive Climate Policy” (SDG13). With strict compliance regulations, RBI Code of Conduct, which applies to Valida employees and suppliers, as well as the strict exclusion criteria for investments of the staff provision fund, Valida applies regulations that go far beyond the legal requirements (SDG16). As a member of the UNGC (United Nations Global Compact), Valida is the first member of the industry to have been included in the list of participants of the SDG movement.

Services of Kathrein Privatbank Aktiengesellschaft for foundations and the needs of entrepreneurs

Based on their legal structure, foundations are particularly oriented toward long-term viability and sustainable management of Austrian wealth. Kathrein Privatbank is highly specialized in the needs of entrepreneurs, entrepreneur families and private foundations. The service spectrum encompasses all services important to this clientele: This includes advice on the founding and management of a foundation, succession arrangements, inheritance and gifts as well as the purchase and sale of companies. Thanks to many years of experience, Kathrein Privatbank has established itself as Austria's leading foundation bank. The Kathrein Privatbank Foundation Award, which has been given out for the past ten years, is another way in which the bank promotes a well-researched approach to the topic of foundations. Every year, this award highlights academic works on matters of civil law and tax law relating to foundations as well as works of comparative legal analysis.

Other sustainable products and services at the network banks

Central Europe (CE)

In Poland, the government created a new residential program in 2014 for young adults under the name “Apartment for the Youth”, which can still be handled through Raiffeisen Polbank (ends in 2018). The aim is to support young adults when buying an apartment. Families with children receive additional support. The debt restructuring scheme for non-performing mortgage loans is also worth mentioning. This system is directed toward mortgage holders who have lost their jobs and whose monthly installments exceed 60 percent of their household income. These persons receive monthly interest-free payments in an amount corresponding to about € 350 for a maximum period of 18 months and the loan only needs to be repaid in eight years (after two years of deferred repayments).

In Slovakia, the use of electronic sales channels for private and micro customers was continued at Tatra banka, a.s. during 2017. Customers can receive and accept their contracts electronically via internet banking or mobile applications. For investments and private loans, customers can even confirm their contracts on a tablet. They then receive a confirmation in paper form, while the bank stores the records electronically. For giro accounts, the share of electronic account statements for private customers has now risen to 87 percent, while the figure for micro customers is 81 percent. Free giro account packages for private individuals on a low income of less than € 400 are required under Slovakian law. A universal application also exists for small enterprises for the processing of micro and small enterprise loans. This eliminates the need for additional visits to the bank. The customers communicate with the bank concerning the details of the loan applications by telephone or mail. They can also receive all important documents required for the approval process electronically by email. This also applies to

mortgage loans, for which consulting is also available via the call center. Only once a loan has been approved and accepted by the customer is a visit to the bank necessary for presenting the original documents.

In Hungary, investment funds are sold via DirektNet, which significantly reduces paper consumption while also offering customers faster solutions. The same is true of "straight through processing", which enables the electronic execution of many orders while also lowering the operational risk. For example, foreign currency conversions to customer accounts are also carried out via DirektNet.

Southeastern Europe (SEE)

In Albania, Raiffeisen Bank Sh.A. continues to offer packages for pensioners and students that bundle a number of products and services under favorable conditions, such as a low monthly fee of € 0.50.

Raiffeisen BANK dd Bosna i Hercegovina also offers packages for pensioners and young people. The account set for pensioners is a combination of financial products and services for which the holder pays a single fee, which is up to 24 percent less than what they would pay for each product and service individually. The Raiffeisen CLUB set is specially designed for young people who are not employed yet and do not have an income. It is free of charge and enables young people aged between 15 and 26 to get their own bank account, a payment card, mobile banking and many other banking products and services.

Raiffeisenbank (Bulgaria) EAD offers no-fee debit cards for pensioners, student packages and student loans under favorable conditions. Efforts to reduce paper use in the core business have also been continued as a way to reduce CO₂ emissions: Electronic card statements, the increased use of electronic product information and electronic sales channels are among these efforts.

In Croatia, Raiffeisenbank Austria d.d. also continued to offer service/account packages for pensioners, young people and students. Account statements are already offered via email and internet banking for all customers.

Eastern Europe (EE)

In Belarus, Priorbank JSC offers service account packages for pensioners that also include an overdraft option.

Initiatives for improving access to financial products for disadvantaged groups of the population



It is important for social equilibrium in society that all sections of the population are given equal opportunity to access financial services. Disadvantaged groups include people with disabilities as well as people who have, for example, linguistic, cultural or age-related barriers to overcome. In all of our markets, we are endeavoring as far as possible to ensure that people with disabilities will be able to enjoy barrier-free access to all facilities in the medium term.

Austria

Visually impaired users in Austria have the opportunity to switch the websites of the Raiffeisen Banking Group and the ELBA internet to high-contrast colors. This makes the pages much easier to read for these users. The web pages meet all standards in order to be read by screen readers. For people who have difficulty using the website due to limited hand mobility, there are now larger buttons and images. A further significant improvement was achieved through "Responsive Design". This means that the website is automatically modified to suit the end device. Raiffeisen Bausparkasse also offers its most important distribution partners, the Raiffeisen banks, foreign-language folders in digital form.

Central Europe (CE)

In Poland, there is a provision by the Polish Bank Association (ZBP) regarding how to assist disadvantaged customers in the branches. This was communicated to all branches by Raiffeisen Polbank. These guidelines should help relationship managers provide a service that is more considerate of disabled persons. The website already meets the standards with regard to accessibility for the visually impaired, and people with limited ability to operate a mouse or keyboard.

Tatra banka, a.s. in Slovakia has already equipped all ATMs with independent and barrier-free access. Except for those branch offices in the historic city center, all existing and newly opened branches are now similarly accessible barrier-free. Furthermore, voice navigation for visually impaired persons and multilingual navigation are standard features of every ATM. The internet banking system is adapted for the visually impaired. The website and mobile applications also now include voice navigation for these customers. Every change to the internet banking site or mobile applications, as well as to the website, is adapted for the visually impaired, too.

In the Czech Republic, deaf or hearing-impaired customers can contact Raiffeisenbank, a.s. via the "Quiet Connection" cloud platform, which makes use of sign language interpreters or real-time transcription of the spoken word. This silent collaboration makes it easier for the hearing-impaired to obtain access to an account and other financial products and services.

Raiffeisen Bank Zrt. in Hungary already implemented a responsive website in 2016 with integrated barrier-free functions for vulnerable people to ensure the best possible equal opportunity. The Hungarian National Bank also provides official information on the use of financial services for disadvantaged people, which can also be found on the bank's website.

Southeastern Europe (SEE)

In Albania, the ATMs of Raiffeisenbank Sh.A. offer Braille keyboards for the visually impaired and there are also multilingual ATMs.

Raiffeisen BANK d.d. Bosna i Hercegovina has established specific rules for assisting people with disabilities. The head office and many branches are barrier-free accessible. Most ATMs are also directly accessible by wheelchair, providing there are no building obstacles, and feature multilingual operation in English and German.

in addition to Bosnian. An additional feature of the ATM keyboards are embossed numbers and a headphone jack for easier use by the visually and hearing impaired. Product and service information are also available in Braille for people with visual impairments. For the hearing impaired, an initiative was implemented which enables web calls to be made with sign language translators to give these customers the option of having all their questions regarding their banking activities explained to them directly.

In 2017 in Raiffeisenbank (Bulgaria) EAD, additional aluminum ramps were installed to connect two to three floors. The bank's website and blog had already been reworked in previous years to improve accessibility for the blind. Text can be converted into sound using special software.

To advise minorities and customers with other native languages, Raiffeisen Bank Kosovo J.S.C. has made multilingual product brochures, ATMs, websites and e-banking tools available. The employees can communicate in Albanian, Serbian and English.

For a number of years, Raiffeisenbank Austria d.d. in Croatia has issued rules for the provision of barrier-free access at the branches and ATM locations.

Eastern Europe (EE)

Structural changes at Priorbank JSC in Belarus has enabled barrier-free access to the ATMs for people with physical disabilities. Keyboards equipped with Braille lettering, voice navigation and English as a navigation language are available.

In Russia, AO Raiffeisenbank worked with the Russian Society for People with Disabilities to implement an initiative to make barrier-free access to banking services available to vulnerable sections of the population through a call center. A further initiative aims to make the premises of the bank accessible barrier-free. For new buildings and cases in which it is technically feasible, in the "full version" ramps or lifting platforms are used. The planned certification by the Society for People with Disabilities is now scheduled for 2018. An online training program to assist disabled persons in the branches was launched in June 2017. The website is currently being updated with functions for the visually impaired.

Raiffeisen Bank Aval JSC in Ukraine offers customer-friendly internet banking, including a mobile version with numerous services that are also accessible to disadvantaged people. Modifications for the visually impaired are currently in progress. A multilingual website and product information are largely available and the number of multilingual customer advisers is continuously increasing.

Overview of measures

The following table provides an overview of the measures implemented in the core business at the individual companies.

Overview of responsible banker/core business measures																					
Topic	Measure	Austria						CE				SEE				EE					
		RBI AG	RBSK	RKAG	Valida	RCB	Kathrein	RBPL	TBSK	RBCZ	RBHU	RBAL	RBBH	RBBG	RBKO	RBHR	RBRO	RBRS	RBKY	RBRU	AVAL
Social and environmental policies for the core business	Existence of a social and environmental policy			✓	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Social and environmental criteria for lending decisions	Consideration of social and/or environmental criteria in the credit rating process/ for limit applications	✓		n.r.	n.r.	n.r.		✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Customers with payment difficulties	Policies/measures concerning fair dealing with customers with payment difficulties	✓	✓	n.r.		n.r.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Customer satisfaction	Measures that ensure consideration of customer concerns/ measure customer satisfaction	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Sustainable investment products for customer funds	Offer of investment products that are desirable from the perspective of sustainability	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓				✓	✓	✓
Other sustainable products and services	Free money transfers for donations		n.r.	n.r.	n.r.	n.r.							✓	✓			✓	✓	✓	✓	
	Free account and special conditions for defined NGOs / charitable institutions		n.r.	n.r.	n.r.	n.r.		✓	✓			✓	✓				✓	✓	✓	✓	
	Electronic account statements	✓		n.r.	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Electronic product information	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Special conditions for retirees	n.r.		n.r.		n.r.			✓		✓	✓	✓	✓	✓			✓	✓		✓
	Special conditions for students and/or youths	n.r.	✓	n.r.		n.r.			✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Products for customers with disabilities	n.r.		n.r.		n.r.				✓	✓										
Initiatives for disadvantaged groups of the population	Barrier-free access to all branches and ATMs	n.r.	n.r.	n.r.	n.r.	n.r.	✓	✓			✓		✓	✓	✓	✓	✓			✓	
	Website adaptation for the visually impaired	✓			✓			✓	✓	✓		✓									
	Adaptation of ATMs to the needs of the visually impaired	n.r.	n.r.	n.r.	n.r.	n.r.	n.r.	✓	✓	✓		✓			✓				✓	✓	
	Multilingual ATMs for immigrants	n.r.	n.r.	n.r.	n.r.	n.r.	n.r.	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓
	Guidance/ assistance/training measures for dealing with people with special needs	n.r.	n.r.						✓		✓		✓								

Please see the list of abbreviations for the complete company designations.

The measures listed above have largely no relevance for Raiffeisen-Leasing GmbH, which has therefore been left off the table.

n.r. ... not relevant

Future outlook and Sustainability Program

As mentioned in the preface to this chapter, in all business areas and products, RBI strives assiduously to structure its business and business relationships for long-term resilience, to avoid social and environmental risks and to take advantage of opportunities to improve environmental protection and social standards. In a financial sector which is becoming more and more sustainable, sustainable investments will in future make up an increasingly important share of the overall portfolio. We also see the opportunity for new business areas in the financing of innovations and developments of sustainable technologies as well as in consulting for climate-friendly projects.

We are convinced that sustainability topics will continue to gain in importance and therefore integrating them in our core business is a continuous process. With regard to environmental topics, this process has received new momentum thanks to the 2015 Paris climate agreement (COP21). However, there is also increasing focus on the social dimension, which is reflected in the United Nations' SDGs. Even though many topics are often taken for granted in Europe, we still see room for improvement. RBI has, among other things, planned the creation of a human rights policy this year.

The SDGs represent a long-term guideline which also incorporate the Principles of Responsible Investments (PRI) for the international network of investors which the Raiffeisen KAG joined in 2013. The current ambitious general goal of PRI for the next ten years is to unite responsible investors to work towards sustainable markets and thus contribute to shaping a prosperous world for all. Raiffeisen KAG will strengthen its commitment with regard to the integration of the SDGs. A first step in this direction was taken by conducting a survey of companies that have invested in sustainability funds.

In future, Raiffeisen KAG also plans to calculate an ESG score (quantitative sustainability indicator) as a basis for strategic long-term goals and to calculate the CO₂ footprint of all retail funds – either through external agencies (as is already the case for some sustainability funds) or through our own calculations with bought databases. The starting point will be specific sustainability funds for which these calculations already exist. We also plan to integrate sustainability principles in the management of real estate funds in 2018. The claim of being a qualitatively sustainable leading investment company in the German speaking region will become increasingly quantifiable. In addition to this, a further expansion of the product portfolio – and thus a continuous expansion of our managed assets in sustainability funds – is planned. Following some new launches in 2017, we strive for an increase of the product range, i.e. new funds will also be launched in 2018. Furthermore, the volume of the sustainability funds will continue to grow significantly.

Excerpt from the Sustainability Program

Responsible banker				
General objectives: Anchoring sustainability within the business processes; promoting sustainable products				
Strategy area	Objectives	Measures	Status	
Responsible banker (Product responsibility)	Specifying and ascertaining sensible business areas	Preparing a nuclear power, war material and gambling policy	Implementation took place in 1st quarter of 2018	
Responsible banker (Product responsibility)	Implementing a climate strategy in the core business	Preparing a group-wide environment policy	In preparation	
Responsible banker (Product responsibility)	Increasing awareness regarding ethical behavior	Preparing a group-wide human rights policy	In preparation	
Responsible banker (Product responsibility)	Contributing to the Sustainable Development Goals (SDGs)	Expansion of financing to support the SDGs 7, 8, 9 and 13	Ongoing	
Responsible banker (Product responsibility)	Building infrastructure and promoting innovation (SDG 9)	Promoting internal innovation culture in RBI through the intrapreneurship program	Pilot concluded successfully in 1st quarter of 2018	
Responsible banker (Product responsibility)	Enter into global partnerships for sustainable development (SDG 17)	Partnerships between the accelerator programs in the NWB to network local and global start-up ecosystems	Start in 1st quarter of 2018	
Responsible banker (Product responsibility)	Enhanced integration of ESG research in funds managed by Raiffeisen KAG	Expanding resources (including people, database)	In preparation	
Responsible banker (Product responsibility)	Expanding the top position and increasing the volume of sustainable investments of Raiffeisen KAG	Establishing/converting further funds, further integration of ESG research in all managed funds	Ongoing	
Responsible banker (Product responsibility)	Securing and further developing sustainability standards in Raiffeisen KAG	Implementing sustainability events	Ongoing	
From the 2017 Sustainability Program	Responsible banker (Product responsibility)	Developing a climate policy and strategy (as part of the Raiffeisen Climate Protection Initiative, RKI)	Preparing a climate policy and strategy for RBI AG in Austria in cooperation with the Federal Environment Agency	Implementation completed
	Responsible banker (Product responsibility)	Implementing the Sustainability and Diversity Improvement Act (NaDiVeG)	Internal evaluation of the need to adapt individual aspects within the strategy area of "Responsible banker"	Implementation completed
	Responsible banker (Product responsibility)	Evaluating and optimizing measures for the top 5 Sustainable Development Goals (SDGs)	Evaluating the top SDG goals in the area of core business and eventual derivation of corresponding measures for 2018	Implementation completed
	Responsible banker (Product responsibility)	Increasing awareness regarding ethical behavior	Revising the Code of Conduct in consultation with diverse stakeholders	Implementation completed in January 2018
	Responsible banker (Product responsibility)	Increased integration of ESG research within fund products	Introducing minimum criteria to the funds managed by Raiffeisen KAG	Exclusions implemented in managed funds, minor exceptions for third-party funds in umbrella funds.
	Responsible banker (Product responsibility)	Expanding the top position and increasing the volume of sustainable investments	Establishing at least one new sustainable fund and additional training activities and customer presentations by Raiffeisen KAG	Three new funds established (two retail funds), total volume increase of 26 percent
	Responsible banker (Product responsibility)	Securing and further developing sustainability standards	Establishing an advisory committee for sustainable investments	Started in 2nd quarter of 2017 - since then regular meetings
	Responsible banker (Product responsibility)	Ensuring future viability up to 2025 by increasing digital presence	Expanding the online offer in the network, revising the multi-channel strategy and branch structure	Single projects and products are undergoing feasibility studies or are already being implemented

From the 2016 Sustainability Program	Responsible banker (Product responsibility)	Increasing awareness regarding ethical behavior	Revising the Code of Conduct in consultation with diverse stakeholders	Planned implementation in 2nd half of 2017
	Responsible banker (Product responsibility)	Structured reporting of all financing with sustainability relevance	Introducing sustainability box in the credit application	Evaluation pending
	Responsible banker (Product responsibility)	Achieve leading position in Austria for sustainable investments	Increased training activities and customer presentations by Raiffeisen KAG	60 percent increase in volume of sustainable funds achieved
	Responsible banker (Product responsibility)	Reinforce commitment activities at listed companies on ESG topics	Annually approx. five thematic commitment activities and compilation of own publications, discussions with at least ten companies/issuers per topic by Raiffeisen KAG	196 active company discussions took place
	Responsible banker (Product responsibility)	Uniform application of marketing standards	Recognition of the ICC code on advertising and marketing communication within the RZB Group	Implemented in 1st half of 2016
	Responsible banker (Product responsibility)	Cooperation with University of Applied Sciences Krems within framework of "Josef Ressel Center" for applied CSR research in the banking area to accelerate innovations	Multi-year, close cooperation in the area of applied CSR research for financial services companies with a Josef Ressel Center (as part of the participation in the Raiffeisen Climate Protection Initiative).	No implementation
	Responsible banker (Product responsibility)	Ensuring future viability up to 2025 Ensuring an increased digital presence	Conditions for multi-channel service and sales in Austria created	Initial efforts will be implemented in the second half of 2017 (e.g. new, modern online banking, e2e conclusion paths)

**Field of action Fair partner:
In dialog and respectful interaction with our stakeholders**



Fair partner

RBI is a fair business and dialogue partner to all stakeholders. As a partner, we interact in an open and respectful manner with employees, customers, business partners, shareholders and other stakeholder groups. Transparency – that is to say, the disclosure of measurable objectives and the reporting of measures taken and the success in meeting their targets – forms our central, overarching guiding principle.

We foster and promote constructive exchange with our stakeholders. We also endeavor to recognize the needs of our most important stakeholders, and to act within the scope of our powers.

RBI places great value on fair business and operational practices. This includes fairness and transparency towards employees, customers and shareholders. Just as important to us is exemplary conduct within our sphere of influence. In our Code of Conduct, we have clearly stated that in our pursuit of profit, there must be no violations of law or of the Code itself. We forgo business that can only take place through such practices.

The rules of fair competition clearly apply to RBI. We feel obliged to offer an outstanding service culture which strives to exceed the expectations of our customers wherever possible. When making recommendations, we ensure that they are given in an honest and fair manner and that the customers are adequately informed about the risks. False or misleading advertising is something we feel is unacceptable.

RBI stands for transparent disclosure and responsible marketing. Our reporting on business activities and sustainability is conducted transparently and comprehensively, based upon recognized and authorized international standards (such as the Global Reporting Initiative/GRI). As such, our communication with stakeholders goes beyond the statutory requirements.

At a time when banking is more than ever a matter of trust, the reception that our customers have given us shows that our fair approach is the correct one. This trust is based on our deep roots in the countries and our relationships with their people, and also on the efforts made by our employees every day to deepen this trust. We share a common goal with our customers: Success. We have internalized this company principle and put it into practice every day, such as in the way we actively offer our customers tailored, personalized solutions based upon their requirements.

Our employees are our most important asset and the key to the success of RBI. Numerically, they represent the second largest group of stakeholders, just behind our customers. We encourage them, but we also demand excellence from them. We are committed to living by the performance principle and promoting team spirit. This means that we want the very best people, who will become even better with us. In return, we provide systematic further training, attractive development opportunities and a working atmosphere characterized by team spirit.

We work closely with our shareholders and see them as both dialogue partners and consultants. Additionally, we share an open dialogue on many levels with representatives of our stakeholders, and we are active participants in various forums such as the United Nations Global Compact (UNGC), the United Nations Environmental Program Finance Initiative (UNEP FI), Transparency International, the Global Reporting Initiative (GRI) and respACT – Austrian Business Council for Sustainable Development.

We also view environmental and climate protection as part of our responsibility toward society, and we see ourselves as a fair partner to the environment. The direct environmental impacts of our operational activities are limited compared to those of production industries. Nevertheless, RBI has the goal of minimizing negative environmental impacts at all of its sites to the greatest possible extent, and – where possible – to go beyond basic compliance with statutory requirements and demands.

Fair business and operating practices

A prerequisite in our business and operational practices is the fair, ethical and legally compliant behavior of all members of our staff. You can find more information about this on page 41.

Fairness toward shareholders

A key part of our corporate culture is in-depth communication with our shareholders. We work closely with our shareholders and see them as both dialogue partners and consultants. That's why we ensure that their feedback and input is used in our strategies and operations. The result of this is a shared system for the creation of added value. The shareholders of RBI AG exercise their rights according to the principle of "one share, one vote," by voting at the Annual General Meeting. All shareholders have entirely equal rights, and can exercise their right to vote in person or by proxy.

RBI adheres to the three principles of each financial operation: Yield (share price and dividend policy), security of investment, and availability of capital.

Naturally, we have a great responsibility toward our shareholders, Which is why optimizing shareholder value is part of our corporate vision. We are not interested in short-term increase in value. Good profitability, which we can use to build up equity from within, and a long-term profitable development of RBI are good not only for owners and shareholders but also for all other stakeholders. They safeguard our common existence.

Human Resources

Managing human resources in line with the interests of the company and the changing conditions of the professional world, in particular through digitization, are challenges we've never faced before. Creating the best possible framework for employees to develop and to contribute their potential is one of the key tasks of the Human Resources (HR) department. Continually monitoring and adapting existing and new approaches is the company's primary task, in particular for HR. It is important to put the various dimensions of corporate culture, new technology, equipment and workspace into a holistic context for the employee. We call this the "Employee Experience." The goal is to proactively increase competitiveness, thereby contributing to business success while promoting employee development.

Impacts, risks and opportunities

As a large financial service provider, RBI has a special responsibility towards its employees. How the company conducts itself affects not only the employees, but also indirectly affects their families and society as a whole. RBI is aware of this responsibility and must take action to balance these competing forces every day – generating adequate profits for its shareholders while at the same time ensuring the well-being of its employees. The opportunity to create and maintain jobs – with positive socio-economic benefits for individuals and regions – is a major concern of RBI within its 14 markets in CEE. This has an indirect impact on security, stability and prosperity in society. Nevertheless, RBI cannot escape technological changes and rising cost pressures and, as a result, cannot completely avoid economically necessary job losses. RBI considers a responsible approach to this topic to be essential. In addition, RBI tries to counteract the increased workload for individuals by improving efficiency to reduce the risk of illness and its possible impact on the families of employees. RBI takes maintaining the physical and mental health of its employees seriously. Through a variety of health care and sports provisions and opportunities, the company seeks to prevent potential negative effects of what is primarily sedentary office work and stress that can have a material impact on well-being.

RBI's topmost goal with employees, regarding sustainability, involves the topic of meaningfulness. At RBI we are trying our best to work towards achieving the goal number eight laid out within the Sustainable Development Goals (SDGs), that is (SDG 8); the transformation towards "good jobs." We understand this is an opportunity to increase employee satisfaction, productivity, loyalty and employees' identification with the company and what it stands for. The opportunity to be grasped here, which would come from the SDG 8, would be to trigger a quality competition in terms of "good jobs" – in the case of RBI leading by example in CEE where possible. This goes hand in hand with fair remuneration, which is a concern of RBI, as it creates a win-win situation.

Through professional diversity management, with a focus on empowering women and employing people with disabilities, RBI can contribute to reducing inequality in society. If there is no diversity, RBI risks having a lack of varying perspectives, which influences business decisions and therefore the company's results. RBI sees utilizing different cultures to give added value as an opportunity.

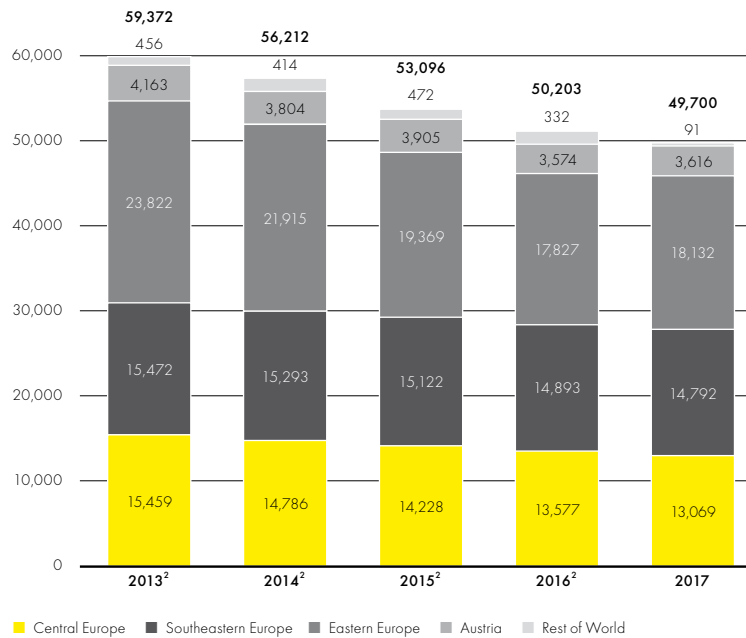
Adequate vocational education and training not only contributes to the success of RBI, it also motivates employees. The sum of all vocational education and training measures provided by the company also influences the educational level of our society. This is why RBI offers comprehensive learning opportunities for its employees. More details can be found in the chapter, "Our strategic approach to training and development" from page 86.

Facts & Figures

RBI employed 49,700 people as of 31 December 2017 (full-time equivalents). This is around 503 people or one percent less than on December 31, 2016. Most of the job losses were from Belarus and Ukraine. The average age of employees was a relatively young 39 years, and the ratio of women employed was 67 percent.

The proportion of employees with university degrees was 78 percent, which indicates a very high level of qualification. The following graphic shows the development in the number of staff over the past five years (in full-time equivalents).

Development of personnel Number of staff at end of year¹



¹ Includes the employees of all consolidated companies

² The figures from the previous year are based on the merged bank (taking into account the merger).

The following chart provides an overview of the measures that are currently being implemented in Human Resources at the individual companies.

Overview of fair partner/human resources measures		Austria							CE				SEE				EE							
Topic	Measure	RBI	AG	RBSK	RKAG	RL	Valida	RCB	Kathrein	RBPL	TBSK	RBCZ	RBHU	RBAL	RBBH	RBBG	RBKO	RBHR	RBRO	RBR	RBBY	RBRU	AVAL	
Work and family balance	Part-time work	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Teleworking	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓					✓	✓	✓				✓
	Company kindergarten	✓		✓	✓	✓		✓				✓					✓							
	Time off for fathers in event of a birth (statutory requirement)	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Time off for fathers in event of a birth (beyond statutory requirement)	✓		✓	✓	✓	✓	✓		✓			✓				✓			✓		✓		✓
Employee development	Performance management	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Talent management	✓			✓			✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Health, safety and support of employees	Safety management system	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Programs for mental health	✓		✓	✓	✓	✓	✓		✓					✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Health check	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓
	Promotion of sports and wellness activities	✓		✓	✓	✓	✓	✓		✓	✓	✓	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓
	Promotion of private health insurance	✓		✓	✓	✓	✓		✓	✓		✓	✓	✓	✓	✓	✓			✓		✓		✓
	Promotion of the company canteen	✓		✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓					✓	✓	✓	✓	✓
	Promotion of the pension fund	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓			✓	✓	✓	✓	✓	✓	✓
	Promotion of cultural events	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓						✓	✓	✓	✓

The complete company names can be found in the index of abbreviations/acronyms.

In contrast to many global companies, we pursue a largely decentralized approach. Within a group-wide framework that sets the standards and methods for performance management, talent management, succession planning and development of management staff, the network banks have developed practices tailored to their specific local requirements so that they can attract, develop and retain talented employees.

Our "RBI Group Management & Leadership Development Policy" sets out the principles for this approach. As a group, we require common core elements within our culture of management and leadership. We need to be able to fill vacancies mainly from within the group, and to be able to prepare the next generation of executive managers. According to this principle, we continuously strive to build our pool of future managers and to develop our existing ones. This is an elemental building block that forms the basis of a modern system of management and leadership development.

Performance management

Performance management is an essential element for aligning the contributions made by management staff and employees with the overall objectives of the organization. It also helps create clarity about performance standards and expectations as well as helping employees to constantly improve and develop themselves. It is therefore a central process that is closely linked to other HR processes such as remuneration, promotion of talents, talent management and career planning. We view performance management as a process that should enable all employees to perform at their best and to realize their full potential in order to contribute to the long-term success of the company.

Development of performance management

The fundamental values of our bank, such as customer focus, professionalism, quality, mutual respect, initiative, teamwork and integrity, which have been laid out in our Code of Conduct, have been successfully maintained in practice for many years. They continue to be the foundation of our business and ethical behavior. However, the digital transformation and the requirements that come with it also create the need to place certain cultural elements in a new general context. Therefore, individual responsibility remains a key part of our corporate culture, which should be further strengthened with the aim of promoting the new requirements for reorganizing the company so that it becomes a flexible and innovative organization. In order to contribute to and strengthen this process of change, the performance management model has been changed and developed in a number of ways.

The details have been set out in the relevant group policy "Performance Management RBI Group" and in the supplementary document "The Book of Group Performance Management" in 2017. These form the framework for regional guidelines, which are adapted to the requirements of individual countries. Among other things, this included the findings from the group-wide analysis prepared in the previous year and the findings from the initial implementation that was incorporated there. Furthermore, group-wide obligatory minimum requirements are set out, which form the framework for regional implementation projects.

The following elements in particular will be promoted in the future within the framework of the performance management process: The possibilities for employees to collaborate should be strengthened by giving them a more active role in performance management. An essential aspect of individual performance for employees concerns understanding the corporate purpose behind the objectives. Therefore, we would like to improve our employees' understanding and knowledge about the importance of their activities for the group as a whole. HR development is one of the most important focal points of performance management. Focused HR development can result in positive career development and through that, sustainable performance. Expanding and deepening the feedback culture in all directions is particularly important in our performance management system. The feedback should not only be related to the past but also directed toward the future by offering guidelines on how to act. Another core element is the changed time frame. Feedback should be given in real time and hence continuously, rather than just later or delayed at the end of the year.

These requirements have already been implemented by some network banks utilizing new technologies. The performance management platform at Raiffeisen Polbank has been modernized so that it is now possible to make adjustments to targets directly and to provide feedback in real time. In 2017, AO Raiffeisenbank Russia further improved and expanded its feedback tools. Among other things, a new "Real Time Feedback" tool is being used online. Every employee can use this tool to give and receive feedback at any time.

Our strategic approach to training and development

Our centralized and decentralized training offers extend to three main areas: Leadership development, professional development and personal/soft skill development.

The training goals for leadership development are derived from our group-wide "Leadership Training Architecture" for all management levels. These in turn are based on a series of key competences for managers that have been defined by the Management Board in line with our corporate values. All first-time managers must complete a standard development program that qualifies them for the new role and gives them the tools needed for managing employees. In addition, development programs are offered for talented managers and successors who have been identified for executive management positions in order to maintain the talent pipeline. Our group-wide executive development program is available to our top executives (Management Board and heads of larger areas), the contents of which are primarily of a strategic nature and developed in strict consultation with the Management Board.

The development of professionals (non-management staff) is based on training goals that are derived from the strategic priorities in coordination with the Management Board and the heads of the business areas. Current focus areas are risk management, financing, treasury and financial markets, operations and project management, retail business and IT. For large-scale training initiatives, objectives and key performance indicators are regularly

tracked. It is also necessary to carry out training and development that meets regulatory requirements to ensure that executive management staff and key function holders steadily expand their competence and knowledge in their area of expertise, stay up to date, and can furnish certifications as required (e.g. "fit & proper," MiFID II).

The goal of personal/soft skill development is to increase the competence of managers and employees with regard to sales skills, communication, presentation techniques, negotiation skills, conflict resolution and other related topics. Language learning and intercultural skills are also part of this because they ease collaboration across international borders. Additionally, the employee survey provides starting points for training initiatives such as for work-life balance, mental/physical health, empowerment and motivation, or for communicating of corporate values.

To increase the accuracy and impact of all HR development measures, and to stay as close to 'internal end customers' as possible (the respective employee or manager), RBI AG instituted the so-called Learning & Development Consultants in 2015. These are internal employees in the HR development department who are assigned to a functional area they specifically guide. The Learning & Development Consultants are the direct contact persons for the executives of the respective functional area for all issues concerning staff and organizational development. This ensures that the specific training and development needs of each unit can be addressed and met as precisely as possible.

We use the four-level Kirkpatrick model to evaluate and ensure success:

Level 1: We comprehensively measure the satisfaction of participants with the development measures for each individual training activity using evaluation questionnaires (partially in digital form) and initiate any necessary improvements based on this.

Level 2: Ongoing training success is documented in regular development meetings that are obligatorily held between every employee and his or her manager. Exams, certifications and online tests are also used to measure the training results.

Level 3: Changes in employee or manager behavior are ascertained through, for example, 360-degree feedback, follow-up training or targeted feedback from the manager or trainer (especially for personality development or management topics).

Level 4: The cost-benefit ratios of larger development measures are analyzed by using predefined key performance indicators (e.g. employee engagement score, customer satisfaction index, net promoter score, sales volumes or key cross-selling ratios).

Talent management and development of management staff

Identifying and developing talent is a vital task for ensuring the future success of the company. A variety of coordinated measures and concepts are used for this purpose. The annual "Spot-Grow-Lead" process is one of these. It has resulted in talent pipelines being established in almost all units with consideration of the different local focal points. The success of this ongoing process is demonstrated by the fact that 73 percent of the Management Board positions were filled by internal candidates in 2017.

The focus at RBI AG in 2017 was on the calibration and promotion of line managers and project managers. A comprehensive evaluation of these employees was performed in almost all organizational units on the basis of their development potential. Suitable development measures were then defined on the basis of this evaluation. The Spot-Grow-Lead process has been very successful: For example, data show that 29 percent of the identified talents in the last two years have made a career step (by contrast, the figure for a comparable group of other employees was only 13 percent). Eight percent of the talents at employee level were able to achieve a new managerial position within these two years. For the comparison group of employees not identified as talents, it was only one percent.

To continue building on this success in a challenging economic environment, in 2016 RBI AG rolled out a new framework architecture for the targeted development of identified talents called the "Talent Development Framework."

This framework, which was further developed in 2017, ensures that sound development measures are in place for every target group and that they are financed through the central budget.

Individual development instruments such as 360-degree feedback, mentoring and coaching, on-the-job learning through challenging projects and job rotation are also included in the program.

We help talented people to network as well as learn from each other through "Talent Events," which we organize regularly for the entire RBI AG as well as in individual areas.

More and more talented people are also working on cross-departmental internal projects, e.g. for identifying fields of action from our employee survey. As a result, valuable ideas from this target group can be gathered and put into action. Additionally, talented people will be given the opportunity to network and "learn on the job."

Already existing and successfully implemented elements of management staff development, such as the Talent Lab or the Basic Leadership Program, were continued and are actively used by managerial staff. The "Leaders' Breakfast," which was also launched two years ago, continued to be held on a regular basis and provided an efficient setting for imparting management competence and networking for the managerial staff: A total of eleven "Leaders' Breakfasts" were held in 2017, with more than 157 managerial staff from all levels taking part.

Training and development

In 2016, the group-wide pillars of our training and development and talent management programs were established in the new "Group Learning & Development and Talent Management Law." Among other things, this guideline covers:

- the authorities and responsibilities for HR and organization development topics (central/local)
- the minimum requirements for the training and development budget of each network bank and its allocation
- the necessity of a structured training architecture for specialist and management staff development
- the obligation of each network bank to ensure the regulatory training measures
- the prohibition of any kind of discrimination in fulfilling measures for HR development with regard to gender, nationality, ethnicity or age, etc.
- the prerequisites for the financially supported participation in Business School programs and corresponding repayment obligations
- the implementation of the "Spot-Grow-Lead" processes (the tools of talent management and successor planning) at the international level



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Gerhard Stefan, RBI AG, Head of Team Training & Development

"Learning is like rowing against the current: If you stop, you fall behind." That's what a Chinese expression says. And that is why the continuous learning and development of all employees is the top priority for us at RBI, whether it be technical knowledge, personal development or leadership practice. We think that every single person is responsible for continuously improving their knowledge and skills, for optimally taking on new challenges, and thus sustainably increasing their personal value in the workplace.

Our task as RBI is to support our employees in their development as best as we can. This is done by using a comprehensive repertoire of classroom training and digital educational opportunities from all relevant subject areas, which are continuously adapted to meet challenges, and also contain special topics such as unconscious bias or diversity training for the empowerment of women. The most important components are permanent "learning by doing" through practical experience in the current job and taking on new cross-disciplinary challenges. The banking business is a "people business," which is why investing in our employees allows us to secure the future of our bank."

QUOTE



The learning and development options at RBI AG and our fundamental commitment to permanent development with the supporting processes are defined in the company guideline, the “RBI Learning & Development Policy.” Some of the central elements are the existence of an annual training budget, which is the responsibility of the line managers, as well as a central budget, which is used by HR for specific development measures. Furthermore, the annual development meeting and personal development plan of each employee form the structured basis of the individual development measures.

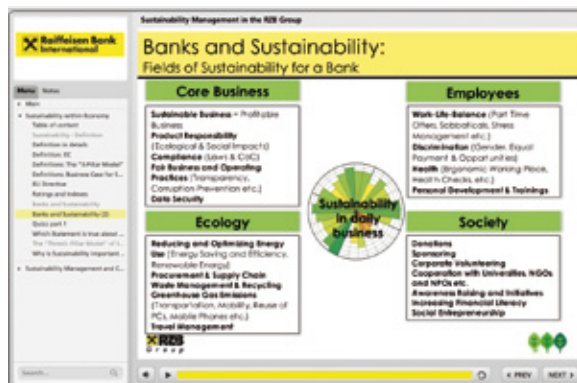
The training budget was primarily used for strategic goals and initiatives at RBI AG in 2017. In addition to ensuring regulatory training requirements, the focus was increasingly shifted to business-critical topics such as retail banking, sales, affluent retail customer business, procurement and IT. A lot of attention was also paid to compliance topics as well as necessary development measures in order to satisfy regulatory requirements and to ensure the qualification of our key function employees (“fit & proper”).

To overcome the new challenges of the digital business world, a series of measures to increase the “digital literacy” of different groups of employees has been launched. An eLearning platform is currently being developed with the title “Virtual Academy for Digital Literacy,” which will be made available to all employees at the Vienna sites in the first half of 2018. Basic concepts of the digital world are to be communicated nationwide using this platform. Special training programs on leadership in the digital age and on evaluating digital business models were designed for the top executives of RBI. Furthermore, training measures were mainly offered for HR managers and experts with the title “Leadership in the Digital Age.” They are designed to help HR managers get a firm grasp on leadership in the digital age. Training programs in design thinking, flexible leadership and related topics accompany this initiative.

The development of management staff once again focused primarily on strengthening their competences in change management as well as leadership of employees, motivation and communication. Reflective learning methods, such as 360-degree feedback, coaching, mentoring and experienced-based methods such as job rotation, were also used.

All training and development offers at RBI AG and the Austrian subsidiaries were combined two years ago in our group-wide “RBI Group Training Catalog” and can be taken advantage of on an alternating basis. Seminars at the Raiffeisen Campus and a host of eLearning courses about a wide range of functional topics supplement the comprehensive offering. All employees at the Vienna sites can consult the complete training programs in our HR Management System and – once they have obtained permission from their manager – can register directly via the system. Seminars offered internally are centrally organized in the HR division of RBI. This makes it possible to take advantage of synergies in their execution as well as to standardize the processes.

In order to increase the user-friendliness of the HR management system for all employees and to take another step towards “modern learning,” a project to implement a new learning management system was launched in 2017. This new system will be introduced at RBI AG and several pilot network banks in 2018 and will be expanded further in the years to come. Therefore, we expect there to be strong momentum towards autonomous learning and an increase in digital learning channels (e.g. educational videos, webinars, collaborative learning) compared to conventional classroom training courses.



Online training Sustainability Management

In the area of online training, employees at RBI AG have had the opportunity to take advantage of Sustainability Management training. New employees are required to complete this training as part of their onboarding. All other employees can watch the online courses at any time on a voluntary basis. In both cases, a knowledge test is conducted at the end of the course.

Training and development initiatives at the network banks as well as safety and special topics

In many areas of RBI, especially in the corporate and private customer business as well as in IT management, international learning trips to exchange knowledge at the expert level were again successfully carried out. This form of practical training, away from the traditional classroom, is strongly on the rise. A total of 53 employees from network banks had the opportunity of a placement at RBI AG in 2017. Rotation and exchange programs for talented individuals and “high potentials” were further expanded, such as the “Young Potentials Program,” which was successfully held for the seventh time in 2017. In total, 68 employees from ten countries have either already participated in it or are currently going through it.

The “Branch Management Academy,” the largest international training initiative of RBI for management staff in sales, was further rolled out across the entire group in 2017. Over 60 percent of all branch managers at RBI have already participated. The training was specially developed to strengthen management and leadership skills in retail banking. The training plan focuses on “business” paired with social competence and interpersonal skills, which are covered in particular by training courses on conflict resolution, coaching, critical and constructive feedback and stress management. As in other parts of the group, strengthening of the feedback culture was a key focus of the training program.

In addition to the specialist training programs, a range of training courses on safety and special topics were held in the various countries and network banks of RBI. Some of these programs are mentioned below:

Central Europe (CE)

At Raiffeisenbank Polska, anti-corruption training courses were offered in a variety of formats. Depending on the employee target group, these training courses are either carried out online and are mandatory for all employees or they are specifically targeted toward, for example, sales employees and held as classroom training events. An emphasis is also placed on this topic in the onboarding training for new employees.

At Raiffeisen Bank Zrt. in Hungary, a training and development catalog was developed that is available to all employees. Classic classroom training as well as online courses are offered, depending on the format that enables the best possible implementation for the specific topic. For instance, the online anti-corruption training is mandatory for all employees to ensure that compliance requirements are met.

Southeastern Europe (SEE)

As in other network banks as well, Raiffeisen Bank Sh.A., Albania has established anti-corruption training in close cooperation between the Training and Compliance departments. The goal is to raise awareness among the employees in the business outlets and in the area of central administration. The training program also included the topics of safety and first aid.

First aid refresher courses in particular were also carried out in other network banks during 2017, such as in Poland, Hungary and Romania.

The introductory module for new employees organized by the Raiffeisen School in Romania offers workshops that are given by specialists from the Combating Fraud and Corruption department in the Compliance division of Raiffeisen Bank S.A. It aims at teaching the correct behavior with respect to fraud and corruption from day one. In order to reach all levels in the company with this topic, specialized compliance workshops were held for the Management Board and executive management by a leading international consulting firm. In addition, a mandatory e-learning module on compliance was also developed in order to promote awareness of fraud and corruption throughout the company. This module, as well as training for health, safety and operational risks, is completed every year as a mandatory training course by all employees of the company.

At Raiffeisenbank (Bulgaria) EAD, training for anti-money laundering topics was offered for the first time as classroom training, followed by regular refresher online course.

At Raiffeisen banka a.d. in Serbia, training for compliance and money laundering prevention was held with a concluding knowledge test for all employees in 2017.

Eastern Europe (EE)

At Priorbank Belarus, all employees were obliged to participate in online training courses on the topics of combating corruption, fraud and money laundering as well as on the code of conduct and security. To actively promote the topic of sustainability management, the local Sustainability Management Department established the online course "Basic Principles and Indicators of Sustainable Development - Introducing Course," which has already been completed by 299 employees.

New employees of AO Raiffeisenbank in Russia must demonstrate their knowledge of compliance and the avoidance of money laundering in a test. Existing employees must complete such a test once a year or following a change to the corresponding Russian laws. Anti-corruption training is also offered to all employees in the form of the e-learning course "Instructions for Avoiding Fraud."

At AO Raiffeisenbank Russia, 1,504 employees took part in an online training in 2017, in which they learned how to correctly interact with customers with disabilities. The content includes ethical, legal and business matters. During the course, specific situations relevant to contact with disabled persons are also simulated. This fosters greater sensitivity for the topic.

Special training courses on "Dealing with emotions following the implementation of unpopular management decisions" have been held in Ukraine since 2015 due to the economic necessity of staff cuts. The aim of these courses is to ensure that the management staff are aware of the complexity of the processes and are able to deal effectively with difficult cases. There were 197 participants in this course in 2017. The program on the topic of stress management, which is offered to all employees, is intended to help them understand how unavoidable stress, and the pressure it causes, affects themselves and others. The program offers training for the prevention and reduction of stress.

Employee involvement

Employee surveys

Employee surveys are an important instrument for involving employees in the company's development. They provide valuable information about where further improvement is needed. For this reason, a comprehensive group-wide survey is conducted every two years. After 2014, another employee survey was conducted in 2016/2017, which was completed in 2017 with the survey in four network banks and the head office in Vienna.

Efforts are constantly being made to increase participation in the employee surveys as a way of including smaller companies in the group, as well as the large network banks. The overall number of companies participating in the survey was increased by including Austrian subsidiaries such as the Valida Group and Raiffeisen Centrobank AG. A total of around 52,000 employees from 32 companies participated in 2016/2017. In the previous group-wide survey, only 21 companies with about 29,000 employees took part. The return rate for the entire project in 2016/2017 was on average 84 percent. That is an increase of three percentage points compared to the previous survey.

The results in the categories "Employee Engagement" (commitment to the company and the willingness to volunteer for additional work) and "Employee Enablement" (the presence of an environment that promotes success) have – as was already evident in 2016 – significantly increased. While the average values were 61 percent for employee engagement and 64 percent for employee enablement in 2014, in 2016/2017 the figures were 69 percent and 73 percent respectively. This substantial increase of eight and nine percentage points can be attributed to the intense follow-ups and the implementation of improvement measures in the respective companies. The results achieved are four percentage points above average when compared to the market benchmark "Financial Services in CEE."

This clearly demonstrates that the measures taken in the respective companies were received positively by the employees, at the level of the individual organizational unit, but also at the level of the company as a whole. "We're on the right track, but haven't got there yet" commented one employee.

This meant that 2017 was mainly devoted to processing the results, planning and implementing the measures in most network banks and Austrian subsidiaries. For the other part, specific planning and implementation of these measures will start in 2018.

Also in the area of employee surveys, digitization offers new opportunities for allowing employees to be more involved in making decisions in the future. The first so-called "pulse surveys" have already been conducted in some companies of the group. These surveys provide information on whether the measures taken after the last survey are already having an effect or are heading in the right direction. The results of these tests were promising. For this reason, in 2018 we plan to take a closer look at the market for survey tools so that we can modernize even more, and we plan to launch another group-wide round of "pulse surveys," which will be used on an ad hoc basis. For many of our group companies, it is not enough to conduct an employee survey every two years. They want feedback from their employees that is flexible, timely and "to the point." On top of this, managers should also have the opportunity to invite their employees directly to give them feedback, without them having to do the general employee survey. This is intended to further establish the "Voice of the Employee" as a management tool that contributes to the successful relationship between the company and its employees.



© RBI

Christina Unzeitig-Böck,
RBI AG, Senior Manager
Employee Engagement

"Employee engagement has replaced employee satisfaction as the new buzzword in companies. This is why we have been working on bringing employee engagement to life for a considerable time in the group. We believe that employees who identify with the values and goals of the company and find suitable working conditions within the company are more motivated and ready to participate more. To find out what framework conditions must be adjusted within the company, we carry out employee surveys in all of the group's companies every two years. The results are discussed with managers and employees. Based on them, concrete measures are conducted in teams and departments as well as at the company level. The positive effects resulting from that can be seen in the steadily increasing key indicators for employee engagement and employee enablement within the group. This is all the more remarkable because current global studies (see Aon Hewitt 2017) show that generally speaking, the level of employee engagement is declining. It is gratifying to see that we are making a considerable contribution to further developing our company."

QUOTE



Active participation of employees



Employee event "Let's do it! 2017", © Lukas Bezila



Breakfast with the Management Board, © RBI

RBI AG believes it is extremely important that the concerns of our employees are listened to and taken seriously. At internal events, employees have the opportunity to direct questions (e.g. by text message), which are answered immediately during the event.

There are also further opportunities for interacting with the Management Board:

Six times a year, the employees of RBI AG have the opportunity to have breakfast with a member of the RBI Management Board. The new format invites employees to enter into direct exchange with the RBI board member. Together with ten to twelve colleagues, they can ask the board member questions in an informal setting over a convivial breakfast and discuss current topics with him. To ensure that all employees have an equal chance of participating, names are drawn for each date. Furthermore, the Management Board of RBI AG is also available for a "Q&A" on the intranet site under "Ask the RBI Board." Here, employees can also ask the Management Board questions on an anonymous basis. The answers are posted online to all employees in a catalog of Q&A topics.

The active participation of employees is also made possible via their interest group, the Staff Council, which undertakes a wide range of activities throughout the year. This also includes employees' suggestions being processed in the various working groups of the Staff Council of RBI AG, some of them with the company physician and Human Resources, and measures are taken on an ongoing basis. The goal is the discernment and promotion of economic, social, health and cultural interests of the employees in the business. Some working groups are set up to run on a permanent basis (e.g. workplace conditions/health, work/family, nutrition, culture). Others are put together at short notice and work on a project-by-project basis. However, cost-intensive issues are only rarely discussed here. Often, it is a case of taking up an idea and putting it into practice. In total, around 100 measures are developed each year. This means that the working groups are always an important breeding ground for sustainable improvements.

In addition to the Staff Council's co-determination prescribed under labor law, co-determination and the exchange of information are also guaranteed through participation in various committees such as the Supervisory Board, the health and safety committee, the environmental committee as well as at individual "jour-fixe," which are held by the Staff Council's Management Board with the various members of the Management Board (CEO, COO/CIO, CRO and Markets and Retail).

44 percent of group employees are covered by Collective Bargaining Agreements.

RBI with European Staff Council

The following eight EU countries are represented in the European Staff Council (ESC) of RBI: Bulgaria, Hungary, Croatia, Austria, Poland, Romania, Slovakia and the Czech Republic. There are 13 representatives altogether.

Under the terms of the agreement of the European Staff Council, the ESC has the right to be informed about and consulted on matters that are of an international nature and concern the economic, social, health and cultural interests of employees of at least two companies belonging to the RBI Group. During the course of 2017, the ESC had two ordinary meetings. A large number of topics were discussed with the RBI management, including digitalization initiatives, performance management, incentive systems and changes regarding the current bonus regulations for RBI. The Management Committee of the ESC, consisting of four elected ESC representatives, met

during the year in addition to the two plenary sessions and strengthened the cooperation within the ESC. Two ordinary ESC meetings are again planned for 2018. They will take place in April and October.

Furthermore, RBI also remains committed to the principle of direct and open communication with employees. The good cooperation with existing local and/or national employee representatives is complemented, but not replaced, by the ESC. The ESC is an important additional platform for ongoing dialog and the structured exchange of information between company management and employees through their elected representatives.

Diversity management and the ability to reconcile work and family



RBI is a universal bank specializing in the regions of Austria and Central and Eastern Europe. Our 16.5 million customers across 15 domestic markets as well as our almost 50,000 employees represent diversity. We value this diversity of perspectives, abilities, experience and needs. We use the potential of our employees to create added value for our staff members, our customers and also for society. We also leverage the power of diversity to strengthen our competitive edge.

In order to further emphasize our commitment to diversity, in July 2017 we published the diversity vision and mission of RBI and our Diversity Guidelines.

Diversity Vision

Diversity, the key to success, enables RBI to overcome boundaries. For RBI, diversity means added value. Leveraging the opportunities provided by diversity offers sustainable benefits for our company and employees as well as the economy and society.

Diversity Mission

By promoting diversity, we are continuing Raiffeisen's 130-year-long success story. As a strong partner, we harness the potential of diversity actively and professionally in order to best support our clients and to present ourselves as an appealing employer.

Guiding Principles

The following guidelines were published together with the Vision Mission Statement in 2017 and are intended to help everyone experience and appreciate diversity when working with each other on a daily basis. They are particularly important for decisions with personnel relevance.

- We value and respect each other regardless of gender, sexual orientation, age, culture, origin, religion, ideology, physical impairment or other characteristics.
- We maintain a respectful, appreciative culture of communication, for which we require a variety of perspectives.
- Our aim is to maximize variety in our teams and ensure that diversity also exists at the highest levels of management.
- We understand the needs of our diverse client base. As a universal bank, we support our partners in achieving their aims worldwide. A clear commitment to diversity and the appropriate training of our employees is a matter of course for us.
- We are aware that our behavior is influenced by our unconscious bias. We consider it important to recognize these prejudices and to reflect upon them, as we intend to make the best decisions and take conscious action.
- We approach staff decisions objectively: we fill positions, make decisions on compensation, employee appraisals, assessments of potential, promotions and nominations for projects based on employee skills, performance and potential.

Our current Code of Conduct (new since January 2018) clearly states that we consider fair employment practice to be of great importance. We want to be a corporate group that the best people want to work for; that hires and promotes people according to their aptitude (performance and work experience), and gives employees the opportunity to develop their skills while maintaining a good work-life balance. We value teamwork within and between business divisions, areas and countries and help our employees realize their full potential. Discrimination and harassment have no place at RBI. We promote an environment where employees treat and appreciate each other with mutual respect and support diversity as it can open up new perspectives. Our goal is to maximize diversity across our teams and ensure that it also exists at the highest levels of management.

Discrimination and harassment (such as on the basis of age, ethnicity, skin color, national origin, religion or belief, political or other opinion, gender, sexual orientation or disability) are incompatible with maintaining an inclusive work environment in which all employees achieve the maximum level of productivity for themselves and can meet our business goals. No form of discrimination, harassment or intimidation will be tolerated or excused by RBI.

RBI is committed to promoting equality, which is consistent with our self-image, and to creating equal opportunities for equal performance in the workplace, regardless of gender or other factors. This starts as early as employee selection, which must be free of prejudice and where the same criteria must always be applied.

In order to further improve the framework conditions for profession and career, RBI is constantly working to improve the work-life balance. Work models, such as flexible working hours, part-time and tele-work are offered in accordance with statutory provisions. Where possible, company childcare with employee-friendly hours of operation are offered. These offers should enable targeted parental leave management that promotes re-entry into working life. RBI has a positive attitude towards paternity leave, which it sees as being an important way to advance equality. The RBI Group offers targeted training and development programs with the aim of expanding its competence in the field of leadership. These programs have been warmly received by both male and female employees. Accordingly, 34 percent of the participants in the Basic Leadership Program of RBI AG in 2017 were women, in the Talent Lab for Management Staff, this number was 38 percent, and in the group-wide Advanced Leadership Program 23 percent.

Salaries are regularly analyzed within RBI. As a result of continuous efforts in previous years to give equal remuneration for equal work, irrespective of gender, there are no significant differences between the salaries of men and women. The internal "RBI Total Rewards Management" policy provides a comprehensive framework for shaping the group-wide remuneration management system. This includes, in addition to all specifications for implementing statutory and regulatory requirements, a structured job evaluation system and regular market benchmarks of the salaries in the countries in question. An internal job evaluation system forms the basis for position-related and – as a result of this – gender-neutral remuneration.

We would like to contribute to the implementation of SDG 5 and SDG 8 with our measures in Diversity Management. Specifically, this concerns ending all forms of discrimination towards women and ensuring that women can fully and effectively participate and that they have equal opportunity in taking on management roles on all levels of decision-making. Furthermore, we support the goal of achieving equal remuneration for equal work.



In 2017, RBI joined the Diversity Charter. In this way, we are sending a clear signal that diversity is an important concern for us.

Diversity and the ability to reconcile work and family at the Vienna sites

While implementing the EU Directive against discrimination, a Company Agreement was concluded for RBI AG in 2011 on the issue of “Fair behavior in the workplace” to demonstrate that discrimination of any sort has no place in our corporate group. To lend even more weight to the seriousness of this issue, and in cooperation with the Staff Council, several employees underwent training at the Vienna sites to become “harassment representatives”; these employees are now the first point of contact for employees should any problems arise with regard to this issue. Expertly trained members of staff provide competent points of contact on the issues of stress and burnout.

Sustainable integration

Around 800 employees (22 percent of all employees) with a non-Austrian background from a total of approx. 50 countries worked at the two head office sites in Vienna in 2017.



In order to help these colleagues from other countries gain a foothold in Austria and provide them with a platform for mutual networking, the “International Community” was set up. This initiative was independently established by employees and mostly involves colleagues who themselves relocated to Austria in the past. The goal is to render real assistance and provide new employees of RBI AG with important information on topics of everyday life. This includes, for example, information on finding an apartment, learning German, administrative processes, medical provision, childcare facilities and schools. The opportunity to build up a social network should also make it easier for colleagues from abroad to find their way around in a new environment and to help them adapt to the new culture. The networking is supported by an IT platform that can be found by all employees on the intranet of the Vienna sites.

The now long-standing tradition of the International Dinner was continued in 2017. New colleagues from various nations and colleagues from other areas of the bank can be met at this gathering over dinner. The relaxed, informal atmosphere is not only a good setting for talking about the cuisines and cultures of different countries but also helps new colleagues from other countries to integrate more easily.

The area of migration and integration is one focus of our Corporate Volunteering activities. Read more about our activities in this regard from page 133.

Diversity 2020



RBI AG launched the “Diversity 2020” initiative in 2016. The goal is to better promote and take advantage of diversity in the company through professional diversity management, thereby making a positive contribution to the corporate results. Organizational anchoring of the topic was taken into account by nominating a diversity officer and establishing a diversity committee. Furthermore, in order to include as many perspectives as possible, 20 diversity ambassadors were appointed from all executive areas. These ambassadors cooperate with the diversity committee and are tasked with strengthening diversity in their area as well as planning and implementing the measures.

In 2017, the Diversity Vision and Mission was finalized and published along with the relevant guidelines (see page 94). One important factor that hinders diversity in companies and thus, among other things, hinders attempts to increase the appointment of women to management positions, is unconscious bias. There have already been “Sensitization Training Courses” in groups in which employees could participate voluntarily. We are currently working on an online training course.

The first comprehensive package of measures for the “Empowerment of Women” was launched in 2016. It aims to sustainably increase the proportion of women in higher qualified positions. We have set out comprehensive communication measures to sensitize awareness of this topic and ensure the greatest possible transparency for the initiative. For internal vacancies, the decision was made to include a waiting period in the appointment process in order to have enough time to find qualified female applicants. In addition, qualified female candidates are being actively approached by HR employees. Documents are “anonymized” for interviews and hearings so that there is more objectivity in the selection process. Mentoring for women is seen as an essential instrument for increasing the share of women in management and will therefore be continuously expanded. An in-house training course on “Empowerment of Women” is also offered. The first of these courses was completed in May 2017 by 12 “emerging leadership talents” and “leadership talents.” We also consider it important to change the structural conditions within the company to encourage women to apply for management positions. In two workshops, executives dealt extensively with the topic of part-time leadership and the culture required for it. In 2017, RBI set an overall target quota of women on the Supervisory Board, Management Board and in second level management at 35 percent by 2024.



Zero Project Conference Dinner, © RBI

The second diversity topic that we are currently focusing on is the integration of people with disabilities. For this reason, disability ambassadors were appointed from all board areas. The aim of the RBI AG project is to break down inhibitions, generate awareness, increase social skills and employ more qualified disabled employees. In addition to a status survey, awareness training has been held for disability ambassadors and the recruiting team. In February 2017, the “Zero Project Conference” dinner was hosted by RBI AG during a three-day conference. Almost 70 national and international guests participated in the event to discuss different topics relating to the employment of people with disabilities or disabilities in the workplace.



Being family-friendly means enabling employees to find a balance between work and family life. That's why RBI AG is a partner of the "Companies for Family" initiative of the Austrian Federal Ministry of Economy, Family and Youth.



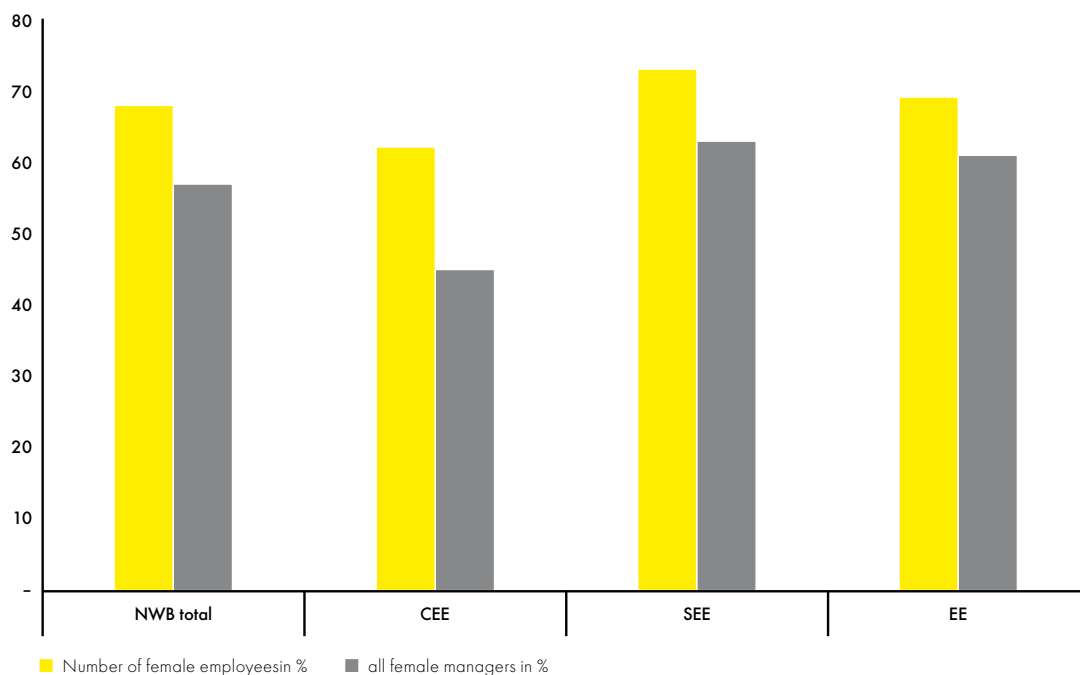
Improving the ability to reconcile family and work is, for example, also a very important consideration for Raiffeisen-Leasing GmbH in Austria. The relevant measures include, among other things, flexible working hours, part-time models or tele-work in accordance with statutory provisions as well as active parental leave management. The "berufundfamilie" ("work and family") audit has been conducted since 2013.

In order to be able to better support employees in their changing needs at different stages of life, RBI AG offers a corresponding sabbatical program. Several sabbatical models are available, providing various timeframes and thus an attractive recreational and relaxation model for individuals' different needs. Any of these sabbatical models can be further tailored to the individual.

Diversity initiatives at the network banks

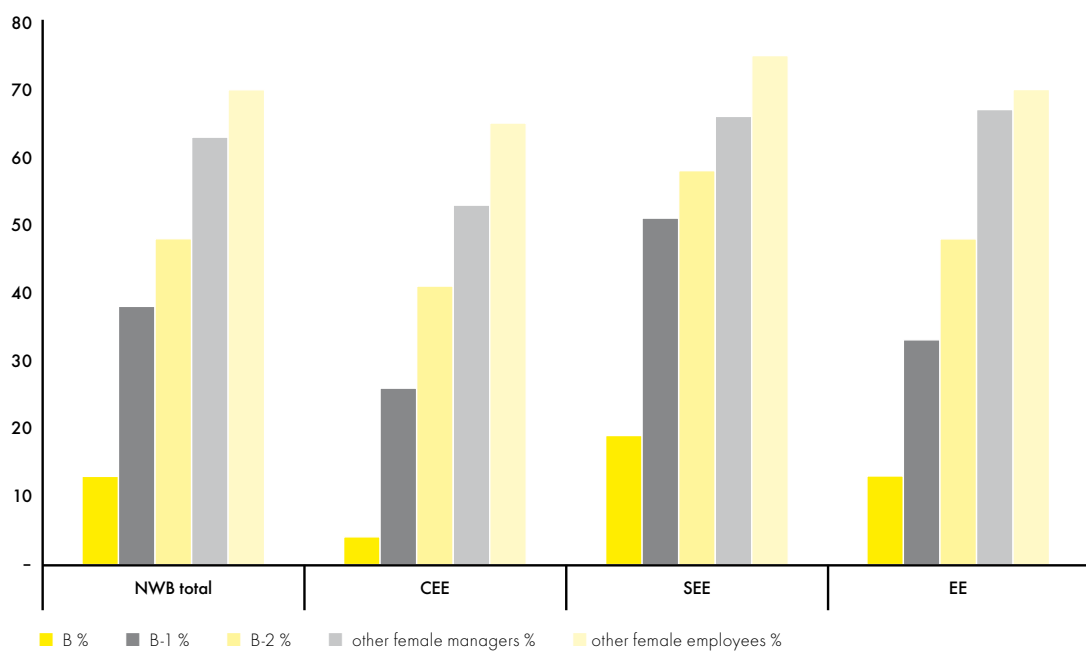
The share of women in management at the network banks of RBI has traditionally been very high:

Share of women in the network banks in 2017 in percent



The description of the abbreviations can be found in the list at the end of the Report.

Share of women at the network banks by employee category in 2017 in percent



The description of the abbreviations can be found in the list at the end of the Report.

Widely differing labor laws as well as family policies and health systems can be found in the various countries in which RBI operates. In order to offer employees more options for reconciling work and family life, as well as for a good work-life balance, the network banks provide a range of supplemental offers tailored to local needs and possibilities. The initiatives shown below demonstrate how these have contributed to supporting the SDG goals 5 and 8 (for SDGs, see also pages 25–26).

Central Europe (CE)

The program “Family is important to us” has been in place at Raiffeisen Polbank for a number of years. Among other things, this program offers mothers and fathers of newborn children the chance to individually adjust their working hours as well the opportunity to make use of work tools (computer, mobile telephone) during parental leave. It also includes health services for the entire family and three additional days of paid vacation for fathers in the first month after the birth of a child. A new program was introduced for this in 2016 which makes flexible working hours possible for other employee groups as well. The starting point for this was the relocation of the head office. A social fund makes it possible to support employees in crisis situations. This can take the form of financial help or granting time off. The bank also has an anti-discrimination policy (“Transparentny Bank”). Every employee can report discrimination or similar misconduct directly to the HR department or via other, defined communication channels. The employees can rely on complete confidentiality.

An important building block for a good work-life balance at Tatra banka, a.s. in Slovakia is the principle of using annual vacation time within the calendar year, instead of putting it off; this ensures more time off and more regular opportunities for relaxation. There is also an option to prevent the risk of burnout by taking a longer and partially paid leave.

In the newly launched home office project, first steps are being taken toward creating a work culture that is more viable for the future by offering the possibility of a home office workplace.

Raiffeisenbank a.s. in Prague became the first Czech company to establish a company kindergarten, called ŽIRAIKA. This has been operating successfully for eight years now and had 69 children of employees enrolled in 2017. In this way, the bank helps employees returning from maternity leave, since very few spaces are available for young children in public kindergartens. The bank bears 70 percent of the costs and the employees pay the rest. Employees who live outside of Prague are assisted on their return from maternity leave with a financial subsidy toward kindergarten costs.

Since 2013, employees of Raiffeisenbank a.s. have participated in the diversity program “Odyssey Leadership.” This company-wide diversity program is aimed at talented female managers from across the Czech Republic and lasts for ten months. In 2017, the program was conducted with 35 participants from all over the Czech Republic. There are currently two programs consisting of a basic module and an advanced module. Two female managers were nominated for the basic program and two for the advanced module by Raiffeisenbank a.s. in Prague in 2017. The goal is to support female managers at Raiffeisenbank in multiple areas: effective management style, increased self-confidence and courage, as well as expanding their networks to include other women with similar interests in the Czech business community. The program has been very well received and the majority of participants found it to be very useful and supportive in change processes. The overriding goal of Odyssey is to increase the number of female managers at the top of the company.

The project for creating teleworking jobs at Raiffeisen Bank Zrt. in Hungary was continued in order to establish more of the necessary infrastructure. This should allow a larger number of employees to be given the option of teleworking. Employees will also be offered more flexible working conditions through part-time work. If it can be reconciled with their work commitments, employees may be able to adjust their working hours to suit their personal needs (with permission from their supervisor). The possibility of part-time work is basically available to all employees. This option is increasingly popular, especially with employees returning from parental leave. Assistance aimed at supporting and promoting families and children also includes an additional five days of special leave, which fathers are given upon the birth of a child. The bank also makes childcare available to employees who work on Saturday.

Southeastern Europe (SEE)

A special awareness campaign was launched at Raiffeisen Bank Sh.A. Albania. Within the scope of this campaign, trainings were offered on the topics of "Respecting diversity" and "How victims of discrimination and bullying can make themselves heard and get help."

Raiffeisen BANK dd Bosna i Hercegovina offers an incentive to parents who voluntarily choose to return early from parental leave (before the child's first birthday). The bank supports this by offering a refund of the costs of childcare for babies. Clear processes for dealing with discrimination or bullying are defined in the Compliance Manual and based on the anti-discrimination principles in the group-wide Code of Conduct.

To better promote various issues, such as work-life balance and diversity, Raiffeisenbank (Bulgaria) EAD makes it possible for both men and women to engage in part-time work.

In order to improve the ability to reconcile work and family, Raiffeisen Bank Kosovo J.S.C. in Pristina offers the option of part-time work as well as a company kindergarten.

Flexible working hours were introduced at Raiffeisenbank Austria d.d. in Croatia. Flexible working hours were defined within the scope of operational possibilities for most units in 2015. Some of the units also made it possible for employees to do some of their work from their home office.

Raiffeisen Bank S.A. in Romania offers flexible working hours for its employees. In addition, mothers returning from maternity leave can have their working hours reduced by one or two hours. Longer, unpaid leave in the form of a sabbatical is also possible.

Health and safety

Healthy and performing employees form the basis for the success of every company. RBI offers something by way of provision and support with a range of initiatives and facilities. In addition to the legally prescribed measures in the area of healthcare, we offer numerous additional programs. We consider it our duty to deploy people in line with their skills and abilities and to develop their performance. The statutory standards for occupational health and safety are complied with in all countries, and the corresponding committees and officers set up and appointed.

In the reporting period, the absenteeism rate for RBI was four percent in 2017 (four percent in 2016 and 2015). There was one death. The injury rate according to ILO was 0.25 (0.24 in 2017 and 2016; 0.23 in 2015).

Health initiatives at the Vienna sites

A large number of offers and preventative measures aimed at promoting good health have been put in place for all employees to use.

For example, a comprehensive health examination was again available at no charge at the RBI head office sites in Vienna this year, in cooperation with "Health+Life Gesundheitsmanagement GmbH," which approx. 900 employees took advantage of. Participation in optional supplemental modules (e.g. thyroid gland screening, arterial disease prevention) was again financially supported. In 2017, more than 600 employees applied again for the free melanoma screening which is offered every two years.

Employees could also make use of other medical services during working hours, such as having themselves inoculated with the tick encephalitis (FSME) vaccine or the flu vaccine. These health services are rendered by a team of occupational physicians who take care of overall medical support at work. This also includes regular inspections of the workplace with thorough ergonomic advice and even individual workplace configuration. Employees also can take advantage of massages, osteopathy, physiotherapy, hypnotherapy, craniosacral therapy, Nuad Thai massage, shiatsu and nutritional advice in the appropriately adapted company premises on their own time and at their own expense. To complete the medical health care, employees and their dependents (children, spouses and life partners) are granted a subsidy to a group health insurance scheme.

In addition to these preventive measures, there are many initiatives and activities aimed at maintaining and promoting fitness and health. The many courses such as yoga, fascia training, self-defense and other in-house sports initiatives have encouraged employees to be active during their free time. The Group supports and funds fitness center memberships as well as solo and team sports such as soccer, badminton, tennis, squash, ice hockey, skiing and cross-country skiing. The main objective behind this broad selection of sports is to create a better work-life balance and promote team spirit.

For the fourth time, the company participated in the global challenge “10,000 steps a day to health.” 112 employees in 16 teams enthusiastically pursued the team goals over a period of 100 days.

Various lectures, workshops and trial courses were on offer during the annual health week in October. The initiatives ranged from lectures (“It doesn’t always have to be burnout,” “Small measures – big effect,” “Nutrition madness,” “Reach your goal with mental strength”) and concrete exercises (back yoga units, autogenous relaxation, Nordic walking) to counseling sessions (running shoe analyses, nutrition). For the first time, a AUVVA safety day was organized in the Raiffeisen hall. The lecture “Prevention is a question of lifestyle” was offered alongside exercises with the Theraband under the motto “Fit on the workplace” as well as several exercises on the topic of safety on the workplace.

This year, 150 interested employees visited the UNIQA Vital Truck for a professional appraisal of their fitness levels and received advice on training.



UNIQA Vital Truck, © RBI AG



UNIQA Vital Truck, © RBI AG

Special attention is also paid to maintaining good mental health. The company offers employees a free “Employee Assistance Program” which provides support during periods of mental stress, no matter whether of a personal or professional nature. This service is provided by an external specialist who can be contacted by employees for information about preventing burnout and dealing with stress. This option is available on an entirely anonymous basis (the employer will not be informed). If necessary, employees can make use of five additional free therapy units focused on burnout and stress management. Since 2017, RBI AG has offered support through an occupational psychologist in addition to the measures already provided, which are carried out in the context of the Employee Protection Act (prevention assignments for occupational physicians as well as security specialists).

The Austrian RBI subsidiaries have also placed a lot of emphasis on occupational healthcare for many years already. To this end, there are regular evaluations and training courses on, for example, occupational health and safety. Extensive internal sports and gymnastics courses are offered alongside programs for sport and culture.

In addition to all these activities, the RBI Management Board has adopted a “smoke-FREE” work environment. Since October 2017, only a few separate, explicitly indicated outdoor areas are available for smoking. Smokers were encouraged to give up on smoking in the future by being offered support.

Health initiatives at our network banks

Healthcare is also a central issue at the network banks of RBI across the various countries. In order to supplement the range of programs aimed at preventing illnesses and preserving health above and beyond the regulatory requirements, employees can make use of a wide range of offers and activities. The assortment of offers varies greatly, depending on what is needed and what can be provided locally in the individual countries.

Central Europe (CE)

Raiffeisen Bank Polska S.A. provides a cafeteria-style system in which employees choose from among a range of attractive fringe benefits (e.g. fitness center, theater and movie tickets, and medical assistance services). The bank promotes the interests of its employees and their health by financing various activities in the areas of sport and culture. It also funds a private health insurance scheme for its employees in order to ensure better health. The bank even pays its employees with unlimited employment contracts up to half the cost of further insurance policies, such as life insurance and accident insurance. And employees in difficult situations can receive help through its own social fund.

Tatra banka, a.s. in Slovakia also offers preventative health services through a cafeteria-style system that includes a variety of options in the areas of medicine, health and sports for employees to choose from. A special program known as "First aid" was established to help employees who have fallen on hard times and need emergency assistance, such as due to natural disasters, health problems or social problems. The employees are able to request the support themselves. Frequently, however, colleagues in need are "nominated" by other colleagues who are aware of their personal situation. The program therefore helps not only from a financial perspective, it also promotes a greater feeling of solidarity between the employees.

At Raiffeisenbank a.s. in the Czech Republic, the topic of health care includes not only the annual flu vaccination, which is offered free of charge to all employees, it also includes the provision of four additional paid sick days. The company cafeteria also offers healthy options to promote wellness.

At Raiffeisen Bank Zrt. in Hungary, a company physician is available to the employees on site once per week to provide medical advice. Employees can also select from a range of services in the areas of sport, culture or insurance, which are financially supported by the company within the scope of a flexible system of social services. Various training options are available for maintaining mental health, covering topics such as: "How to deal with stress?," "How do I avoid burnout?," "How can I create a balance between the various priorities in my life?"

Southeastern Europe (SEE)

Two years ago at Raiffeisen Bank Sh.A. in Albania, a cafeteria was set up for employees at both head office locations which is funded up to 50 percent. There is also a private health insurance scheme which has been taken out for employees and includes an entitlement to preventive and acute examinations as well as other health-related services. To maintain good mental health, stress management seminars and yoga classes are offered after work. In addition, a new program was launched in 2017 that strives to directly promote healthy lifestyle habits, an improved work-life balance and increased awareness of wellness and stress.



"B2B RUN" in Sarajevo, © Raiffeisen BANK dd Bosna i Hercegovina

At Raiffeisen BANK dd Bosna i Hercegovina, a special assistance package for employees who were affected by a bank robbery was set up three years ago. The measures are intended to support the recovery process and range from psychological support to stress reduction training as well as the ability to change departments. To highlight its support for sports and team spirit, Raiffeisen BANK dd Bosna i Hercegovina participates various sports competitions, such as those put on by the banking association. In October 2017, a "B2B RUN" was held in Sarajevo, and 40 colleagues from Raiffeisen BANK dd Bosna i Hercegovina participated. The bank is particularly pleased to have been named the winner in the category "Fit Company" out of the 90 participating companies.

At Raiffeisenbank (Bulgaria) EAD, a new sports program was introduced that gives employees access to a variety of sports and recreational activities based on a prepaid sports card. The bank also organized a sports day for all of its employees to make the topic of work-life balance more tangible. Expanding on this, new trainings were developed in 2017 on "Healthy lifestyles" and "Recovering energy and balance" and added to the existing stress management training options in the internal training catalog. Seminars on positive thinking and a workshop on work-life balance were also offered. Furthermore, employees can take advantage of coaching and psychological support if needed, free of charge. The health offerings are rounded out with a supplemental health insurance scheme and routine medical examinations, which are also made available to all employees.



Kosovo hike day, © Hikingnerji



Kosovo hike day, © Hikingnerji

Raiffeisen Bank Kosovo J.S.C. has a health insurance scheme for employees, under which children and relatives can also be insured. Employees are additionally offered life insurance. There are also special conditions for sports and cultural activities. Special courses on stress management and positive thinking are available. In 2017 activities were launched to promote sports and health, such as a group hike. These and other measures intended to increase the awareness of health and wellness in connection with physical activity will be continued in 2018.

The "Back to Balance" program by Raiffeisenbank Austria d.d. in Croatia was successfully continued in 2017 with 123 participants. The program aims at promoting the health and work-life balance of employees with regular offerings such as trainings in stress management. The employees were able to learn about simple and practical ways of dealing with stressful situations and increasing their feeling of well-being. The program was expanded with special trainings for managers. The goal is to develop a better understanding of factors that foster stress within an organization and to learn how these can be counteracted. There are plans to continue the "Back to Balance" program due to the great demand and interest in the topic within the company. A number of initiatives were also started in 2017 to motivate employees to become athletically active. These include Pilates classes organized by the bank as well as talks by experts explaining how certain physical exercises can positively impact not only physical but also mental health. The employees are also encouraged to participate in large, organized

sports events, such as the “B2B RUN” and the “European Sports Week.”

Raiffeisen Bank S.A. in Romania offers all employees health and accident insurance as well as the opportunity to make use of private health services at a discount. This also includes psychological counseling at no charge. Assistance is provided for serious medical or financial problems within the scope of defined eligibility requirements and within the framework of a fixed budget.

Since 2013 Raiffeisen Bank S.A. in Romania has offered a program with a variety of measures for a healthy work environment throughout the organization under the name “RStyle – A Balanced Lifestyle.”

The extremely comprehensive program is aimed at all employees and is based on three main pillars: physical health, mental-emotional balance and healthy interpersonal relationships. It presents the employees with a set of measures that provide solutions for guiding them to a healthy lifestyle and improving the quality of life and performance at work. The program is intended to foster self-awareness and emotional equilibrium for a good balance between work and family life. In 2017, a total of approx. 2,700 bank employees, approximately half of the bank’s workforce, took advantage of the RStyle offers at 138 events.

The RStyle program includes many offers tailored to the organization and its employees, from sports, nutrition and group recreational activities to education and family or development topics. For instance, a project was developed within the scope of RStyle which provides advice and methods for preventing a variety of health problems. A total of 191 employees participated in this program, which was based on a diagnosis of personal habits. Accompanying workshops and personal consultations are intended to help transform existing habits into “healthy” habits. In order to assist personal well-being, the RStyle program provides a broad range of offers for active employee participation, such as workshops in classical music or theater, visits to art exhibits or outdoor activities.

An annual preventive health examination has been offered by Raiffeisen banka a.d. in Serbia for several years. A range of offers, such as yoga classes, Pilates, soccer training and a choral group is intended to positively influence the work-life balance and contribute to the avoidance of burnout. In 2017, the bank continued to offer workshops and talks on a diverse range of health and social topics, such as “Back problems from prolonged sitting,” “Alternative methods of healing” and “Setting personal priorities and taking time for myself.”

Eastern Europe (EE)



Minsk half marathon, © Priorbank JSC

Priorbank JSC in Belarus offers an annual medical examination to all its employees as part of its efforts to promote good health. Another measure for promoting health is provided in the form of free fitness center memberships. Participating in sports competitions such as beach volleyball, table tennis, ice fishing, bowling, swimming, soccer and the Minsk half marathon is financially supported. In one such competition, a team of finance and IT specialists from Priorbank JSC took 3rd place the sports competition organized by the defense ministry in 2017. To give employees easy access to training on the topic of preventive health, three online courses were organized: “Effective conflict management,” “Stress management,” and “How to deal with dissatisfied customers.” To provide

more balance for employees, the bank funds cultural events such as theater evenings, concerts and children’s theater. The bank also subsidizes the cafeteria food.

AO Raiffeisenbank in Russia attaches great importance to the mental health of its employees and, since 2015, has offered training courses on stress prevention for employees in call centers and bank branches. Communication with customers is a key aspect of these training courses. In 2017, a total of 363 people took part in the training courses, of whom two-thirds completed the training online. The training subjects have been continuously expanded.

Employees can learn different techniques for dealing with stress through full-day, classroom training as well as in the form of e-learning. In 2017, the bank expanded the insurance portfolio, which offers additional services to its employees in the areas of supplemental health, travel and accident insurance.

HR marketing

Recruitment & Employer Branding at the Vienna sites

In 2017, the focal point in recruitment and HR marketing was the MINT (mathematics, informatics, natural sciences and technology) sector. The core of our employer branding strategy remains communication, interaction and direct exchanges with students, young talents and graduates at different points of contact. Implementation activities were mainly based on two pillars: Strengthening both our online and our “on-site” presence.

The redesign of the career page, RBI’s most important online conveyor of our employer image, has made it more user-friendly by adopting a “responsive web design.” It also offers clearer and more compact information about RBI AG and its subsidiaries as employers as well as about employer benefits, vacant positions and the application process. RBI employees tell of new job profiles in the IT and digital environment, career paths as well as company and work culture. Electronic communication with applicants was also modernized. Additionally, through several online marketing campaigns, we successfully presented ourselves as an appealing, digital-banking-future sector employer to young professionals, technical experts and IT specialists.

Furthermore, we “live” communication primarily through on site conversations and direct exchanges with students and graduates. This takes place at educational institutions during career fairs and training days (e.g. “Technical college meets economy” at the technical colleges bfi Wien, HTL Pinkafeld), guest lectures and assignments (e.g. FH Krets, FH Wiener Neustadt, WU Wien) as well as during networking events (e.g. high potential day 17). At TUDay17 and the career fair at FH Hagenberg, RBI employees and managers answered the many questions posed by interested MINT students and graduates about careers, part time and internship opportunities. During Austria’s largest career fair, “CareerCalling17,” the “Raiffeisen booth” was visited mainly by business students and graduates of the University for Economics and Business Administration who received information from representatives of RBI and other companies in the Raiffeisen Banking Group. In the coming year, students will be invited to a very special event at RBI AG: We will be opening our door during the “long night of companies” and offer insight into the workplace of a “digital bank.”

Additionally, the bank strives to intensify and expand cooperation, sponsorships and partnerships with technical universities, to familiarize students and graduates with new kinds of work positions as well as diverse career opportunities in the IT environment of a digital bank. An effective way of binding students to RBI AG as an employer remains to actively support bachelor and master theses and mentor seminar theses.

Another sustainable investment in the expansion and further development of the trainee program for business students has paid off: In 2017, RBI AG was granted the “excellent trainee program” award for its trainee program “Corporate Finance.” This label and the “TraineeNet award,” an award for companies offering particularly high-quality trainee programs, were bestowed during the TraineeNet Convention 2017 on September 8, 2017. The organizer, “TraineeNet,” a platform of trainees from about 50 Austrian companies, was pleased with the great turnout. As a long-standing partner of TraineeNet, some RBI trainees also contributed actively to the success of this convention. In 2017, among economics students, RBI AG again is one of the Top 10 most appealing employers in Austria. (Source: <https://universumglobal.com/rankings/company/raiffeisen-bank-international/>)

In another survey of students in Austria, the “Graduate Barometer 2017” of trendence, a research institute for employer branding, RBI AG was able to secure second place among the “Best University Marketing Economics” and is the only bank in the top 3. (Source: <https://www.trendence.com/en/home/trendence-intern/aktuelle-meldungen-detail.html>)

Employer branding at the network banks



Career Calling, © Ulrike Mikovits

Various initiatives were also put in place at the network banks to position themselves as more attractive employers and to ensure the recruitment of talented employees.

Central Europe (CE)

Raiffeisen Bank Polska S.A. received the "Top Employer" award in 2017 for the fourth time. The bank engages in diverse activities in the interests of employer branding, including participation in job fairs and in talent academies held in cooperation with four different universities. The "School of Finance" is operated by Raiffeisen Polbank in collaboration with the local employment agency and offers special "banking" courses for the unemployed who wish to start a career in the branch bank business.

Raiffeisen Bank Zrt. in Hungary has continued its successful internship program, which last year earned it second place in the "Colibri Internship Award Competition." The program is promoted to higher education graduates at job fairs and through our own promotions. There are also collaborations with universities through which individual financial grant programs are offered to selected students.



"Bankers in School" Training, © Michal Pradka Olomouc

Raiffeisenbank a.s. in the Czech Republic has launched successful cooperation with a number of student organizations, such as the "Prague Banking Club," "Investors Club" and "180 Degrees Consulting." Together with the Czech bank association, the bank supports the program "Bankers in School," in which four top managers of the bank teach secondary students about the importance of cybersecurity, especially for monetary transactions on the internet.

practical work experience within the scope of a one-year program. 2016, in the first year of the program, ten new trainees were employed, while 2017 saw this expand to a total of 40.

The trainee program of Raiffeisenbank a.s. in the Czech Republic that was introduced in 2016 addresses talented young people at universities and offers them



HR Manager of the year, © RBRU

Vladimir Khimanych, HR Director of AO Raiffeisenbank in Russia was selected as “Best HR Director” of all commercial banks in Russia. The award was given out by the “Russian Manager Association” and the newspaper “Kommersant”.

The newly launched employer branding and EVP process at Raiffeisen bank Aval JSC, Ukraine is accompanied by a variety of communication measures. On the one hand, vacancies are posted with a special emphasis on the respective social media channels, while on the other, universities in Kiev and the broader region are more closely incorporated. Excursions to bank branches and operations centers are offered to students. Attractive internships, in particular for retail and IT positions, are intended to appeal to students.

Overview of key ratios

	RBI				RBI AG		
	2017	2016*	Change over previous year	2015*	2014*	2013*	2017
Employees by gender, type of occupation and employment contract							
Employees	48,649	48,731	-0.2%	49,933	52,825	55,450	2,622
Male	33%	33%	0 PP	33%	33%	33%	54%
Female	67%	67%	0 PP	67%	67%	67%	46%
Fulltime employees	95%	96%	-1 PP	97%	97%	97%	74%
Male	33%	34%	0 PP	33%	33%	n.a.	64%
Female	67%	66%	0 PP	67%	67%	n.a.	36%
Parttime employees	5%	4%	1 PP	3%	3%	3%	26%
Male	28%	24%	4 PP	20%	18%	n.a.	26%
Female	72%	76%	-4 PP	80%	82%	n.a.	74%
With fixed contracts	85%	85%	1 PP	85%	86%	86%	85%
Male	34%	34%	0 PP	34%	34%	n.a.	54%
Female	66%	66%	0 PP	66%	66%	n.a.	46%
Central Europe	26%	27%	-1 PP	26%	28%	30%	
Southeastern Europe	32%	32%	0 PP	32%	33%	34%	
Eastern Europe	34%	33%	1 PP	36%	42%	46%	
Austria	8%	8%	0 PP	6%	6%	6%	100%
With limited contracts	15%	15%	-1 PP	15%	14%	14%	15%
Male	27%	26%	1 PP	26%	25%	n.a.	52%
Female	73%	74%	-1 PP	74%	75%	n.a.	48%
Central Europe	27%	29%	0 PP	29%	27%	30%	
Southeastern Europe	17%	16%	1 PP	16%	14%	12%	
Eastern Europe	50%	49%	0 PP	52%	59%	58%	
Austria	6%	6%	0 PP	3%	0%	0%	100%
Employees by region							
Central Europe	26%	27%	-1 PP	26%	26%	27%	
Male	38%	38%	0 PP	38%	37%	38%	
Female	62%	62%	0 PP	62%	63%	62%	
Southeastern Europe	29%	30%	-1 PP	29%	28%	27%	
Male	27%	27%	0 PP	27%	27%	28%	
Female	73%	73%	0 PP	73%	73%	72%	
Eastern Europe	37%	36%	1 PP	38%	40%	42%	
Male	31%	31%	0 PP	31%	31%	31%	
Female	69%	69%	0 PP	69%	69%	69%	
Austria	8%	7%	1 PP	6%	5%	4%	100%
Male	52%	53%	-1 PP	52%	52%	55%	54%
Female	48%	47%	1 PP	48%	48%	45%	46%
New hires							
Total	9,391	8,961	5%	9,035	8,805	94	344
Share in percent of total headcount for:							
Employees total	19%	18%	1 PP	18%	17%	n.a.	13%
Employees under 30 years of age	12%	12%	0 PP	12%	12%	n.a.	7%
Employees between 30 and 50 years of age	7%	6%	1 PP	5%	5%	n.a.	5%
Employees over 50 years of age	0%	0%	0 PP	0%	0%	n.a.	0%
Men	7%	6%	0 PP	6%	5%	n.a.	7%
Women	13%	12%	1 PP	12%	12%	n.a.	6%
Central Europe	5%	5%	0 PP	6%	6%	n.a.	
Southeastern Europe	4%	4%	0 PP	3%	2%	n.a.	
Eastern Europe	9%	8%	1 PP	8%	n.a.	n.a.	
Austria	1%	1%	0 PP	1%	1%	n.a.	13%
Fluctuation¹							
Total	9,778	11,033	-11%	12,558	11,471	10,794	239
Share in percent of total headcount for:							
Employees total	20%	23%	-3 PP	25%	22%	20%	9%
Employees under 30 years of age	9%	10%	-1 PP	12%	9%	8%	4%
Employees between 30 and 50 years of age	10%	11%	-1 PP	12%	11%	10%	4%
Employees over 50 years of age	1%	2%	-1 PP	2%	2%	1%	1%
Men	6%	7%	-1 PP	8%	7%	7%	5%
Women	14%	15%	-2 PP	17%	15%	13%	4%
Central Europe	6%	6%	0 PP	6%	6%	6%	
Southeastern Europe	4%	4%	0 PP	4%	3%	4%	
Eastern Europe	9%	12%	-3 PP	14%	12%	11%	
Austria	1%	0%	1 PP	1%	1%	0%	9%

¹ The figures also include intercompany transfers, which were higher than average in 2014 in the RBG due to the structure program ZukunftPLUS Relatively

* The values include the figures from the companies listed in the Overview chapter (reporting limits and data collection, page 8, first paragraph).

	RBI			RBI AG			
	2017	2016*	Change over previous year	2015*	2014*	2013*	2017
Average number of training hours for employees, by position							
B-1	64%	54%	19%	61%	52%	70%	27%
B-2	52%	50%	5%	59%	51%	57%	31%
Other executives	50%	58%	-14%	76%	49%		31%
Other employees ²	54%	51%	5%	50%	55%	57%	27%
² Other executives are included in the line other employees in the years prior to 2014							
Share of employees with Performance Management							
Total	69%	69%	0 PP	67%	60%	57%	91%
Men	74%	75%	0 PP	72%	64%	n.a.	91%
Woman	67%	67%	0 PP	65%	58%	n.a.	91%
B-1	100%	99%	0 PP	99%	97%	n.a.	100%
B-2	99%	99%	0 PP	97%	94%	n.a.	100%
Other managers	83%	84%	-1 PP	85%	73%	n.a.	100%
Other employees	67%	66%	0 PP	64%	56%	n.a.	90%
Diversity							
Share of women							
Board	12%	14%	-2 PP	14%	11%	16%	0%
B-1	36%	36%	0 PP	36%	35%	38%	17%
B-2	45%	46%	-1 PP	47%	46%	48%	19%
Other managers	62%	61%	1 PP	61%	60%	58%	27%
Managers total	54%	54%	0 PP	55%	54%	55%	23%
Employees total	67%	67%	0 PP	67%	67%	67%	46%
Share of minority groups							
Employees with disabilities							
Board	0%	0%	0 PP	0%	0%		0%
B-1	0%	0%	0 PP	0%	0%		0%
B-2	1%	1%	0 PP	1%	0%		0%
Other managers	1%	1%	0 PP	1%	0%		0%
Other employees	1%	1%	0 PP	1%	1%		1%
³ Includes all employees in the year 2013							
Employees with foreign citizenship							
Board	35%	32%	3 PP	30%	36%		0%
B-1	4%	4%	0 PP	4%	4%		11%
B-2	2%	2%	0 PP	2%	2%		20%
Other managers ⁴	1%	1%	0 PP	1%	1%	0.2%	13%
Other employees	2%	2%	0 PP	2%	1%	1%	29%
⁴ Includes all employees in the year 2013							
Age groups							
Board							
Board under 30 years of age	0%	0%	0 PP	0%	0%	n.a.	0%
Board between 30 and 50 years of age	60%	60%	0 PP	63%	66%	n.a.	40%
Board over 50 years of age	40%	40%	0 PP	38%	34%	n.a.	60%
B-1							
Employees under 30 years of age	0%	0%	0 PP	1%	3%	n.a.	0%
Employees between 30 and 50 years of age	83%	83%	0 PP	85%	83%	n.a.	50%
Employees over 50 years of age	17%	17%	0 PP	14%	14%	n.a.	50%
B-2							
Employees under 30 years of age	1%	2%	0 PP	2%	5%	n.a.	0%
Employees between 30 and 50 years of age	85%	86%	-1 PP	86%	83%	n.a.	75%
Employees over 50 years of age	14%	12%	1 PP	12%	12%	n.a.	25%
Other managers							
Employees under 30 years of age	4%	5%	-1 PP	6%	9%	n.a.	0%
Employees between 30 and 50 years of age	80%	80%	1 PP	80%	77%	n.a.	89%
Employees over 50 years of age	15%	15%	0 PP	14%	14%	n.a.	11%
Other employees							
Employees under 30 years of age	28%	29%	-1 PP	30%	33%	n.a.	19%
Employees between 30 and 50 years of age	63%	62%	0 PP	61%	59%	n.a.	69%
Employees over 50 years of age	10%	9%	1 PP	9%	8%	n.a.	12%

* The values include the figures from the companies listed in the Overview chapter (reporting limits and data collection, page 8, first paragraph).

Inhouse ecology

The management of climate risks – not just in inhouse ecology – is an increasingly important task for the economy. Not for nothing does the World Economic Forum classify climate change as one of the greatest risks in the 2018 Global Risks Report. Companies that do not set climate protection targets or only do so to an inadequate extent or rather do not incorporate any climate-related aspects into their corporate strategy should expect that their profitability will suffer in the medium to long term. Effective climate protection has long been a competitive factor in the capital market.

In general, energy efficiency, renewable energy, environmentally friendly mobility and sustainable purchasing are particularly important in corporate environmental protection. Nevertheless, because of RBI's carbon footprints energy consumption in the contexts of building management and the mobility sector are the two most essential areas for action. These are also key for attaining the environmental targets (see page 113).

RBI is committed to environmental and climate protection, with the goal of keeping environmental impacts to a minimum. The company therefore works to continuously improve the main environmental parameters in the most relevant areas. The environmental management system in Austria is based on international standards (e.g. ISO 14001). The network banks in CEE are also conscious of their responsibility for the environment and work to continuously improve this.

Impacts, risks and opportunities

The impacts of corporate environmental activities on the environment and society are assessed annually. The most important measures are those of carbon footprint, and the meeting of environmental goals. With readings for 2011 as the baseline, comparisons of changes in emissions are made from one year to the next. As the changes in the world's climate have far-reaching consequences which stretch beyond national borders, there is no regional limitation of effects in this regard. The impact of greenhouse gas emissions on the environment is entirely negative, however, use of renewable energy, or the promotion of energy efficiency, can lead to improvements in the situation. These areas also have a positive effect on society, for example by creating or preserving jobs.

The greatest risk for the economy, society and environment – if companies are unwilling to counter climate change – is the onset of global warming with the known negative impacts. For this reason, RBI defined environmental targets for the entire group in 2015.

There are risks for RBI, particularly in terms of cost. Examples of such risks are one-off additional costs during work on the shell of the building and conversion to LED lighting. Additional costs can also accrue due to higher procurement costs, combined with the longer time required to assess products and a smaller purchasing selection.

RBI is making a positive contribution to society with concrete steps related to environmental management. We are trying to contribute to meeting the goals of the UN Climate Change Conference in Paris (COP21) by working to reduce greenhouse gas emissions, and promoting the renewable energy sector of the economy. The area of consistent cost-cutting offers an important opportunity for RBI in inhouse ecology. Because business transactions and energy consumption are among the largest generators of emissions in inhouse ecology, measures to reduce these influence factors bring the greatest cost savings in the course of operations. Furthermore, reputation risks are minimized, new collaborations in research and development are fostered, and resilience in the face of the consequences of climate change is increased. Risks in the added value chain, for example due to delivery delays, are reduced by the purchasing of regional products. This risk is minimized with a regional procurement share of more than 80 percent in RBI. The impact of core business on the environment is described in the chapter "Responsible Banker" on page 37.

Sustainable Development Goals

Two of the 17 Sustainable Development Goals (SDGs) were classified as particularly relevant for RBI in inhouse ecology. These include Goal No. 13 “Climate Protection Measures” as well as Goal No. 7 “Affordable and Clean Energy”. It is important to counteract climate change by reducing direct and indirect greenhouse gas emissions. RBI’s options for exerting direct influence on the environment predominantly lie in the areas of energy consumption (electricity and heat) and the mobility sector, and to a lesser extent, waste production, as well as resource and water consumption. All these areas can be found in the Sustainable Development Goals, for example SDG no. 6 (water), no. 7 (energy, and proportion of green electricity, energy efficiency), no. 12 (consumption and production/waste) and no. 13 (climate protection). Water consumption and waste have a relatively small footprint at RBI, which is why SDG no. 6 and 12 are not listed separately.

Environmental targets



Relying on the UN Climate Change Conference in Paris (COP21), RBI has set the target of reducing CO₂ emissions by 30 percent (Scope 1 and 2 and separately for Scope 3) by 2030 and by 60 percent by 2050, which is to be achieved by means of energy efficiency and a higher proportion of green electricity. The base year for the various environmental and CO₂e reduction targets is 2011.



Since 2011, the CO₂ emissions in Scope 1 and Scope 2 have been reduced by 26 percent and by 13 percent in Scope 3. Overall (Scope 1–3), emissions have dropped 22 percent since 2011. RBI is well on the way to achieving the defined reduction targets by 2030.

At 34 percent, RBI’s proportion of green electricity remained the same as it was the previous year – therefore already clearly above the EU target, which stipulates that the proportion of renewable energy should increase to 27 percent by 2030.

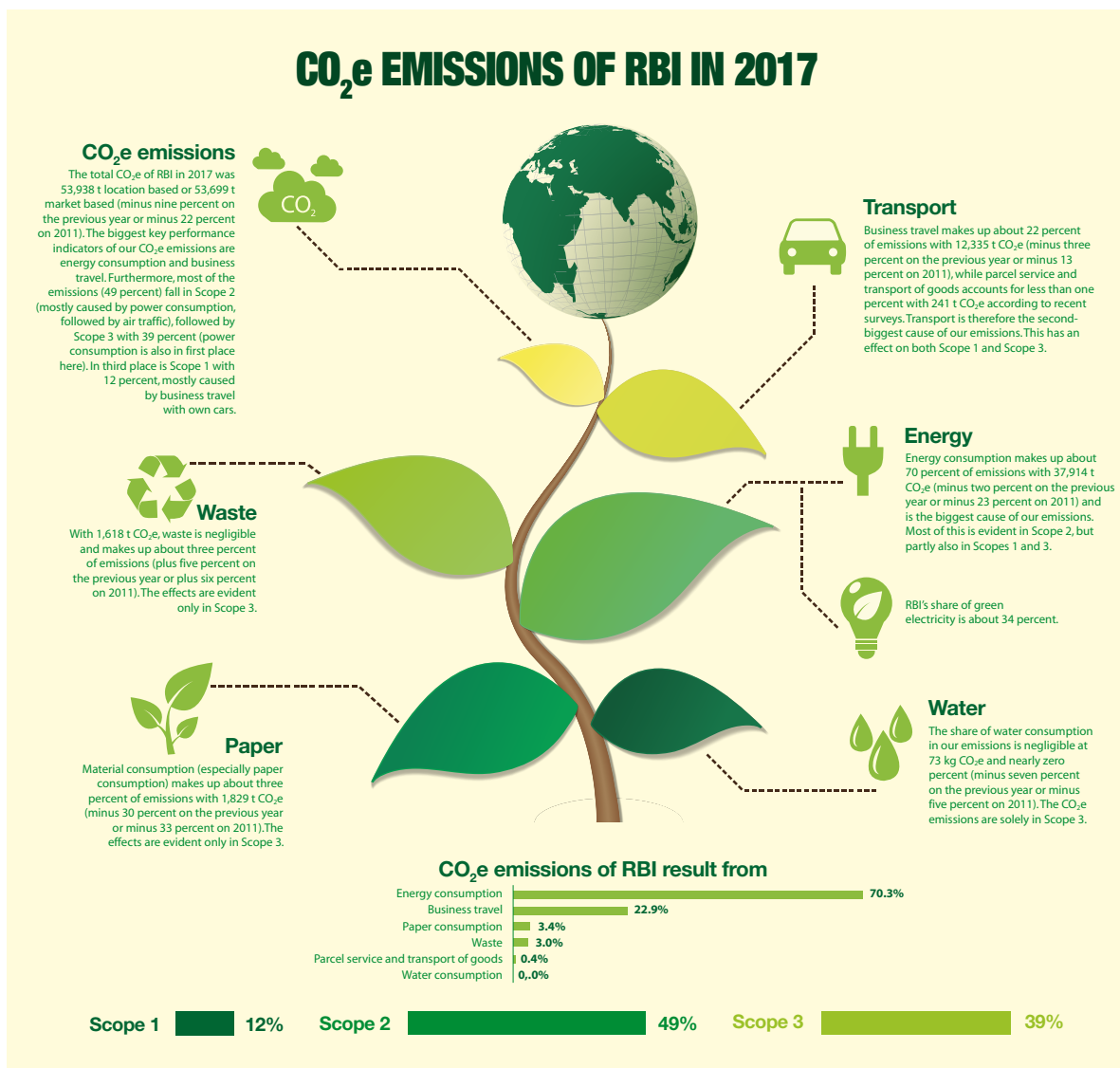
The central tool for the implementation and further development of the environmental targets is the environmental management system in Austria, which is operated in accordance with the requirements of ISO 14001 (certified since 1998). In addition, the greenhouse gases have been validated for RBI AG since 2013 in accordance with ISO 14064-3.

The Environmental Committee, Group Sustainability Management, Facility Management and Sustainability Officers at the network banks are primarily responsible for implementing and evaluating the achievement of our goals. Details on the goals can be found on our website at www.rbinternational.com.

Overview of greenhouse gas emissions

In order to ensure comparability, the environmental indicators contain only the head office data of the network banks. The key figures of the network banks have been summarized according to regions and are published on our website at www.rbinternational.com. There are no plans at present to collect environment-related data in all branches. The data is presented to RBI, which consists of network banks in CEE, RBI AG in Austria and the Austrian subsidiaries. The graphic on the next page shows the environmentally relevant areas of RBI and their impact on CO₂e emissions¹.

¹ CO₂e is the conversion of the hazard potential of the relevant, climate-influencing gases into an equivalent amount of CO₂.



The graphic above shows that the biggest items of CO₂e emissions of RBI (total of 53,938 tons (t) location-based or down nine percent compared to the previous year, or down 22 percent compared to 2011) relate to energy consumption and business travel. Particularly relevant is the division of the emissions into three "Scopes" which define the classification of the CO₂ emissions according to the Greenhouse Gas Protocol:

- Scope 1 comprises all greenhouse gas emissions produced directly in the company; e.g. from the combustion of stationary sources (such as power plants, boilers), from the combustion of mobile sources (such as from the company's own fleet), from the production processes and from transient emissions.
- Scope 2 comprises indirect emissions that arise from the company being supplied with energy, i.e. when an energy supplier makes power or heat available for this company.
- Scope 3 comprises all other emissions caused within the limits of the system, e.g. the mobility sector using planes, trains and external car fleets, as well as office supplies (such as paper).

Most emissions, 49 percent, can be found in Scope 2 (mainly caused by power consumption), followed by Scope 3 with 39 percent (here too, power consumption is in first place). At twelve percent, Scope 1 is in third place and is caused by business travel (with the company's own vehicle fleet), in addition to the purchase of electricity from third parties. Detailed assessments are published on our website (www.rbinternational.com/nachhaltigkeitsmanagement).

Compliance with legal regulations

Compliance with legal regulations is subjected to a stringent procedure defined in the management system. Thus, in 2017, at the Vienna sites as well as the network banks, there were no convictions for violations of environmental protection regulations.

Environmental Committee

In accordance with their responsibility for environmental measures, the Management Boards of RBI AG appointed an Environmental Officer and an Operational Environmental Committee in 1994. The Environmental Committee is the advisory and decision-making committee. Permanent members are the Environmental Officer of RBI AG as well as representatives of Group Sustainability Management and of the Staff Council. Depending on the field of expertise, other representatives of the departments, such as IT, will be involved in the meetings. The Environmental Officer convenes the Environmental Committee at least twice a year. Tasks of the Environmental Committee include developing decision-making principles for the Management Board regarding ecological strategies, planning and initiatives, as well as conducting periodic present-state assessments and weak point analysis.

Topics in recent years included, for example, drafting of a climate policy and climate strategy within the scope of membership in the Raiffeisen Sustainability Initiative (RNI), as well as support for awareness-raising events, such as the bicycle repair days. These events are held annually to support environmentally conscious mobility of employees. The increased use of new technological solutions, particularly in order to save on business travel, was dealt with, among other things.

Environmental policy



RBI has had an environmental policy since 2015. As a sustainably operating banking group, the traditional Raiffeisen values were the central point of reference for its design. The contents of the environmental policy are included in the sustainability guiding principles of RBI in the areas of product ecology, inhouse ecology and climate-friendly society, as published on the website at www.rbiinternational.com. With respect to the area of inhouse ecology, for example, the guiding principles state that RBI is committed to continuously improving its services for the environment beyond regulatory requirements, where possible and reasonable.

Travel policy



RBI's Travel Policy contains rules for traveling to events and conferences, and defines framework conditions for business trips in Austria and abroad. The travel policy was revised in accordance with environmental factors in October 2013. The choice of means of transport must take into account economic and environmental considerations. This applies to the Austrian units including the subsidiaries, and also provides a framework for the network banks. To save costs and protect the environment, business trips should – where possible – be replaced by available technologies, such as web and video conferences. The mode of transport to be used should result in the lowest costs, taking travel time into consideration. Furthermore, environmentally friendly means of transport (e.g. public transportation) are preferred.

Environmental measures

The central measures in the environmental areas of greatest importance for RBI are presented in brief in the overview below and in the chapters that follow.

Overview of fair partner/inhouse ecology measures		Austria						CE				SEE				EE					
Topic	Measure	RBI AG	RBSK	RKAG	RL Valida	RCB	Kathrein	RBPL	TBSK	RBCZ	RBHU	RBAL	RBBH	RBBG	RBKO	RBHR	RBRO	RBR5	RBBY	RBRU	AVAL
Certificates	Environmental Certificates	✓*	✓*	✓*	✓*	✓*		✓	✓	✓		✓	✓								
Energy savings and efficiency	Power savings for lighting energy-saving mode on computers	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Evening/weekend mode	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Measures involving the building	✓	✓	✓	✓	✓		✓				✓	✓	✓	✓	✓	✓		✓	✓	
	Other adaptations in heating and cooling	✓	✓	✓	✓	✓	✓		✓	✓	✓		✓	✓		✓	✓	✓	✓	✓	✓
Renewable energy	Photovoltaics and energy geothermal in/on the building	✓									✓		✓			✓					
	Green electricity in the power mix	✓	✓	✓	✓	✓		✓				✓	✓			✓					
Business travel	Measures for reducing	✓	✓	✓	✓	✓	n.a.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Fleet	Environmental measures in the fleet	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓
Material consumption	Measures for reducing paper consumption	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Paper with an environmental label	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓		✓		✓	✓	✓
	Measures in the IT area	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Waste	Waste separation	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓***	✓	✓	✓	✓	✓	✓	✓	✓****
Water	Measures for reducing water consumption	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓		✓	✓			✓	✓	
Employee information	Employee information e.g. in the form of trainings and via intranet	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓		✓	✓	✓	✓			✓	
Suppliers	Suppliers with environmental and social standards	✓**	✓**	✓**	✓**	✓**	n.a.		✓				✓		✓	✓					
Compliance	No violation of environmental legislation	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Please see the list of abbreviations for the complete company designations.

- * ISO 14001 Facility Management
- ** Query made by ZHS Office- & Facilitymanagement GmbH
- *** Only paper
- **** Waste outsourced

Supplier evaluation and purchasing

RBI AG has around 2,200 suppliers which mainly provide services to the Head Office in Vienna and RBI. The biggest expenses are in the areas of IT, Facility Management, Consultation and Marketing communications. Suppliers are selected and classified according to selected criteria, and sustainability criteria are factored into this through considerations of regionality. All suppliers of RBI must observe the Code of Conduct (CoC) and its principles, which include compliance with laws, the ban on corruption and fraud, attention to employees' basic rights and environmental regulations.

Purchasing for RBI is partly carried out via RBI AG or for subsidiaries via ZHS Office- & Facilitymanagement GmbH (ZHS). The latter takes on the following tasks for RBI AG: Building & property administration, building management, energy management, space & relocation management, event support, purchasing of office supplies, waste management and environmental protection.

Acting responsibly towards the environment and society, the ZHS revised supplier-related requirements in 2013. Criteria taken into consideration include quality and costs as well as inquiries about supplier distance, compliance with industry standards, agreements and guidelines on the environment and sustainability (e.g. UNGC) and maintenance of certifications (quality, environment, employee protection, such as ISO 9001, ISO 14001, EMAS). Apart from the obligatory annual check on supplier criteria, key environmental and social data are also surveyed via an internal questionnaire. All suppliers of ZHS must meet certain sustainability criteria, which are electronically recorded and analyzed. If these criteria are not met, no business relationship will be entered into.

A key supplier in Austria is Raiffeisen Informatik GmbH, which has set itself the goal, in terms of sustainability management, of combining successful economic activity with responsibility for the environment and society. Raiffeisen Informatik aims to shape the use and provision of information technology in an environmentally friendly and resource-efficient manner across its entire life cycle.

Additionally, RBI's top suppliers, provided purchasing is performed centrally, have been surveyed on the following topics since 2015:

- Environmental and/or socially relevant certificates for the company and/or for products and/or services purchased from us
- Proceedings due to the infringement of environmental regulations
- Indicators on mobility (km/tkm²)

88 percent of suppliers responded, and 56 leading suppliers (based on turnover) were surveyed. The feedback shows that:

- 57 percent of all suppliers have social and/or environmental certificates for their company.
- 63 percent of suppliers publish their environmental and social data.
- 29 percent of suppliers have entered into a commitment with respect to sustainable aspects (e.g. Work & Family audit, UNGC, Diversity Charter).
- No suppliers are in proceedings due to the infringement of environmental regulations.

We see the survey as an important step towards raising more awareness among our suppliers and will continue with it.

² Ton kilometers or tkm are calculated from the transported mass in tons and the distance covered in kilometers.

CO₂e emissions



Average CO₂e emissions (calculated with the emission factor ecoinvent v3.3) for 2017 came to 53,938 tons (t) (location-based) and was reduced by 22 percent compared to 2011 (the first reporting date).

Of this, 6,270 t of CO₂e was allocated to Scope 1 (twelve percent), 26,442 t (49 percent) to Scope 2 (location-based) and 21,226 tons (39 percent) to Scope 3. The greatest reductions compared to 2011 were achieved in Scope 1 and Scope 2 (down 26 percent). In Scope 3, emissions have dropped 13 percent since 2011. Compared to the previous year, emissions were reduced by nine percent.

- Energy consumption accounts for about 70 percent of emissions (down two percent compared to the previous year or 23 percent compared to 2011) at 37,914 t CO₂e and is the biggest source of emissions for RBI. Electricity consumption accounts for 95 percent of this, while heating demand accounts for approx. five percent. The emissions particularly arise in Scope 2 as well as in Scope 1 and 3.

RBI's total energy consumption was around 116 GWh in 2017 (up twelve percent compared to the previous year). Of this, about 80 GWh was needed for electricity, almost 35 GWh for heating and 0.3 GWh for emergency power. In terms of employees and year, the average energy consumption is 4,703 kWh.

The RBI's proportion of green electricity is around 34 percent.

- Business travel generates 12,335 t CO₂e, which corresponds to about 23 percent of emissions (three percent less than the previous year, and 13 percent less than 2011). Travel is thus RBI's second-biggest source of emissions. It arises in both Scope 1 and Scope 3.

Business travel at RBI amounts to around 61 million pkm (passenger kilometers; pkm are calculated based on the number of persons carried and the distance covered). Business travel in the group, in terms of employee and year, amounts to 2,456 pkm on average.

If the means of transport (in terms of the pkm traveled) are compared, then air travel makes up the biggest proportion at 49 percent, followed by business travel in company cars at 48 percent. Business travel by rental car and by rail make up the lowest proportion at around one percent each. The RBI fleet is particularly friendly to the environment with an average of 130 g CO₂e emissions/km.

- Material use (particularly paper) amounts to 1,829 t CO₂e, which is about three percent of emissions (30 percent lower than in the previous year, and 33 percent lower than 2011). At just over three percent, material use occupies third place as an emissions cause,



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Jürgen Schneider, Member of the Executive Board, Environment Agency Austria

"Never before have so many people lived on our planet. Prosperity is growing, and the proportion of people suffering from hunger is dropping, even though far too many people are affected by malnutrition. On the other hand, in some areas we are pushing the physical load limits of our planet. Ecosystems are disappearing irretrievably, access to clean drinking water is not guaranteed in many places in the world, and the climate crisis is threatening our prosperity. Political responses such as the Paris Climate Accord are necessary, but they must be acted upon as quickly as possible. Thankfully, individuals, regions, cities and companies are no longer waiting on government measures and regulations, instead they are taking their societal responsibility seriously and taking matters into their own hands - in terms of implementation of the Sustainable Development Goals (SDGs) of the United Nations. The sustainability and climate protection Activities of RBI are a shining example, not only due to their broad stakeholder involvement, but also due to their thematic diversity and innovative power, as the climate policy and climate strategy developed in 2017 show."

QUOTE



but nevertheless makes up a negligible proportion. The impacts are felt solely in Scope 3. The proportion of recycled materials in paper purchasing is 70 percent.

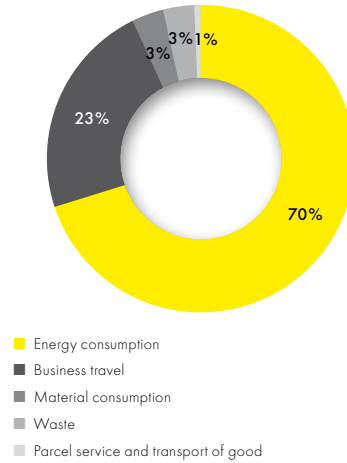
Overall, more than 710 tons of paper were consumed in RBI in 2017. The paper consumption per employee amounts to 5,757 sheets/year.

- Waste, at 1,618 t CO₂e, is also negligible and accounts for three percent of emissions (five percent higher than the previous year and six percent higher than 2011). The effects are solely reflected in Scope 3.

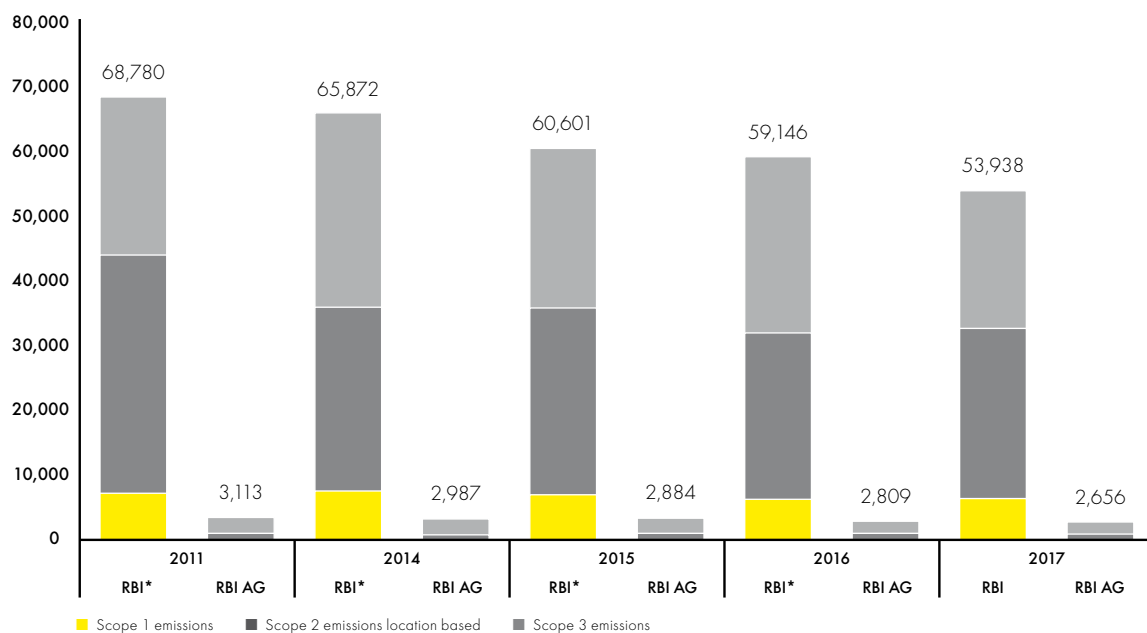
The quantity of waste produced by RBI amounts to about 2,820 tons per year or 114 kg/employee and consists of 94 percent non-hazardous waste. 35 percent of waste is brought to landfill sites, approx. 36 percent is incinerated and 23 percent recycled. Electrical devices make up about six percent. Hazardous waste, including electrical devices, is disposed of properly.

- The parcel service and transport of goods is around 0.4 percent of emissions at 241 t CO₂ (no comparison with 2011 is possible because this indicator was not yet recorded for the entire group in 2011). The km/tkm values of the suppliers reported in the supplier survey were collected internally but not included due to insufficient verifiability. The impacts of the emissions are felt primarily in Scope 3.
- Water use (exclusively tap water) comes with 73 kg in last place as an emissions causer at almost zero percent. Total water consumption (only ground water is used) was 230,317 m³ or 9 m³/employee and year in 2017.

Source of the CO₂ emissions of RBI



Scope 1-3 emissions of RBI in t CO₂e from 2011-2017



* The values consist of the figures for the companies listed in the chapter Overview (Report scope and data collection, page 8, first paragraph).

Overview of key performance indicators

The key figures of RBI and RBI AG are shown in the following table.

	RBI							RBI AG
	2017	2016*	Change to previous year	2015*	2014*	2011*	Change from 2017 to 2011	2017
Material								
Non-recycled paper in t	215	275	-22%	270	270	397	-46%	22
Recycled-paper in t	495	647	-24%	728	650	796	-38%	41
Total paper in t	710	922	-23%	997	920	1,193	-41%	63
Paper consumption in sheets/employee	5,757	8,401	-31%	8,580	8,176	11,628	-50%	4,833
Energy								
Emergency power generator in MWh	287	301	-5%	182	196	274	5%	29
External procurement of electricity in MWh	80,467	76,546	5%	77,769	79,366	82,291	-2%	10,949
External procurement of heat in MWh	35,421	27,288	30%	30,270	33,265	33,078	7%	6,627
Total energy consumption in MWh	116,174	104,135	12%	108,221	112,826	115,643	0.5%	17,605
Electricity consumption in kWh/employee ¹	3,269	3,476	-6%	3,350	3,525	4,016	-19%	4,193
Heat consumption in kWh/employee	1,434	1,234	16%	1,301	1,474	1,609	-11%	2,531
Total energy consumption in kWh/employee	4,703	4,711	-0.2%	4,651	4,998	5,625	-16%	6,724
Water								
Tap water consumption in 1,000 m ³	230	248	-7%	264	300	241	-5%	36,205
Water consumption in m ³ /employee	9	11	-17%	11	13	12	-21%	14
Waste								
Hazardous waste for incineration in t	0.0	0.4	-100%	0.3	1	0.2	-100%	0.0
Hazardous waste for landfill in t	3	4	-5%	5	5	6	-47%	0.0
Hazardous waste for recycling in t	11	10	15%	11	12	11	0.0%	0.5
Non-hazardous waste for incineration in t	1,008	913	10%	1,015	1,309	1,682	-40%	125
Non-hazardous waste for landfill in t	997	1,087	-8%	793	859	929	7%	0.0
Non-hazardous waste for recycling in t	646	771	-16%	893	902	781	-17%	281
Old-electronic devices for recycling in t	155	162	-4%	165	75	31	406%	1
Total hazardous waste in t	14	14	6%	16	17	18	-18%	0.5
Total non-hazardous waste in t	2,651	2,769	-4%	2,701	3,070	3,392	-22%	406
Waste in kg/employee	114	133	-14%	124	140	167	-32%	155
Business travel								
1,000 pkm by own car	29,357	22,845	29%	32,506	39,200	38,446	-24%	1,243
1,000 pkm by rented car	610	9,844	-94%	6,458	6,428	16,069	-96%	402
1,000 pkm by plane	29,853	24,864	20%	20,065	20,541	15,393	94%	11,499
1,000 pkm by train	841	619	36%	1,610	1,231	215	291%	275
1,000 pkm total	60,660	58,173	4%	60,640	67,399	70,123	-13%	13,418
Business travel in pkm/employee	2,456	2,644	-7%	2,603	2,988	3,411	-28%	5,125
CO₂ emissions²								
Scope 1 emissions in t	6,270	6,027	4%	8,476	5,296	7,150	-12%	238
Scope 2 emissions location based in t	26,442	25,801	2%	25,503	26,160	37,197	-29%	179
Scope 2 emissions market based in t	26,203	26,890	-3%	n.a.	n.a.	n.a.	n.a.	1,998
Scope 3 emissions in t	21,226	27,318	-22%	23,506	23,919	24,433	-13%	2,239
Scope 1+2 emissions in t	32,712	31,828	3%	33,071	34,636	44,347	-26%	417
Scope 1-3 emissions loc. based in t	53,938	59,146	-9%	56,631	58,555	68,780	-22%	2,656
Scope 1+2 emissions loc. based in kg/employee	1,324	1,440	-8%	1,421	1,534	2,157	-39%	159
Scope 1-3 emissions loc. based in kg/employee	2,184	2,676	-18%	2,434	2,594	3,345	-35%	1,015
Fleet								
CO ₂ emissions of the fleet in g/km	130	130	0.0%	n.a.	n.a.	n.a.	n.a.	144
Purchasing								
Procurement from local suppliers	82%	79%	3 PP	76%	65%	n.a.	n.a.	100%

* The values consist of the figures for the companies listed in the chapter Overview (Report scope and data collection, page 8, first paragraph).

¹ Incl. emergency generator

² CO₂ emissions for all years are calculated on the basis of the ecoinvent v3.3 factors.

Future outlook and Sustainability Program

Human Resources

Having conducted the group-wide employee survey with the headquarters in Austria in 2017, work on the analysis and implementation of the package of measures resulting from the survey results will continue in 2018. Furthermore, new IT solutions and providers will be evaluated in order to give due consideration to the new requirements of feedback culture.

At RBI AG, the measures for the "Diversity 2020" initiative will be continued. A diversity policy for RBI will be published in mid-2018.

In parallel with the digitization topics, which were implemented in the market development areas at RBI AG, the HR function will be more involved with the resulting changes in the work world. Subsequently, a new digital HR agenda will be drafted which gives due consideration to the opportunities and challenges of changes in the banking world.

In order to adequately address the developments of advancing digitalization, the "landscape" of RBI's HR information systems should be substantially further developed. In an initial phase, several network banks and the headquarters are working on selected HR core processes in a transnational project, which will be operated centrally from a competence center of the Czech network subsidiary.

Inhouse ecology

Environmental protection, along with conservation of resources and mobility, is one of the mega-trends of this century and is changing the awareness and behavior of humans and companies in a variety of ways. The primary goal of international climate policy, agreed on during the Paris Climate Agreement (COP21) of December 2015 and implemented in October 2016, describes limiting global warming to below 2°C, which is consistent with the scientific findings of the Intergovernmental Panel on Climate Change (IPCC) and Agenda 2030.

The central task in the management of environmental trends involves contributing towards the attainment of the Paris climate goals for RBI. This includes the identifying of strategically important areas of energy consumption and the mobility sector. In times of dynamic and regulatory environmental development, the main environmental opportunities for, and risks to companies must also be reviewed in the strategic analysis. For RBI, these primarily include economic, political and social changes, changes to the market and changes in the supply chain. In all these areas, a higher level of flexibility is required for the environmental goals and environmental measures.

The EU's priorities in the area of renewable energy and energy efficiency have a supporting effect, as these topics are also of great importance to RBI. In addition to innovative programs to reduce carbon dioxide emissions, they will be key to achieving the set environmental objectives.

RBI set environmental targets for the entire group many years ago. As a result of the dynamic developments in 2016, these goals were adjusted to the 2°C target of COP 21 with a long-term timeframe through to 2050. In the coming years, the climate goals for RBI determined in 2017 by the Raiffeisen Sustainability Initiative (RNI) will predominantly be adapted, and new areas for action will be reviewed (see also page 144).

Excerpt from the Sustainability Program

Fair partner				
General objectives: Comprehensive stakeholder involvement; high employer attractiveness; reduction in environmental impacts				
Strategy area	Objectives	Measures	Status	
From the 2018 Sustainability Program	Fair partner (Employees)	Publication of a Group-wide diversity policy	Drafting and coordination with all relevant stakeholders	Implementation in the first half of 2018
	Fair partner (Employees)	Increase in the proportion of women in executive management of the RBI Group to 35% by 2024	Implementation of the range of measures launched in 2016 for the "Empowerment of Women" in RBI AG; expansion of the initiatives to the entire RBI Group	Ongoing
	Fair partner (Employees)	Integration of people with disabilities	Implementation of the range of measures in the initiative "Diversity 2020"	Ongoing
	Fair partner (Employees)	Adaptation of the RBI working environment to changes brought about by digitization	Digital HR agenda will be launched	Ongoing
	Fair partner (Employees)	Maintenance of the blog "Sustainability and corporate responsibility"	Expansion of the group of authors, regular publication of sustainability entries	Ongoing
	Fair partner (Employees, Inhouse ecology)	Contribution to the Sustainable Development Goals (SDGs)	Implementation of measures for the SDGs 5, 7, 8 and 13	Ongoing
	Fair partner (Inhouse ecology)	Implementation of a climate strategy in inhouse ecology	Elaboration of a group-wide environmental policy	Ongoing
	Fair partner (Suppliers)	Further implementation of the environmental targets defined in 2015	Prioritization to increase energy efficiency	Ongoing
	Fair partner (Suppliers)	Survey of the status of RBI's top suppliers with regard to the environmental and social aspects of their business management	Implementation of a supplier survey, in which they receive a corresponding questionnaire once a year	Ongoing
	Fair partner (Inhouse ecology)	Review of RBI's environmental targets	Adaptation of the goals in accordance with the elaborated climate strategy as part of the Raffaeisen Sustainability Initiative (RNI)	Ongoing
From the 2017 Sustainability Program	Fair partner (Employees)	Publication of a vision, mission and strategy "Diversity 2020"	Development and publication of the vision, mission "Diversity 2020" and strategy for all relevant aspects of diversity	Implementation in the first half of 2017
	Fair partner (Employees)	Increase in the proportion of women in executive management of the RBI Group to 35% by 2024	Implementation of the range of measures launched in 2016 for the "Empowerment of Women" in RBI AG; expansion of the initiatives to the entire RBI Group	Ongoing
	Fair partner (Employees)	Implementation of the "Diversity 2020" strategy	Development of a package of measures for all relevant aspects of diversity and their implementation	Implementation completed
	Fair partner (Employees)	Adaptation of the RBI working environment to digitization	Dealing with the effects of digitization on the working world (e.g. verification of IT systems and working environments)	Implementation completed
	Fair partner (Employees)	Improvement in employee enablement and commitment	Development of a package of measures and their implementation on the basis of the employee surveys in 2016	Implementation completed
	Fair partner (Employees)	Realignment of the performance management system	Group-wide introduction for realigning the performance management concept developed in 2016 for 2017 and 2018	Implementation completed
	Fair partner (Employees)	Evaluation and optimization of measures for the TOP 5 Sustainable Development Goals (SDGs)	Evaluation of the Top 5 SDG goals for employees and their possible expansion; optimization of measures relating to the Top 5 SDG goals	Implementation completed
	Fair partner (Employees)	Implementation of the Sustainability and Diversity Improvement Act (NaDiVeG)	Internal review to determine whether individual contents in the Employees chapter need to be adapted or presented in detail based on the NaDiVeG	Implementation in the second half of 2017
	Fair partner (Inhouse ecology)	Evaluation and optimization of measures for the TOP 5 Sustainable Development Goals (SDGs)	Evaluation of the Top 5 SDG goals in the area of the environment and their possible expansion; optimization of measures relating to the Top 5 SDG goals	Implementation completed

From the 2017 Sustainability Program	Fair partner (Inhouse ecology)	Implementation of the Sustainability and Diversity Improvement Act (NaDiVeG)	Internal review to determine whether individual contents in the inhouse ecology chapter need to be adapted or presented in detail based on the NaDiVeG	Implementation in the second half of 2017
	Fair partner (Inhouse ecology)	Implementation of a climate policy and strategy (as part of the RKI)	Collection of the relevant data and preparation of a climate policy and strategy for RBI AG in Austria in cooperation with the Environment Agency Austria	Implementation completed
	Fair partner (Inhouse ecology)	Use of green electricity at the Viennese sites	Certified green electricity without large-scale hydropower	Implemented since 2013
	Fair partner (Suppliers)	Survey of the status of the top suppliers with regard to the environmental and social aspects of their business management	Conducting of a supplier survey, in which the suppliers receive an annual questionnaire on environmental and social issues	Implementation completed
	Fair partner (Inhouse ecology)	Participation in CDP	Participation of RBI in CDP and derivation of suitable measures	Implementation in the first half of 2017
	Fair partner (Inhouse ecology)	Implementation of environmental targets such as: CO₂ reduction of Scope 1-3 emissions by 60 percent by 2050	Derivation of measures aimed at implementing the defined objectives of the environmental program	Implementation completed
From the 2016 Sustainability Program	Fair partner (Employees)	Creation of a Human Capacity Report for the Raiffeisen Banking Group in Austria (incl. the RZB Group Austria)	Survey of the relevant data and creation of a Human Capacity Report for the Raiffeisen Banking Group in Austria (incl. the RZB Group Austria)	Implemented in the second half of 2016
	Fair partner (Employees)	Increase in the quota of women in executive management to 35 percent by four to nine years	Detailed elaboration of the defined package of measures and beginning of the implementation	Ongoing
	Fair partner (Employees)	Use of the materiality analysis Updates	Analysis of the results of the materiality survey and adjustment of the sustainability program	Implemented in 2016
	Fair partner (Employees)	Raising awareness of sustainability among the employees	Expansion of the online training already in place at RZB AG and RBI AG to employees of the network banks in an English-language version	planned for the second half of 2016 postponed to second half of 2017
	Fair partner (Employees)	Performance Realignment Management System	Revision of the performance management concept; conducting of pilot projects in 2016 and group-wide introduction in 2017 and 2018	Ongoing
	Fair partner (Employees)	Determination of employee enablement and commitment	Conducting of a group-wide employee survey in the fourth quarter of 2016	Ongoing
	Fair partner (Inhouse ecology)	Use of green electricity at the Vienna sites	Conversion to certified green electricity without large-scale hydropower	implemented in 2013
	Fair partner (Suppliers)	Survey of the status of the Top 30 suppliers with regard to the environmental and social aspects of their business management	Conducting of a supplier survey, in which the suppliers receive an annual questionnaire on environmental and social issues	Ongoing
	Fair partner (Inhouse ecology)	Participation in CDP	Participation of RBI in CDP and derivation of suitable measures	Implemented in first half of 2016
	Fair partner (Inhouse ecology)	Implementation of new environmental targets such as: CO₂ reduction of Scope 1-3 emissions by 30 percent by 2025	Derivation of measures aimed at implementing the defined objectives of the environmental program	Ongoing

Field of action Engaged citizen: As designers of a sustainable society and environment



7 AFFORDABLE AND
CLEAN ENERGY



13 CLIMATE
ACTION



Engaged citizen

We consider ourselves to be an engaged corporate citizen who actively champions sustainable development in our society. The commitment of RBI as a corporate citizen extends beyond the core business. This involves pursuing the aims of counteracting social problems, promoting cultural life, and protecting the environment. Diversity, tolerance and a strong focus on people are the mainstay of our efforts to bring about future-oriented developments in society. As defined in RBI's sustainability strategy, the key areas of action – including in the role of committed corporate citizen – always contains economic, social and environmental considerations.

In the head office, a regulation sets up the procedure for donations, sponsorship and advertising requests, as well as for memberships for all employees. While there are national rules in the network banks, the Code of Conduct (see page 40 et seq.) makes it compulsory for all employees that charitable contributions are under no circumstances allowed to be used as a condition or means of influencing decisions or public officials.

In our role as “engaged citizen”, we champion issues that are essential for the transformation into a sustainable society. In that context, sustainability is not limited to environmental protection, but rather, environmental protection is linked to economic progress and social justice.

As an international banking company, we think it is important to play a part in future issues being openly discussed in conjunction with a sustainable financial economy, and these issues being deliberated with our stakeholders and the wider public.

Cooperation with the relevant socio-political representatives and stakeholders is very important, as new systems can only be created through cooperation. These systems also signify a new quality in the economy.

The RBI Group champions an active civil society and social well-being. It supports an open society and considers itself to be promoter of integration, awareness and openness. Social awareness is a driving force for sustainability. This means that RBI is trying to demonstrate the consequences of social action and to make discussion of sustainable solutions public.

At Raiffeisen, protecting the environment and the climate has been incorporated into the “Raiffeisen Nachhaltigkeits-Initiative” (Raiffeisen Sustainability Initiative, RNI) – previously the Raiffeisen Klimaschutz-Initiative (Raiffeisen Climate Protection Initiative) for over ten years and is implemented through a multitude of projects and measures. The RNI is considered a platform, service and representational device for all the activities of its members (RBI AG is one of its founding members) in the area of sustainability. It supports its members in the conception, implementation and communication of measures related to this issue. Driving sustainability and raising awareness are among the priorities of the platform.

In order to achieve long-term success, dialogue with internal and external stakeholders, as well as comprehensive communication, were of great importance from the outset. For example, an annual networking event has been established which, in addition to expert lectures and panel discussions, also enables sharing of best practices. In addition to the RNI website and Facebook page, we have, since 2015, hosted a separate, content-rich eco-energy blog. Selected collaborations, such as the student ideas competition “Jugend Innovativ” (Innovative Youth), have also been successfully implemented for many years.

Impacts, risks and opportunities

In the “2016 Online Survey regarding Materiality,” internal and external stakeholders ranked our commitment to society and the environment in second place out of eight possible topics that had previously been characterized as essential. This illustrates the importance of this issue, and at the same time, stakeholders’ high expectations.

As a member of society, RBI contributes to the common good, beyond its business activities, in all the countries in which it is present. As a result, in our commitment as a corporate citizen we see opportunities, but no significant risks.

Poverty eradication, integration and solidarity are important goals of our social commitment. We advocate for social sustainability in terms of reducing poverty, fostering better educational prospects and equal opportunity as well as a fairer distribution of income, and for treating people with respect, regardless of their origins.

Derived from the cooperative principle and the motto “Help for self-help,” RBI sees its contribution in upholding positive social values. Its commitment in this area is visible in, among other things, support for all kinds of cultural projects. Furthermore, RBI is not only a regional economic multiplier, but also takes numerous measures to strengthen the regional economic and social structures of the markets in which it operates. The declared goal of RBI is to establish responsible corporate management and to promote sustainable innovations – including by strengthening the business locations group-wide. RBI creates and secures jobs in these regions. And, the company promotes sustainable business via strategically-chosen memberships, and activities in organizations.

Of course, as a financial sector company, RBI thinks that improving knowledge about how to handle money is very important. It therefore actively supports such initiatives. In doing so, and, for clients and non-clients alike, RBI seeks to promote individuals’ responsibility for their personal finances. In addition, RBI contributes to society by initiating corporate volunteering programs, supporting various social projects and entering into partnerships with NPOs and NGOs.

With these projects, RBI is driving the reduction of inequality and poverty, often with support from many employees. It thus contributes to securing social peace, which is only possible through the satisfaction of human needs, such as lifelong learning, employment and prosperity. RBI gets involved through selected memberships and activities in organizations that promote sustainable business activities as well as the framework conditions required for them. At the same time, it seeks to raise awareness of environmental issues, to protect those ultimately deprived of their livelihoods due to the impacts of global climate change.

Supported projects and initiatives

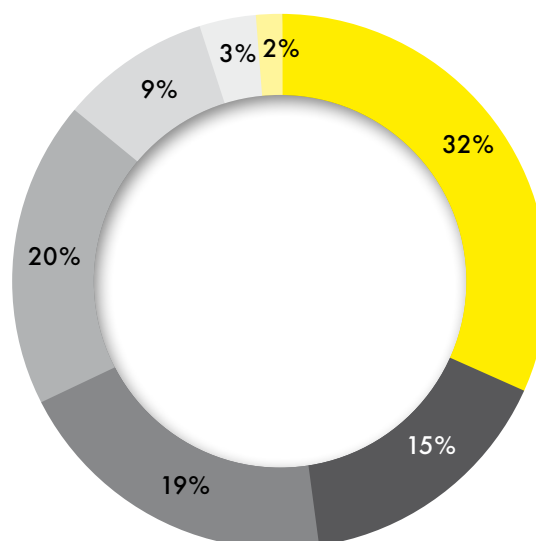


RBI invested € 3,471,757 million in total in the community in 2017. This supported projects in those communities in which the group is operationally active. The topics and projects we promote are as diverse as life itself.

Key indicator (in €)	2017	2016	2015
Investments in the community	3,471,757	4,010,047	2,991,421

Percentages of monetary donations by the RBI in 2017, by topic¹

	in €	in %
(Financial) Education	1,069,032	32
Culture and art	525,166	15
Other	643,984	19
Social	684,462	20
Sports and health	311,367	9
Environmental protection	102,776	3
Science and research	53,889	2



¹ Breakdown as recorded in the "mona" monitoring tool

In addition to the above-mentioned donation amounts, RBI supports numerous projects and activities through sponsorship as part of its social and cultural commitment.

To meet our social responsibility, RBI decided years ago not to restrict itself to only a few major aid projects but instead to place factors such as personal commitment and regional societal challenges at the forefront of our decisions. RBI and its employees are involved in a wide range of projects and initiatives by providing financial support or by fostering contacts.

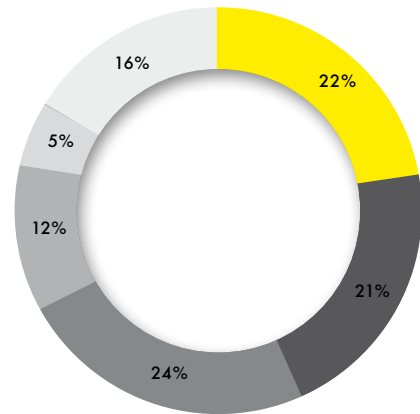
In the context of the principle of "Help others to help themselves" RBI, often in cooperation with various NGOs, provides support in the field of education, arts and culture, sport, as well as charitable initiatives and environmental activities.

This results in the total number of projects supported in 2017:



The figures of RBAL also include those of Raiffeisen INVEST.

Percentages of all implemented projects of the RBI 2017, by topic



(Financial) Education ■ Culture and art ■ Social ■ Sports ■ Environmental protection ■ Other initiatives

The figures of RBAL also include those of Raiffeisen INVEST.

An overview of the measures implemented in the engaged citizen field can be found below:

Overview of engaged citizen measures

Measure	Austria							CE				SEE					EE				
	RBI AG	RBSK	RKAG	RL	Valida	RCB	Kathrein	RBPL	TBSK	RBCZ	RBHU	RBAL	RBBH	RBBG	RBKO	RBHR	RBRO	RBR5	RBBY	RBRU	AVAL
Financial education/ financial literacy	✓							✓	✓	✓	✓		✓	✓		✓	✓		✓	✓	✓
Other educational initiatives	✓			✓			✓		✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Cultural initiatives	✓		✓					✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Social initiatives	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Corporate volunteering	✓				✓	✓		✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Sports initiatives	✓		✓					✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Environmental initiatives	✓								✓			✓	✓	✓	✓	✓	✓				✓

Please see the list of abbreviations for the complete company designations. The figures of RBAL also include those of Raiffeisen INVEST.

The reported examples represent just a small sampling of our many initiatives. Due to their large number, we have decided for the first time to publish only three submitted projects from each area in this report.

We are particularly proud of the fact that many of our employees not only make the projects supported by RBI possible through their personal commitment but, also take on social activities in their free time.



Personal commitment is necessary considering the comprehensive changes that the global community of nations is striving to achieve by the end of 2030 through the “Sustainable Development Goals (SDGs)” (see page 25). In the same way that each company can play a role and get

actively and directly involved, every individual has an opportunity to get personally involved and be part of the sustainable change required for reaching the goals through activities such as corporate volunteering.

The many measures implemented by RBI in 2017 in its role as “engaged citizen” supported multiple SDG objectives such as, for example, SDG 1 (end poverty in all its forms everywhere). With their initiatives in the area of (financial) education, RBI offers the possibility of taking on another urgent social challenge. In this way, it takes into account SDG 4 (ensure inclusive and equitable quality education and promote lifelong learning opportunities for all). This results in a possible effect on SDG 8, which envisions the promotion of sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all. That should help considerably to reduce, by 2020, the proportion of young people without jobs or academic or occupational training. RBI is convinced that particularly its corporate volunteering projects can always support several goals at the same time.

Financial education (financial literacy) and other educational initiatives

Education is one of the most important issues of the 21st century. RBI contributes to the improvement of education, an important tool in the fight against poverty. It actively promotes an understanding of financial products and services, and imparts banking expertise as part of its advisory role in day-to-day operations. It is closely linked with the subject of financial education, i.e. the competent handling of money and financial matters, also referred to under the term “financial literacy” due to its core business. RBI focuses on this issue in particular in the field of education. Appealing to various age groups and integrating employees into corporate volunteering programs makes it possible to reach everyone from school children and students through to the wider public via a variety of channels. A lot of effort goes into improving individuals’ everyday life, and, through financial education, to laying a foundation for the future responsible handling of money.

Financial literacy



© Warsaw Institute of Banking

The employees of Raiffeisen Polbank in Poland participated in the project “BAKCYL – Bank Employees for Youth Financial Education” in the area of financial education. In this initiative organized by the Warsaw Institute of Banking in partnership with the Polish Bank Association, employees of Raiffeisen Polbank took part in corporate volunteering events to teach basic financial principles to middle school students.

In 2017, 16 employees volunteered 161 hours to share financial knowledge with young people and to offer them a foundation for making wise decisions

in later life. Overall, a total of 45,492 students were reached by the BAKCYL initiative of the Warsaw Institute of Banking, including approximately 3,380 students taught by Polbank employees.



© Fotolia

Students Leadership Award” for the first time in the 2014/15 school year. The foundation prepares students to be successful in business and teaches them about starting up companies and creating jobs. Raiffeisenbank a.s. is a long-term partner of the Czech student competition “The best practice company”. Employees of Raiffeisenbank get involved as members of the jury and work actively on developing and expanding the competition.

The Junior Achievement Foundation, established in the Czech Republic in 1992 by Tomáš J. Batá, is a charitable organization specialized in teaching at primary and secondary schools. Founded in 1919 in the United States, the organization is the world’s oldest and largest non-profit organization in the area of education and works closely with companies whose managers give presentations or function as jurors in competitions, for example. More than ten million students between the ages of six and twelve participate annually in the Junior Achievement Program. The partnership with Raiffeisenbank a.s. began in 2005. As part of this competition, the bank introduced the “Raiffeisen



© Professor Claudia Tomescu

money or manage their personal budget in an age appropriate manner. The program offers separate modules for each primary school level. These are called “We ourselves”, “My family”, “My town”, “Our economy”, and “Our community”. The module at secondary level is called “The ABCs of banking”. The modules are used in accordance with the public-school curriculum as an optional subject, with the goal of promoting skills in connection with financial independence, prosperity and life management. Each module contains its own set of instructional materials, including a manual for teachers, a notebook for students and a variety of resources.

Raiffeisen Bank S.A. in Romania supports a national financial education program, coordinated by the NGO Junior Achievement Romania. As one of the first financial education programs in Romania, the program has obtained investments totaling about half a million euros. Established in 2010, the program can now look back on many years of experience in the area of financial education. Children and young people were given help in understanding financial management concepts, providing them with sufficient knowledge to make decisions regarding financial products and services. The program aims to assist children in developing their skills to plan expenditures, save

Between 2010 and 2017, more than 35,350 primary and secondary students benefited from this education, and the teachers, parents and volunteers also benefited indirectly. In total, 1,136 teachers from over 460 Romanian schools participated in the financial education over the past seven years. Every year, more than 100 employees of Raiffeisen Bank S.A. volunteer in the program. Our employees have already made over 700 visits to classrooms to share their expertise. In 2016, 1,300 primary school students of the first round of the program (2012-2016) completed all five modules of the financial educational series.

Additionally, parents of the instructed children were involved through various means – such as a questionnaire that determined the extent to which parents already include the topic of money as part of child rearing, and a letter explaining the advantages of financial education in more detail.

Further educational initiatives



© Raiffeisen, Christopher Neiber

Raiffeisen has been supporting and promoting creativity among children and teenagers for 47 years with its International Raiffeisen Youth Competition. In 2017, the competition organized by the “Zentrale Raiffeisenwerbung” (the Central Raiffeisen Advertising), of which RBI AG is a member, took place under the motto “Friendship is colorful!”. The competition calls on children and young people to deal creatively and critically with the topic of friendship: What does friendship actually mean? Where does it start and what does it matter? The concrete task for students of the first to fourth grade was, for example, to use a brush or pencil to commit the experience shared with friends to paper. Middle school students were able to creatively express themselves on the topic “Together we are strong.” “Friendship without borders” was the theme of the creative competition for vocational and high school students. The topic was the connection between friends and borders, which can be overcome together. Two of the lucky winners come from Austria: Alma Moser, 14 (whose picture can be seen), and Amanda Stummvoll, 17.

Participating countries included Austria, Germany, Switzerland, France, Luxembourg, Italy and Finland. Altogether there were 730,000 submissions with more than 68,000 students participating in the painting and drawing competition in Austria alone. At the end of the competition, the jury evaluations were held at the local and state level. The work by the winning contestants went on to be rated by an international jury in Helsinki, Finland.



© Innovation Academy

The Innovation Academy is a project of the Croatian Office of Creativity and Innovation (HUKI) in collaboration with Algebra University College, the Zagreb Technology Park and Raiffeisenbank Austria d.d. The Innovation Academy is a summer school that offers two innovative programs – the “Future Skills” program and the “Future Entrepreneurs” program, each lasting one week.

The “Future Skills” program was held in English. Participants became acquainted with important skills for the future and, heard about new technologies and innovations, learned digital marketing communications

and practiced digital skills, emotional intelligence and communication, entrepreneurship and project management.

The second part of the program was directed toward students who were interested in an entrepreneurial career. Over the course of the program, they learned how to create a business plan as well as how to develop entrepreneurial ideas, draft marketing strategies, initiate financing models and perfect their presentation skills. Here are a few examples of the product ideas produced in this program: smart traffic lights that help reduce traffic jams; a smart refrigerator that detects when it is running low and monitors the quality of foods consumed; a device for detection of the alcohol level in the blood of the driver once he sits behind the wheel and automatically prevents ignition, if necessary; and a new social platform for amateur photographers.

This remarkable program, which promotes very promising young talent, was financially supported by Raiffeisenbank Austria d.d. with € 3,970 and through participation in the regular meetings as guest speakers on various topics.



© Respiro Association

since then has been held annually from July to September. All NGOs and schools in Romania can enter by submitting their education projects. Each year, ten projects are supported with total funding of € 100,000 (€ 10,000/project). Since its inception, the initiative has received 1,753 submissions, garnered 600 volunteers who have participated in the evaluation of the projects and supported 100 projects and 17,000 beneficiaries. The grant program is implemented via the website of Raiffeisen Bank S.A.: www.raiffeisencomunitati.ro

Raiffeisen Bank S.A. in Romania is blazing new trails with the “Raiffeisen Communities Grants Program”. This initiative, which is being implemented in cooperation with the Association for Community Relations (ACR), is a financing program for promoting small and medium-sized projects directed toward the local communities where Raiffeisen Bank S.A. is present. The program is the first online grant competition of a Romanian bank that aims to support NGOs and educational institutions financially as well as through volunteer work and expertise.

The grant competition was established in 2011 and

Cultural initiatives

The commitment in the field of art is diverse and focused on different art forms as well as on national and international projects in order to promote widespread interest in art. The focus is also on the local art and culture communities.



© RBCZ, Internal Communication

On September 1, 2017, Raiffeisenbank a.s. in the Czech Republic became the primary sponsor of the national theater for the first time. The agreement was concluded for three seasons (until 2019/2020).

The aim of the cooperation is to support the quality and diversity of the productions of the national theater in all their facets. A donation was also made to the further development of culture in the Czech Republic.



© Source Production doo

Raiffeisen BANK dd Bosna i Hercegovina promotes art with the Raiffeisen GALLERY. The idea behind it: to give young, upcoming artists the opportunity to present their works to the public. For this purpose, a portion of the lobby at the head office was transformed into an innovative space where new works by young artists are exhibited, in each case for two months. During eight years of collaboration, the Raiffeisen GALLERY has held more than 45 individual exhibitions. Each exhibition offers visitors the opportunity to support young artists by purchasing of their artwork.

Raiffeisen BANK dd Bosna i Hercegovina has cooperated with the Academy of Fine Arts in Sarajevo for many years. Every year, to celebrate the signing of the agreement, the Raiffeisen GALLERY holds an exhibition with various student works, which is followed over the course of the year with individual exhibitions of select students.

Each year, the bank recognizes the academy's best students with monetary awards of around € 500 per student. In the year 2017, seven students had the opportunity to exhibit their work in the gallery.



© Arben Llapshtica

Culture as key – this is of particular importance for Raiffeisen Bank Kosovo J.S.C. In 2017, in all its cultural activities, it particularly addressed the need for youth education, including for example masterclasses during the Chopin Festival, and workshops and masterclasses during the “PriFest” Film Festival.

Since the inception of the Chopin piano festival “Prishtina”, Raiffeisen Bank Kosovo J.S.C. has been a festival sponsor. It offers concerts, master classes for students, and a symposium dedicated to the life and work of the composers or pianists being commemorated in the current year around the world. In April 2017, Raiffeisen Bank Kosovo J.S.C. once again supported education through talks, workshops, master classes and a special “PianoEdu” week, in which around 100 music students participated.

The Prishtina International Film Festival, “PriFest” for short, was held for the ninth time in Pristina, the capital of Kosovo. Raiffeisen Bank Kosovo J.S.C. has been a sponsor since the festival began in 2008 and has been the main sponsor since 2017. One of the most important events of the festival is the event series “PriFORUM Regional Coproduction”, which brings filmmakers from throughout Europe together in the heart of Kosovo. A series of workshops, master classes and speeches were held for the public and students in particular.

The European Summer Music Academy (SMA) was designed for young artists from Kosovo. In 2017, an orchestra academy was founded within the framework of the European Summer Academy for Music. The new symphony orchestra consists of young musicians from various countries in Southeastern Europe.

Corporate volunteering

The various corporate volunteering initiatives help to make the group feel part of a bigger picture, to support the Friedrich Wilhelm Raiffeisen's idea of helping others to help themselves today, and to proactively live up to our social responsibility together and within society.



© RBI AG

The “Deloitte/RBI Finance & Accounting School” initiative is a financial education project for recognized refugees at RBI AG. The goal is to use a standardized educational concept to make it easier for refugees to find entry into the workforce in the Austrian labor market. In cooperation with the business management consulting firm Deloitte, not only were suitable candidates with relevant training in accounting or business sought and selected in the fall of 2016, but a goal-oriented training program was fine-tuned as well. By way of support, each participant was assigned their own “buddy”.

Fourteen refugees from Syria and Iraq were able to acquire extensive knowledge in 95 sessions – a total

of 475 teaching hours. First, they brought their knowledge of German up to the graduation secondary school leaving exam level (Matura) at the WIFI-Vienna Economic Development Institute, before familiarizing themselves with German as a business language and with basic principles of business administration. The two modules on accounting practice included specialist presentations by RBI colleagues, which informed participants about intercultural competences and provided them with tips and tricks for applications and job interviews. For the final exam, they studied intensively with their buddies. Thus, ten participants were able to complete the written accounting practice exam at the WIFI in November 2017, and eight of them also took the oral (board) exam. Through internships at Deloitte and job training at RBI AG, participants can now apply the knowledge acquired.



© Matthias Streibel

propitious for raising awareness of financial issues. In three fourth grade classes, RBI employees supported the teachers with workshops as part of the independent studies phase on the financial topics of "Money and its function in the economy", "The monetary economy", "Overview of payment methods" and "Forms of savings/investments". A total of around 60 students took part in the workshops.



In 2006 the H. Stepic CEE Charity was founded by Dr. Herbert Stepic former Chief Executive Officer of RBI AG. In particular, the association sponsors and supports children and women in Central and Eastern Europe who find themselves in social, financial or health-related emergencies. Outside help is desperately needed, especially in crisis regions such as eastern Ukraine, but many rural areas in, for example, South-East Europe, continue to be characterized by abject poverty. Because of its deep roots in Central and Eastern Europe and its pragmatic approach, the H. Stepic CEE Charity positively influences the living conditions of the people it supports, offering them new perspectives.

Among other things, it provides children and adolescents with a home in a family-like environment, carries out education projects for street children, or promotes the self-preservation ability of young people through access to school and vocational training. All charity projects are carried out in collaboration with local or international partner organizations. They are served by dedicated RBI employees in Vienna and at most Central and Eastern European locations on a voluntary basis. This reduces administrative costs to a minimum, and all financial contributions flow directly into the projects.

In 2017, the H. Stepic CEE Charity supported a total of 18 ongoing projects in nine Central and Eastern European countries. These were primarily educational projects for street children and orphans as well as refugees. The employees of Raiffeisen BANK dd Bosna i Hercegovina also supported the projects of the H. Stepic CEE Charity. They visited socially disadvantaged families, single mothers and their children, who are housed in Ilijaš near Sarajevo and brought them gifts.



© Tatra banka, a.s.

Another financial education project was made possible by the cooperation of RBI AG with the social welfare work Diakonie Austria, which is responsible for running the Evangelisches Realgymnasium Donaustadt (ERG), which is operated at the lower level as a Vienna Middle School. The goals of this high school are to challenge young people as individuals and to train them to become self-aware, independent and socially committed persons capable of actively shaping their future. In the fourth grade, the students decide whether to embark on a vocational training course or remain in the university-preparatory secondary school (Gymnasium). This point in time seems particularly

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The corporate volunteering program of Tatra banka, a.s. in Slovakia offered employees the opportunity in 2017 to engage with four different initiatives - including the project "Viac pre regióny" (More for regions), which was carried out in cooperation with the non-profit environmental organization Daphne and the Tatra banka foundation.

The goal of the initiative is to promote the development of regions, to build up relationships and to promote cooperation with charitable organizations. The collaboration was preceded by online voting by the employees, who were able to vote for different kinds

of relief effort in each of the eight regions. Three rounds of voting were held to select the organizations to be

supported. These received a total of € 5,000 from the Tatra banka foundation and the employees donated their time to the organizations' activities during the following year. The organizations selected in this process were announced in December 2016.

One activity as part of the corporate volunteering program involved building wooden boxes for small birds, bats and falcons because of the decline in the number of trees in the woods of Slovakia with many animals needing natural hollows for nests, and therefore, to survive as a species. Working in groups and guided by the written instructions provided to them, the employees used nails to assemble the protective houses.

Social initiatives

The majority of the projects carried out during the reporting period were social initiatives. In conjunction with various national and international cooperation partners (such as Caritas and Red Cross), socially disadvantaged children and young people, along with single women, were those primarily offered aid.



© Martina Konrad-Murphy

RBI AG has been supporting a wide range of Caritas projects for many years. The basic pillars of Caritas are similar to Friedrich Wilhelm Raiffeisen's cooperative ideas: Both are about helping people in different living situations at a time of need. For this reason, in 2017 RBI AG raised funds in the amount of € 20,000 for the MOMO mobile children's hospice, founded in 2013.

When a child is suffering from a life-threatening or terminal illness, MOMO takes care of families using a holistic approach. A team consisting of pediatricians, a palliative care physician, pediatric nurse, health psychologist, social worker and physiotherapist, as

well as volunteer hospice attendants, support the families from the time of diagnosis. The support can be short-term, but can also last for years. The MOMO children's hospice is exclusively funded from donations and the services are free of charge. So far, it has been able to help every family in need of assistance.



© Raiffeisenbank (Bulgaria) EAD

In 2016/2017, Raiffeisenbank (Bulgaria) EAD carried out the fundraising initiative "Choose to help" for the eighth time. This year-round initiative collects funds for the support of sustainable social projects in the areas of health and environmental protection as well as culture and education.

Employees of Raiffeisenbank are actively involved in the bank's fundraising initiatives. This gives them the opportunity to participate in the donations as well. The objective of "Choose to help" is to promote the spirit of charity as a moral human value among employees and customers. A total of 22 projects were

supported in 2017 in the areas of health, social issues, the environment, culture and education. The initiative has now received 17 CSR awards. The year-round initiative is able to provide support thanks to multiple donation channels: through the websites www.izberi.rbb.bg and www.pay.dir.bg as well as through donations sent by text message. The ninth fundraising campaign started in fall 2017 with the presentation of new projects and programs.



© Vladimir Kotmishev

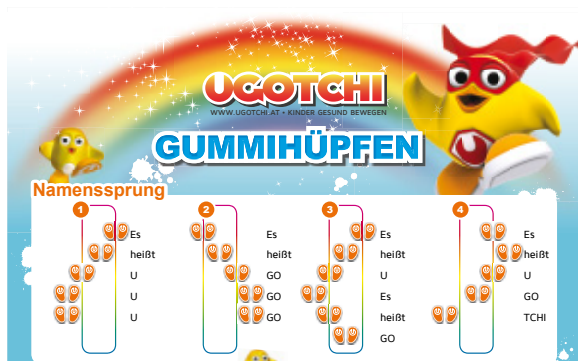
AO Raiffeisenbank in Russia held a joint public competition from October to December 2016 with the charitable foundation Samarska Gubernia that focused on educational projects for older people, the “Silver Age Generation”. “The Silver Age” competition is aimed at supporting NGO projects for developing educational programs for older people. It prioritizes educational classes for acquiring knowledge about computers, finance and legal matters, psychology and pedagogy, culture, art and professional training. 128 submissions from 34 cities were received and 110 made it into the evaluation process. Of these, 30 projects were selected to receive financial support

based on defined evaluation principles and expert opinions.

The implementation began in March 2017. Despite the diversity of the submitted projects, one key topic was computer education for retirees. Within the framework, for instance, of one of the selected projects, which was intended to improve computer and finance skills, various topical clubs were set up: a literature discussion club, a cinema club, an association for healthy lifestyles, a “Grandma in social networks” club and a “My grandma is a businesswoman” club. The variety of educational offerings helped project participants to reconsider their previous perspectives and to improve their lives psychologically and financially.

Sports initiatives

RBI doesn't only consider sports to be a part of the brand's self-image; rather, even sports provide an opportunity to show leadership in social responsibility. RBI has therefore been promoting sports for many decades – from young talents to the stars.



© SPORTUNION

In turn, RBI AG supported numerous sports initiatives in 2017. Among them is the initiative “UGOTCHI – Points with Class,” in which the company has been Sportunion's official partner since 2013. This exercise initiative from Sportunion and its more than 4,000 clubs in Austrian primary schools is organized in the form of a competition. School children collect points for their exercise activities in school, after school, with their families and for other activities which have sustainability tie-ins (nutrition, promotion of the regional, trash separation, etc.).

In ten years, an average of around 50,000 school children from more than 2,000 classes and about 900 schools have participated in this program per year. In addition, RBI AG is the official partner of the training and continuing education academy of the Sportunion. There, around 300 courses in various sports as well as fitness and health are offered annually.

In addition, RBI AG, among others, was involved for the tenth time as an official sponsor of the ice hockey world championship, which took place in Germany (Cologne) and France (Paris) in May. Its commitment is based on the wide popularity that this sport enjoys in some countries in Central and Eastern Europe. Altogether, 16 teams played 64 matches for the world champion title. In the final in Cologne, Sweden was named world champion. In total, more than 1.2 billion viewers watched the tournament in front of the TV sets. Thus, this World Cup was the largest winter sports event after the Winter Olympics.



© Raiffeisen Bank Sh.A., Albanien

In 2017, Raiffeisen Bank Sh.A. in Albania supported a number of sports initiatives. For example, it

sponsored the Tirana marathon, the most important event of the year in terms of large athletic events. During the year prior to the October marathon, the organizers attended three expert-led seminars, to ensure that the event would come off without a hitch. In addition, Raiffeisen Bank Sh.A. supported the rebuilding of a stadium that had become rundown, thereby allowing its continued use by the students and citizens of the region to continue to use the stadium for their athletic activities.



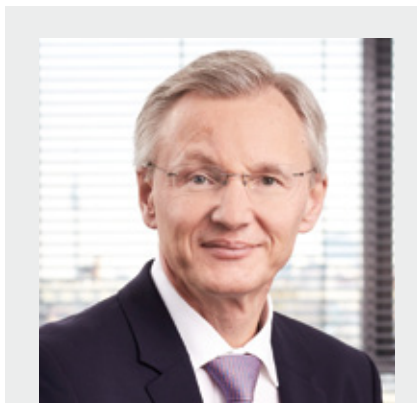
© Eugene Shkil

In 2017, for the fourth time in a row, Raiffeisen Bank Aval JSC in Ukraine sponsored the 100-kilometer long

cycling marathon "Kyivska Sotka" with an amount of € 3,359, held on September 3 in Kiev, also for the fourth time. Out of a total of around 1,500 participants, more than 700 amateurs (over 18 years of age) completed the marathon with a wide variety of bicycles. The goals of the event were to make this environmental means of transport more popular, to promote a healthy lifestyle and give athletes, amateurs and cycling fans the opportunity to engage in the sport.

Environment/city ecology

Human influence in particular is responsible for climate change: Any form of energy use from fossil fuels, such as electricity, heating and hot water consumption, and of course the mobility sector, cause carbon dioxide (CO₂). CO₂ is considered the main cause, because it absorbs the heat radiation from the earth and thus heats the atmosphere. At RBI, this problem is being addressed by means of various projects.



© David Sailer

Manfred Url, Chief Executive of Raiffeisen Bausparkasse Gesellschaft m.b.H.

"Raiffeisen Bausparkasse has been a reliable partner for more than half a century when it comes to savings and house financing. With our current 1.6 million customers, we take our responsibility in the matters of sustainability very seriously. Many people do not know that the construction sector is responsible for around one third of global greenhouse gas emissions and thus has an enormous leverage effect in the area of climate protection. We continually address this topic in our customer communication. This allows us at Raiffeisen Bausparkasse to continuously raise awareness of the connection between housing construction and environmental protection. In addition, we implemented a unique campaign in 2017 with the help of our customers: In the first quarter, a total of 30 trees per new home financing contract were protected for three years within a climate protection project in Zimbabwe, Africa. In this period the trees can absorb a whole ton of CO₂. A total of 50,000 trees were saved. This allowed us in Austria to make a contribution to international climate protection, in addition the planned measures mean a significant increase in the quality of life of the population there as well as promote the protection of flora and fauna in the region."

QUOTE





© Raiffeisen Bausparkasse Gesellschaft m. b. H.

With an innovative climate campaign, Raiffeisen Bausparkasse Gesellschaft m.b.H. (RBSK) in Austria supported a sustainable climate protection project in Zimbabwe. During the promotional period from January 30 to March 31, RBSK purchased CO₂ certificates of one ton for each land-secured building society loan, thus protecting 30 trees each for three years. A total of 50,000 trees in the south African country of Zimbabwe were saved in this way, compensating for 1,500 tons of CO₂ emissions. This campaign was executed in cooperation with Climate Austria.



© Tatra Banka, a.s.

Through its financial support of local organizations and associations in Slovakia, Tatra banka, a.s. actively contributed to improving life in the country's cities. A different focus is established for these activities in each quarter. The first quarter was dedicated to protecting the environment and social networks by supporting 41 projects and activities. In the second quarter, the emphasis was placed on supporting schools and learning. In the third quarter, the focus lay on the support and development of sports, while the fourth quarter saw the promotion of cultural values. For example, a new recreational zone with a new soccer field, new wooden benches with a fire pit, and a new

water source was built in the green zone near the city of Nova Dubnica. The public can use this natural space for athletic activities or simply to enjoy spending time there on weekends and days off.



© Green Revolution Association

The "I'Velo" (I love to cycle) program, which is supported by Raiffeisen Bank S.A. in Romania in partnership with the "Green Revolution Association", is the first bike sharing program in Romania and is intended to promote an alternative means of transport for healthier living in the city. Established in 2010, the "I'Velo" program encompasses three projects: "I'Velo Urban", "I'Velo Relax" and "Student O'Bike".

The bike sharing system "I'Velo Urban" is offered – as an emission-free alternative to public transportation – at twelve locations in Bucharest with 180 bicycles. Bicycles were borrowed almost 18,000 times during

the 2017 program, and 2,200 people decided to subscribe. "I'Velo Relax" is a bike sharing system in and around park areas. It consists of eight bike sharing centers that rent out over 850 bicycles. In the year 2017, over 161,000 bicycle rentals were made through this system.

The "Student O'Bike" program is a bike sharing concept for students. 240 bicycles are available for rent at four student campus facilities. The bicycles were borrowed by students more than 17,000 times in 2017. Therefore, the "I'Velo" program offers 1,320 bicycles for rent in eight cities with 24 bike sharing centers. In 2017, the initiative recorded over 196,000 bicycle rentals.

Sustainable entrepreneurship

Commitment to sustainable framework conditions

We maintain a culture of open dialogue and focus on the future issues of a sustainable financial sector. In so doing, RBI is taking a stance against corruption and economic crime. Furthermore, the RBI seeks active dialogue with politics and the administration.

RBI also goes outside the group to share specific types of knowledge and experiences with others, the better to implement innovative ideas for charting a path into the financial sector's, and our companies' sustainable future. A further component of our commitment is the collaboration with governmental and non-governmental organizations.

We stand for the promotion of sustainable thinking and action. We are strengthening the drive for sustainable development in our own sphere of influence by lobbying (see page 42 et seq.) where topics such as sustainability and safeguarding the future are concerned.

Sustainable entrepreneurship and sustainable innovations

To us, sustainable entrepreneurship means the awareness of responsibilities on the one hand, and support for sustainable innovations among our customers and in society on the other:

- We promote this awareness among our customers. We provide information and give advice on which opportunities companies can embrace in order to become economically successful and to make their contribution to protecting the environment and taking social responsibility.
- We promote companies and organizations which act in a sustainable manner. This comes in the form of collaborations and events, among other things.
- We encourage long-term success, competitiveness, and innovative power in companies, which in turn boosts the regional economy.

Memberships

The RBI gets involved, via selected memberships and activities, in organizations that promote sustainable business and the relevant framework conditions. Below is an excerpt from it:

ÖGUT

ÖGUT, the "Österreichische Gesellschaft für Umwelt und Technik" (Austrian Society for Environment and Technology), is an independent non-profit organization that has been committed to a sustainable direction for the economy and society for over 30 years and, to this end, it develops, communicates and networks knowledge. Its focus is on energy, gender and diversity, green investment, innovative constructing, and participation as well as resources and consumption. In order to achieve its goals, ÖGUT develops strategies and supports strategy-making processes, as well as researching and providing advice in its areas of expertise. Furthermore, it informs about current developments and communicates innovative and sustainable solutions. It organizes and moderates working groups and platforms on sustainability issues and presents the annual ÖGUT "Umweltpreis" (Environmental Award). www.oegut.at

UNEP

The United Nations Environment Programme was founded in 1972. It has its headquarters in Nairobi, Kenya. Its tasks include the evaluation and collection of global, regional and national environmental data; the development

of political instruments for environmental protection; the strengthening of institutions that undertake important environmental management; and the improvement of the quality of people's lives without burdening future generations. www.unenvironment.org

The financial initiative UNEP FI, United Nations Environment Programme-Finance Initiative, has been in a global partnership since 1992 with the Environment Programme of the United Nations and the private financial sector. Its headquarters are in Switzerland and is dedicated to sustainable financing. The RBI has been a member of this initiative since 1998, which now has over 200 members. Since its founding, a "global roundtable" has been held each year which is intended to promote exchange on sustainability topics. www.unepfi.org

UNGC

The UNGC – United Nations Global Compact, is the world's largest initiative for corporate responsibility and sustainability. It is based on the pledges of CEOs to maintain universal sustainability principles. Those who pledge to uphold the UNGC also declare their support of the UN goals, such as the UN Sustainable Development Goals (SDGs). Sustainable economics and measures to promote social goals should be achieved through the orientation of the strategy and business activities of the companies to ten principles (in the core areas of human rights, labour, environment and anti-corruption) with the help of the UN Global Compact (see page 11). Signatories of the UN Global Compact thus contribute to making the globalization process fairer.

The vision of the UN Global Compact is a worldwide movement of sustainable companies and stakeholders. At present, 9,704 companies in 161 countries have joined this initiative. So far 51,800 reports have been written, testifying to the high level of commitment. Over the course of the next phase, the "Global Compact 3.0", which was launched in 2018, there are two opportunities for showing commitment: as a signatory or as a participant. RBI has emphasized its support through its commitment as a signatory. www.unglobalcompact.at

VfU

VfU Verein für Umweltmanagement und Nachhaltigkeit in Finanzinstituten e.V. (Association for Environmental Management and Sustainability) was founded in 1995 and is oriented toward sustainability professionals in financial institutions. The VfU supports the contribution of the financial sector to sustainable development through its functions as an industry network, organizer and think tank for its 47 members. RBI AG has been a member since 2006. The association seeks to create a competition-free, confidential space in which the member institutions can exchange viewpoints regarding sustainability topics and the integration of sustainability into their business operations. The VfU also offers networking opportunities with science, society and politics. In 2015, a Scientific Advisory Board has been formed that is composed of researchers from the cross-sectional business areas business management, banking and finance, and sustainability. In its role, it inspires and accompanies the work of the VfU. www.vfu.de

In addition, there were numerous additional memberships in 2017:

Raiffeisen KAG memberships	
CDP and CDP Water	www.cdp.net
FNG Forum Nachhaltige Geldanlagen (Sustainable Investment Forum)	www.forum-ng.org
Forum per la Finanza Sostenibile	www.finanzasostenibile.it
Green Infrastructure Investment Coalition	www.giicoalition.org
International Capital Market Association (ICMA) Green Bond Principles/Investor	www.icmagroup.org
Investor Statements on Green & Climate Bonds	www.climatebonds.net/get-involved/investor-statement
Montreal Carbon Pledge	www.montrealpledge.org
Raiffeisen Sustainability Initiative (RNI)	www.raiffeisen-nachhaltigkeit.at
UN Principles for Responsible Investment (UNPRI)	www.unpri.org
Memberships at the network banks	
Business Leaders Forum/Pontis Foundation (Slovakia)	www.blf.sk
Engage/Pontis Foundation (Slovakia)	www.nadaciapontis.sk/engage-your-company-en
Coalition for Transparent Business (Czech Republic)	www.transparentnipodnikani.cz
American Chamber of Commerce in BIH (Bosnia and Herzegovina)	www.amcham.ba
Bulgarian Business Leaders Forum (Bulgaria)	www.bbfbg.org
Bulgarian Donation Forum (Bulgaria)	www.dfbulgaria.org
American Chamber of Commerce in Bulgaria (Bulgaria)	amcham.bg
Kosovo CSR Network (Kosovo)	csrkosovo.org
ASPEN (Romania)	www.aspeninstitute.ro
Romanian Business Leaders (Romania)	www.rbls.ro
Renewable Energy Association (Belarus)	www.energy-aven.org
American Chamber of Commerce in Ukraine (Ukraine)	www.chamber.ua

You can find an overview of other memberships on our website at www.rbinternational.com.

Raiffeisen Sustainability Initiative

The Raiffeisen Climate Protection Initiative, a platform and initiator of measures concerning climate protection, energy efficiency and renewable resources, can now look back over ten years of commitment. This anniversary is an opportunity to drive forward strategic further development. In the future, in addition to environmental and climate topics, the action fields of core business and social as well as their respective interactions will become focuses. The 23 Raiffeisen member organizations – RBI is one of the founding members – will thereby offer one of the best possible platforms for all three pillars of sustainability. It is important that international developments and initiatives, such as the global Sustainable Development Goals, sustain this trend in the future.

The Raiffeisen Climate Protect Initiative has now become the Raiffeisen Sustainability Initiative (RNI). It sees itself as a platform, service and representative institution for all the activities of its members in the area of sustainability. It supports its members in the conception, implementation and communication of measures regarding this topic. Driving sustainability and raising awareness are among the initiative's priorities in accordance with the vision of RNI, "responsibility for a future worth living in".

Examples for the measures, projects and events realized in 2017 are:

Raiffeisen Sustainability Award



© wdw4friends

Since its founding, the RNI has actively supported the Austrian "Jugend Innovativ" (Innovative Youth) competition. Apprentices and students between the ages of 15 and 20 can submit their ideas each year. The special category "Raiffeisen Sustainability Award" is sponsored by the RNI. The RNI aims to strengthen young people's awareness of sustainability as early as possible. Young people should be encouraged not only to talk about sustainability but also to do something about it. The prize is awarded by representatives of the Federal Ministry of Science, Research and Industry and the Federal Ministry of Digital and Economic Affairs at the end of the school year. The Raiffeisen

Sustainability Award is presented by the RNI. The "Vollgas" project of the HTL Dornbirn in Vorarlberg won in 2017. A method to accelerate the fermentation of unused biomass should save time and simultaneously allow more biogas to be produced.

Implementation of the Sustainability Weeks



© Wolfgang Voglhuber

The Sustainability Weeks were held in the Raiffeisen employee restaurant in Vienna for the ninth time in September 2017. The focus here was on regional, vegetarian and vegan food. A competition was organized for employees. Three vouchers for a vegetarian restaurant in Vienna were raffled off at the event. The feedback was positive and many guests participated. As a result, the consciousness-raising campaign will be held once again in 2018.

Eco Energy Blog

The eco energy blog covers four different thematic areas: Energy production and efficiency, the mobility sector, environment and economics, and sustainability. Contributions are made by internal as well as external authors (e.g. by the RNI, RBI, Raiffeisen-Leasing, Raiffeisen-IT, Raiffeisenlandesbank OÖ, Raiffeisen Kapitalanlage, Biomasseverband, Ökosoziales Forum, Dachgold). It is a good communication channel for the RNI, its member organizations and topics. Further information is available at www.oekoenergieblog.at

10 Year Anniversary



© wdw4friends

The Raiffeisen Climate Protection Initiative celebrated its tenth anniversary on October 11, 2017. The celebration's diverse program traced the highlights of the last ten years including the new strategic reorientation. After the opening address by

RBI CEO Johann Strobl and a video greeting from the Federal President of Austria, the PULS 4 television presenter Johanna Setzer accompanied the audience through the evening.

Music was provided by the ensemble of Suzuki Coolstrings as well as the next generation of musicians, the Young Masters, all students of the Johann-Sebastian-Bach School of Music.

In addition, the results of a comprehensive climate survey that the member organizations have been working on in recent months was presented. It presented a framework for orientation and action for the members, who will use it to assume a leadership role in the mission to create an environmentally friendly economy and society.

Keynote speaker Eike Wenzel, founder and director of the Institute for Trend and Future Research in Heidelberg, provided information on the significance that the topic of sustainability will have in the future as well. He explained the key trends for the coming sustainability society.

Vehicle fleet assessment



RNI members have assessed their own vehicle fleet every year in cooperation with Raiffeisen-Leasing GmbH. This gives the participating organizations an overview of their vehicle fleet's average CO₂ emissions as well as a corresponding benchmark. The 2017 evaluation of the fleet survey shows that the CO₂ value

has dropped by an average of four percent compared to the previous year. Seven companies are below the target value of 130 g CO₂/km.



© RLB OÖ

Michaela Keplinger-Mitterlehner, Deputy Chief Executive of Raiffeisenlandesbank Oberösterreich

"Raiffeisen Austria has engaged intensively for more than ten years with joint work groups and projects for climate protection. With the new Raiffeisen Sustainability Initiative, success has been made in the further development of a comprehensive platform in which the members cooperate even more closely and especially benefit from exchanges of experience. The new name also signifies a content-based and strategic new orientation of the network. To support the path to an environmentally friendly economy and society, the 23 member organizations have created a comprehensive climate strategy together with the Environment Agency Austria as a framework for orientation and action.

Alongside long-term goals regarding energy efficiency, sustainable financial products or the establishment of renewable energy, in the future we will also seek to take a leading role in the communication and dialog surrounding climate protection. This will help us to continue to promote the societal awareness of responsibility that Friedrich Wilhelm Raiffeisen instilled in us. Corresponding ecological, economic and social commitment also has additional long-term financial benefits."

QUOTE

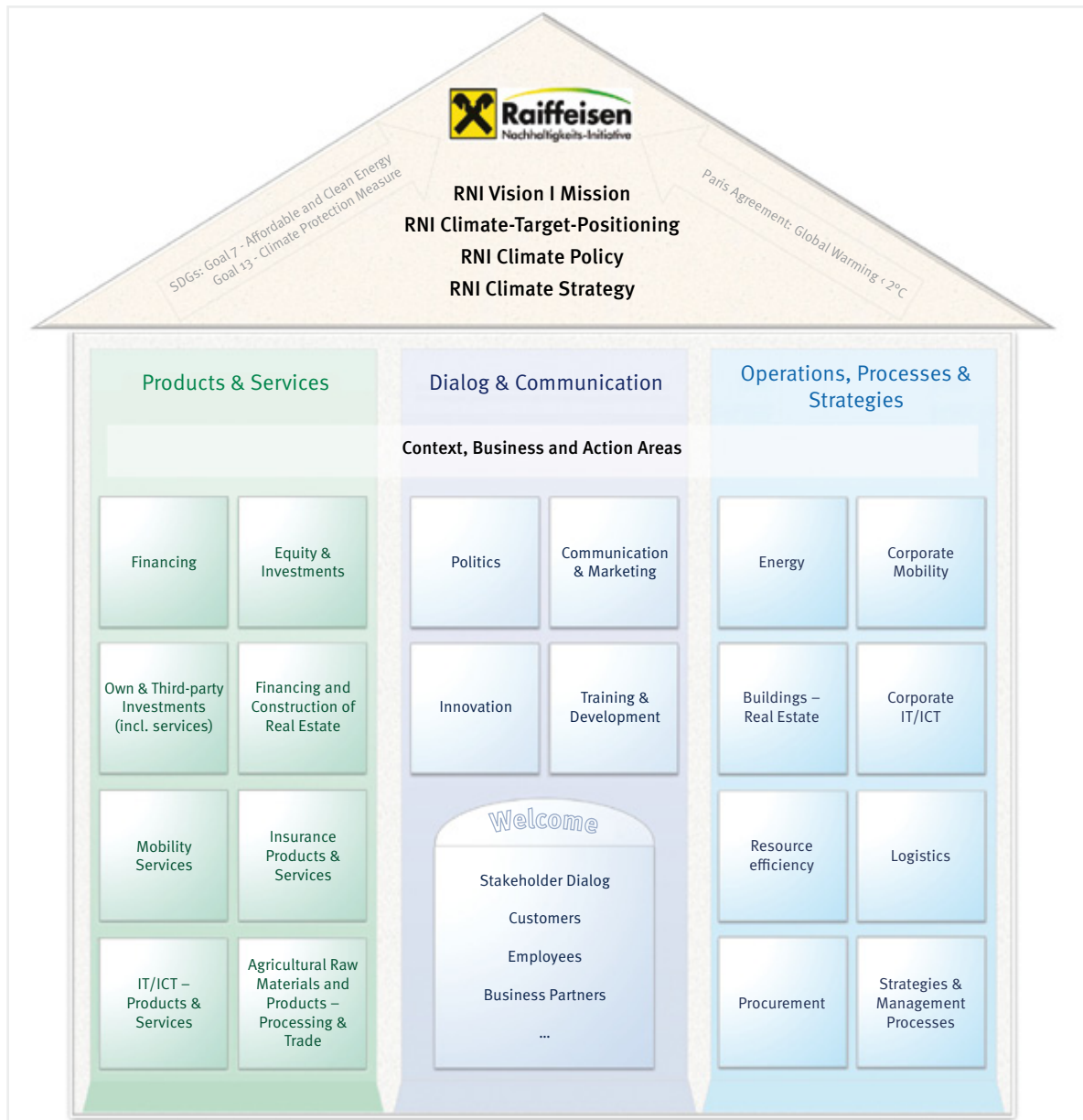


New climate policy and strategy

In 2017, the focus was placed on creating a climate policy and strategy for the member organizations of the RNI. The implementation took place in cooperation with the Environment Agency Austria in multiple one-day workshops with representatives from the member organizations. Finally, mid-term and long-term climate goals with comprehensive suggestions of measures were elaborated that can provide a path to decarbonization by 2050. The environmental balance sheet of the Raiffeisen Banking Group in Austria, published for the first time in 2015, served as an essential foundation for this.

Within the framework of the climate strategy process, three core areas with 21 fields of action were identified that form the pillars of the “climate strategy house”. The three core areas are products and services, operations, processes and strategies as well as dialog and communication. Measures as well as opportunities and risks were elaborated for each field of action.

In addition to the workshops, a comprehensive online survey of the relevant internal and external stakeholders of the RNI member organizations was conducted in the spring of 2017 in order to also incorporate their expectations as best possible.



The most important results of the Stakeholder Survey

The following expectations in terms of climate protection and climate change from the survey that 850 stakeholders participated in emerged as especially important: sustainable corporate management, immediate action and energy efficiency. Especially in the financial sector, the risks of climate change were classified very relevant by those participating in the survey. A proactive management of opportunities and risks due to climate change was thus deemed necessary. The expansion of the offerings of environmentally friendly projects will also be expected. In order to visualize the environmental friendliness of products, it is necessary to know their ecological footprint – this is the only way that a reduction can be measured and made transparent. One of the first milestones in this regard was achieved in 2015 with the publication of the environmental balance sheet of the Raiffeisen Banking Group in Austria. This enabled the carbon footprint for financings in the area of renewable energy and energy efficiency to be calculated. These are findings that can be expanded upon within the framework of the new climate policy.

Targeted climate goals

Both quantitative and qualitative goals for the three core areas named above have been determined for 2030 and 2050. These goals correspond to the Paris Agreement of keeping global warming significantly under 2 °C. This ultimately means that by the middle of the century, energy requirements must be primarily covered by renewable energy, energy efficiency must be significantly increased and energy consumption must be reduced.

CLIMATE GOALS 2030

Operations, Processes & Strategies

Increase our energy efficiency by 2030 (as compared with 2005, excluding emissions trading) by at least 30 %	Reduce our greenhouse gas emissions by 2030 (as compared with 2015, excluding emissions trading) by at least 25 %	Reduce our greenhouse gas emissions in the mobility sector (cars and light commercial vehicles) by 2030 (as compared with 2015) by at least 50 %	Increase the use of renewable energies as a proportion of our power and (space) heating consumption by 2030 (excluding emissions trading) to at least 75 %
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Products & Services

The number of environmentally friendly products & services as a proportion of the relevant portfolio by 2030 will be at least 25 %	Reduction of greenhouse gas emissions in customer investments by 2030 (as compared with 2015) by at least 25 %
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Dialog & Communication

The member organizations are pioneers with respect to climate performance as compared with their competitors in the DACH region	The member organizations lead the discussion on climate communication through an established climate dialog with stakeholders
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The climate goals are not only consistent with the goal system of the Paris Agreement, the EU and Austria, but should also help achieve the global Sustainable Development Goals, especially goal 7 “Affordable and clean energy” and goal 13 “Measures for climate protection”.

Specifically, the following measures were defined:

- In the core area “Products and Services”, the member companies seek to increase the proportion of environmentally friendly products and services within the respective portfolio by 25 percent by 2030 as well as reduce the greenhouse gas emissions in the customer assets by at least 25 percent by 2030 (compared to 2015).
- In the core area “Operation, Processes and Strategy”, the member companies have set themselves goals in energy efficiency, greenhouse gas emissions, the mobility sector and renewable energies. Specifically, this means increasing the energy efficiency by at least 30 percent by 2030 (in comparison with 2005, excluding emissions trading) and a reduction in greenhouse gas emissions of at least 25 percent by 2030 (in comparison with 2015, excluding emissions trading). An essential sub-goal here is the mobility sector (cars and light utility vehicles). In this area, the emissions should be reduced by at least 50 percent. An additional objective will be to increase the proportion of renewable energies in electricity and (space) heating consumption by 2030 to at least 75 percent (excluding emissions trading).
- The core area “Dialog and Communication” comprises the objective of taking on a leadership role – in comparison to the respective competitors in the DACH region – in climate communication and climate dialog with the stakeholders.

Evaluation of the objectives

Climate protection and adjustment to climate change are long-term tasks. A continual improvement of the state of knowledge and utilization of experience are the foundations for long-term success. Changes and trends should be continuously observed by the member companies and reasonably taken into consideration. Based on the knowledge from the monitoring and the key indicators recorded, the implementation success of the climate strategy will be evaluated in the future at regular intervals. An additional workshop for this will be held in the first half of 2018 to determine the specific next steps.

Future outlook and Sustainability Program

Corporate citizenship initiatives

The RBI will also continue to make a contribution to improving the living conditions of as many people as possible by supporting projects and initiatives. Numerous projects in the main office as well as in the network banks as well as foundations, such as those of Tatra Banka, will be continued with the long-term cooperation partners in 2018. In Romania and Belarus, this even applies to all 2017 projects.

The year 2018 has been declared the European Year of Cultural Heritage by the European Union. The aim is to increase awareness of European history and values as well as to strengthen the feeling of a European identity. With the program "Sharing Heritage Across Europe", the role of cultural heritage should be emphasized. Culture heritage, be it material, intangible or digital, consist of a variety of forms and aspects, including monuments, sites, landscapes, skills, customs, forms of human creativity, film heritage as well as collections that are maintained and cared for in museums, libraries and archives. The topic of culture in all of its different facets has long-since been one of the values that RBI is committed to. It not only supports numerous musical and cultural presentations, but also measures like the "European Movement in Serbia", for example. Raiffeisen banka a.d. will again support the initiative "Travel to Europe" in 2018 in which the best five students of Belgrade University can travel for one month through Europe during the summer via Interrail in order to become ambassadors for European values during their future activities.

In sports, Raiffeisen sees itself as a long-term sponsorship partner for Austrian skiing stars and the national soccer team. Numerous sporting activities in various areas, including those for amateurs, will continue to be supported. RBI AG will also continue its cooperation for the "Play Fair Code", which has existed for several years, in 2018 to ensure clean competition free of manipulation in Austrian soccer.

Raiffeisen Sustainability Initiative

The main area of focus in 2017 was the "Climate Policy and Climate Strategy" for the Raiffeisen Sustainability Initiative (RNI) member organizations. The most important elements of this strategy are the climate goals for 2030 and 2050. They should serve the RNI member organizations as a framework for orientation and action for their respective climate-relevant business activities. In April 2018, a one-day workshop will be held to elaborate the additional steps needed to implement the goals.

Additional priority projects for 2018 include cooperative work for the 2018 "Good Food Festival" and cooperation with VÖNIX - the Austrian sustainability index. Another priority project was the Sustainability Weeks, which were carried out in cooperation with the SV Group. These took place in the Raiffeisen employee restaurants in Vienna. The assessment of the fleet of the member organizations will also be conducted. An important specific cooperative project is the long-term partnership "Raiffeisen Sustainability Award". This will also be continued and supervised this year in conjunction with "Jugend Innovativ" (Innovative Youth).

In the future, the RNI will engage more closely with important topics within the social aspects of sustainability, such as diversity and corporate volunteering. Diversity management means viewing diversity within the company as an opportunity and harnessing it to achieve company success. Presentations by experts and best practice exchanges are planned. The goals are to raise awareness of this important topic, to transport the business case diversity and to discuss measures, especially in the core business.

Excerpt from the Sustainability Program

Engaged citizen					
General objectives: Creating awareness for sustainability with a focus on climate protection and improving the financial expertise of the population with a focus on young people					
Strategy area	Objectives	Measures	Status		
From the 2018 Sustainability Program	Engaged citizen (Active civil society and public interest)	Control and support of the RBI AG corporate volunteering program (migration/integration in Austria, H. Stepic CEE Charity, financial education)	Continuation of the current financial education project and evaluation of additional project implementations with NGOs	Ongoing	
	Engaged citizen (Active civil society and public interest)	Expediting the collaboration with NGOs and scientific organizations	Hosting of a cooperation event with PILGRIM for the 15th anniversary	Implementation with PILGRIM in the second quarter of 2018	
	Engaged citizen (Raiffeisen Sustainability Initiative, RNI)	Generating awareness for sustainable nutrition for employees through the Sustainability Weeks in the staff restaurants	The focus of the Sustainability Weeks is on regional and organic products, this project is implemented as part of the membership of the Raiffeisen Sustainability Initiative	Implementation in the second half of 2018	
	Engaged citizen (Raiffeisen Sustainability Initiative, RNI)	Helping young people come up with creative and innovative ideas for sustainability by supporting the student competition "Jugend Innovativ" (Innovative Youth)	Sponsoring the category "Sustainability" as part of the Austria-wide student idea competition "Jugend Innovativ" (Innovative Youth) (as part of the membership in the Raiffeisen Sustainability Initiative)	Implementation in the first half of 2018	
	Engaged citizen (Raiffeisen Sustainability Initiative, RNI)	Supervision of the eco energy blog	Expansion of the sustainability sector to cover economic and social topics	Ongoing	
	Engaged citizen	Contribution to the Sustainable Development Goals (SDGs)	Implementation of measures for the SDGs 1, 4, 7, 8, 9, 13 and 16	Ongoing	
From the 2017 Sustainability Program	Engaged citizen (Active civil society and public interest)	Further development of the RBI AG corporate volunteering program	Obtaining the commitment of additional employees in one of the three pillars of the corporate volunteering program (migration/integration in domestic territory, H. Stepic CEE Charity, financial education)	Employees found for financial education projects for the first time	
	Engaged citizen (Active civil society and public interest)	Support of those seeking refuge in Bulgaria and Serbia via the H. Stepic CEE Charity	Implementation of two projects in Bulgaria and Serbia	Expansion of the St. Anna Integration Center in Sofia (Bulgaria); creation of a "safe corner" in Subotica (Serbia)	
	Engaged citizen (Active civil society and public interest)	Expediting the collaboration with NGOs and scientific organizations	Hosting of an ICEP event and a cooperation event with PILGRIM in the second quarter	Cooperation event with ICEP moved to 2019; implementation with PILGRIM took place in first half of 2017	
	Engaged citizen (Raiffeisen Sustainability Initiative, RNI)	Generating awareness for sustainable nutrition for employees through the Sustainability Weeks in the staff restaurants	The focus of the Sustainability Weeks is on regional, organic and vegan products, and this project is implemented as part of the membership of the "Raiffeisen Climate Protection Initiative"	Implementation in the second half of 2017	
	Engaged citizen (Raiffeisen Sustainability Initiative, RNI)	Helping young people come up with creative and innovative ideas for sustainability by supporting the student competition "Jugend Innovativ" (Innovative Youth)	Sponsoring our own category ("Sustainability") as part of the Austrian student idea competition "Jugend Innovativ" (Innovative Youth) as well as being part of the jury (as part of the membership in the "Raiffeisen Climate Protection Initiative")	Implementation in the first half of 2017	
	Engaged citizen (Raiffeisen Sustainability Initiative, RNI)	Support for the four topics of the eco-energy blog: Energy production and efficiency, mobility, environment and economics, and sustainability	Expansion of the external group of authors, regular articles by internal and external authors	Implementation completed, expanded by the objectives 1,4,7	
	Engaged citizen	Evaluation of the Sustainable Development Goals (SDGs)	Evaluation of the top SDG goals in the area of Engaged Citizen, including any derivation of further steps	Implementation completed	
	Engaged citizen	Implementation of the Sustainability and Diversity Improvement Act (NaDiVeG)	Internal review to determine whether any content in the Engaged Citizen chapter needs to be adapted or presented in detail based on the NaDiVeG	Implementation in the second half of 2017	

From the 2016 Sustainability Program	Engaged citizen (Active civil society and public interest)	Further development of the corporate volunteering program of RZB AG and RBI AG established at the end of 2015	Obtaining the commitment of additional employees in one of the three pillars of the corporate volunteering program (migration/integration in Austria, H. Stepic CEE Charity, financial education) as well as offering additional projects	Two finance education projects established
	Engaged citizen (Active civil society and public interest)	H. Stepic CEE Charity: The focus lies on the commitment to women, especially in Bosnia and Herzegovina, Republic of Moldova, Croatia and Hungary	Strengthening the self-sufficiency of women, including with accompanying education measures	Priority measures implemented
	Engaged citizen (Active civil society and public interest)	Developing the collaboration with NGOs and scientific organizations	Hosting of the annual ICEP event in the third quarter, cooperation event with PILGRIM in the second quarter	PILGRIM event implemented
	Engaged citizen (Raiffeisen Sustainability Initiative, RNI)	Generating awareness for sustainable nutrition for employees through the Sustainability Weeks in the staff restaurants	The focus of the Sustainability Weeks is on regional, organic and vegan products, and this project is implemented as part of the membership of the "Raiffeisen Climate Protection Initiative"	Implementation in the first half of 2016
	Engaged citizen (Raiffeisen Sustainability Initiative, RNI)	Helping young people come up with creative and innovative ideas for sustainability by supporting the student competition "Jugend Innovativ" (Innovative Youth)	Sponsoring our own category ("Sustainability") as part of the Austrian-wide student idea competition "Jugend Innovativ" (Innovative Youth) as well as being part of the jury (as part of the membership in the "Raiffeisen Climate Protection Initiative")	Implementation in the first half of 2016
	Engaged citizen (Raiffeisen Sustainability Initiative, RNI)	Cooperation with the student platform "oikos Vienna"	In winter semester 2016, the cooperation with the student organization "oikos Vienna" should be continued for the fifth time on the topic of "sustainable financing"	Implementation in the second half of 2016
	Engaged citizen (Raiffeisen Sustainability Initiative, RNI)	Support for the four topics of the eco-energy blog: Energy production and efficiency, mobility, environment and economics, and sustainability	Contributions should be made regularly by internal and external authors	Ongoing

Sustainability transparent and compact – documented and audited



7 AFFORDABLE AND
CLEAN ENERGY



13 CLIMATE
ACTION



GRI content index

Universal Standards			
GRI-Code	Description	Reference	Explanation
Organizational Profile			
102-1	Name of the organization	Imprint	
102-2	Activities, brands, products, and services	10, 64-65, 68-70 AR RBI: 12-14,64	
102-3	Location of headquarters	Imprint AR RBI: 262	
102-4	Location of operations	AR RBI: 13,260	
102-5	Ownership and legal form	10 AR RBI: 15-18, 56-58	
102-6	Markets served	45 AR RBI: 12-13	
102-7	Scale of the organization	45, 84 AR RBI: 2-3, 12-14, 42-55, 80-107	
102-8	Information on employees and other workers	110	
102-9	Supply chain	117	
102-10	Significant changes to the organization and its supply chain	10 AR RBI: 6-7, 10-11, 15-16, 42-43, 51-52	
102-11	Precautionary Principle or approach	38, 48, 51-52, 64-68, 70-71, 112-113, 125-126 CoC	
102-12	External initiatives	11, 19, 24-25, 52, 65-66, 95, 98, 139-141	
102-13	Membership of associations	11, 19, 42, 139-141	Only relates to organizations relevant for sustainability.
Strategy			
102-14	Statement from senior decision-maker	4-5	
102-15	Key impacts, risks, and opportunities	4-5, 17-18, 37-38, 83, 112, 126 AR RBI: 6-7, 10, 38-43, 146-181	
Ethics and Integrity			
102-16	Values, principles, standards, and norms of behavior	11, 15-16, 40-41, 94	
102-17	Mechanisms for advice and concerns about ethics	40-42, 48, 90-94	
Governance			
102-18	Governance structure	19, 39 AR RBI: 8-9, 19-27	
102-19	Delegating authority	19	
102-20	Executive-level responsibility for economic, environmental, and social topics	19	
102-21	Consulting stakeholders on economic, environmental, and social topics	19, 20, 29	
102-22	Composition of the highest governance body and its committees	AR RBI: 8-9, 21-26, 32	
102-23	Chair of the highest governance body	AR RBI: 21-23	
102-24	Nominating and selecting the highest governance body	AR RBI: 27, 32-33	
102-25	Conflicts of interest	AR RBI: 19-26, 34	
102-26	Role of highest governance body in setting purpose, values, and strategy	19-20 AR RBI: 24-27	
102-27	Collective knowledge of highest governance body	19-20	
102-28	Evaluating the highest governance body's performance		The assessment of the highest governance body's performance is not the responsibility of the reporting organization according to the Austrian Stock Corporation Act.
102-29	Identifying and managing economic, environmental, and social impacts	19-20 AR RBI: 24-27	
102-30	Effectiveness of the risk management process	AR RBI: 24-27	
102-31	Review of economic, environmental, and social topics	AR RBI: 24-27	
102-32	Highest governance body's role in sustainability reporting	19 AR RBI: 25	The sustainability report is approved by the Managing Board members of RBI AG. Fundamental points are discussed by the Sustainability Council.
102-33	Communicating critical concerns	19, 97 AR RBI: 25-27	Any serious concerns are additionally communicated directly to the Managing Board.
102-34	Nature and total number of critical concerns		Handled in a confidential manner.
102-35	Remuneration policies	AR RBI: 28-30	
102-36	Process for determining remuneration	AR RBI: 28-30, 191	
102-37	Stakeholders' involvement in remuneration	AR RBI: 28-31	
102-38	Annual total compensation ratio		Handled in a confidential manner.
102-39	Percentage increase in annual total compensation ratio		Handled in a confidential manner.

General Disclosures

	GRI-Code	Description	Reference	Explanation
General Disclosures	Stakeholder Engagement			
	102-40	List of stakeholder groups	27	
	102-41	Collective bargaining agreements	93	
	102-42	Identifying and selecting stakeholders	27	
	102-43	Approach to stakeholder engagement	21-23, 27-29, 53, 55, 117	
	102-44	Key topics and concerns raised	29-32, 78-79, 122-123, 148-149	
	Reporting Practice			
	102-45	Entities included in the consolidated financial statements	8 AR RBI: 194-217	
	102-46	Defining report content and topic Boundaries	8, 20-24	
	102-47	List of material topics	26	
	102-48	Restatements of information	9	
	102-49	Changes in reporting	8-9	
	102-50	Reporting period	7	
	102-51	Date of most recent report	7	
	102-52	Reporting cycle	7	
	102-53	Contact point for questions regarding the report	7	
	102-54	Claims of reporting in accordance with the GRI Standards	7	
	102-55	GRI content index	151-155	
	102-56	External assurance	7	
	Management Approach			
	103-1	Explanation of the material topic and its Boundary	26	

Topicspecific Standards					
GRI-Code	Description	RBI	RBI AG	Reference	Explanation
103-2;-3	Management approach			4-5, 15-16	
201 Economic Performance					
103-2;-3	Management approach			37-42	
201-1	Direct economic value generated and distributed	■	■	44-45, 127	
201-2	Financial implications and other risks and opportunities due to climate change	■	■	37-38, 48, 64-69, 112	
201-3	Defined benefit plan obligations and other retirement plans	■	■		There are no group-wide regulations for the organization's defined benefit plan obligations. Only individual regulations apply (depending on social circumstances and legal framework conditions in the host countries).
203 Indirect Economic Impacts					
103-2;-3	Management approach			37-42, 50-52	
203-1	Infrastructure investments and services supported	■	■	57, 60, 63, 137	
203-2	Significant indirect economic impacts	■	■	37-38, 57, 61-63, 72-73	
205 Anti-corruption					
103-2;-3	Management approach			11, 41-43	
205-1	Operations assessed for risks related to corruption	■	■	41	Within the framework of the annual fraud risk analysis, 29 business divisions (including RBI AG, network banks and the Austrian subsidiaries) were evaluated with regard to corruption risks. This included an evaluation of 210 individual risk types.
205-2	Communication and training about anticorruption policies and procedures	■	■	41, 90-91	
205-3	Confirmed incidents of corruption and actions taken	■	■		Within the continuous compliance monitoring, one case of corruption was identified at a network bank during the report period, and corresponding measures were initiated.
206 Anti-competitive Behavior					
103-2;-3	Management approach			55-56, 81-82	
206-1	Legal actions for anticompetitive behavior, anti-trust, and monopoly practices	■	■	56	
103-2;-3	Management approach			112-116 www.rbinternational.com/sustainabilitymanagement/inhouse ecology	
301 Materials					
301-1	Materials used by weight or volume	■	■	114, 118-119, 120 www.rbinternational.com/sustainabilitymanagement/inhouse ecology	
301-2	Recycled input materials used	■	■	119-120	
302 Energy					
302-3	Energy intensity	■	■	120 www.rbinternational.com/sustainabilitymanagement/inhouse ecology	
303 Water					
303-1	Water withdrawal by source	■	■	119-120 www.rbinternational.com/sustainabilitymanagement/inhouse ecology	
305 Emissions					
305-1	Direct (Scope 1) GHG emissions	■	■	114, 118-120 www.rbinternational.com/sustainabilitymanagement/inhouse ecology	
305-2	Energy indirect (Scope 2) GHG emissions	■	■	114, 118-120 www.rbinternational.com/sustainabilitymanagement/inhouse ecology	
305-3	Other indirect (Scope 3) GHG emissions	■	■	114, 118-120 www.rbinternational.com/sustainabilitymanagement/inhouse ecology	
305-4	GHG emissions intensity	■	■	120 www.rbinternational.com/sustainabilitymanagement/inhouse ecology	
305-5	Reduction of GHG emissions	■	■	113-116, 118-120 www.rbinternational.com/sustainabilitymanagement/inhouse ecology	
306 Effluents and Waste					
306-2	Waste by type and disposal method	■	■	120 www.rbinternational.com/sustainabilitymanagement/inhouse ecology	

GRI-Code	Description	RBI	RBI AG	Reference	Explanation
401 Employment					
103-2;-3	Management approach			81, 83-85	
401-1	New employee hires and employee turnover	■	■	110	
403 Occupational Health and Safety					
103-2;-3	Management approach			85, 101-106	
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	■	■	101	The nature of the injuries, the rate of occupational illness as well as the number of days absent are not reported as they are not relevant for internal regulation.
404 Training and Education					
103-2;-3	Management approach			85-91	
404-1	Average hours of training per year per employee	■	■	111	
404-3	Percentage of employees receiving regular performance and career development reviews	■	■	111	
405 Diversity and Equal Opportunity					
103-2;-3	Management approach			94-101	
405-1	Diversity of governance bodies and employees	■	■	111	
405-2	Ratio of basic salary and remuneration of women to men	■	■	95 AR RBI: 32-33	There is no presentation of salaries differentiated by employee category and gender due to the attempt complex job structures. This would not ensure sufficient comparability and therefore present a misleading picture of salaries.
406 Non-Discrimination					
103-2;-3	Management approach			89, 95-97	
406-1	Incidents of discrimination and corrective actions taken	■	■	97	No instances of discrimination were reported to the whistleblowing hotline in the financial year 2017.
407 Freedom of Association and Collective Bargaining					
103-2;-3	Management approach			91-94	
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	■	■	91-94	In Austria and countries where this is prescribed by law, the Staff Councils represent employees in all issues relating to employment and service law. All legal framework conditions are strictly observed in all countries.
412 Human Rights Assessment					
103-2;-3	Management approach			40, 42-43, 49-52, 64-70	
412-2	Employee training on human rights policies or procedures	□	□		In the year 2017, 20 percent of the employees received a small amount of training on the topic of human rights in the course of compliance training measures.
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	□	□		Human rights issues are governed by our Code of Conduct; all employees and all business transactions must comply with these rules.
Local Communities					
103-2;-3	Management approach			74-75	
FS14	Initiatives to improve access to financial services for disadvantaged people	■	■	74-75	
415 Public Policy					
103-2;-3	Management approach			42-43	
415-1	Political contributions	■	■	43	

Social

	GRI-Code	Description	RBI	RBI AG	Reference	Explanation
Social	417	Marketing and Labeling				
	103-2;-3	Management approach			46-50	
	103-2;-3/ FS15	Policies for fair design and sale of financial products and services			49-50, 55-56	
	103-2;-3/ FS16	Initiatives to enhance financial literacy by type of beneficiary			129-130	
	4172	Incidents of noncompliance concerning product and service information and labeling	■	■	55	
	418	Customer Privacy				
	103-2;-3	Management approach			49-50	
	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	■	■	50	
	419	Socioeconomic Compliance				
	103-2;-3	Management approach			39-43	
419-1	Non-compliance with laws and regulations in the social and economic area	■	■	41		
Sector-specific		Product Portfolio				
	103-2;-3	Management approach			38-49	
	103-2;-3/ FS1	Policies with specific environmental and social components applied to core business			40-42, 48-52	
	103-2;-3/ FS2	Procedures for assessing and screening environmental and social risks in business lines			50-52, 65-67	
	103-2;-3/ FS3	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions				Monitoring of the agreed credit covenants is standard practice as part of the annual review of all risk-related transactions.
	103-2;-3/ FS4	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines			52	
	103-2;-3/ FS5	Interactions with clients, investees and business partners regarding environmental and social risks and opportunities			53, 55, 66, 117, 142-146	
	FS6	Percentage of the portfolio for business lines by specific region, size and by sector	■	■	45 AR RBI: 101ff and 112ff	
	FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	■	■	57-58, 60-65	
	FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	■	■	58-65	
		Audit				
	103-2;-3/ FS9	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures			42, 65, 71-72	
		Active Ownership				
	103-2;-3/ FS12	Voting policies applied to environmental or social issues for shares over which the reporting organization holds the right to vote shares or advises on voting			66	
	FS11	Percentage of assets subject to positive and negative environmental or social screening	■	■	65	This indicator only concerns companies that operate in the field of asset management.

Status/Indicator: RBI, RBI AG: ■ Reported in its entirety ■ Reported in part ■ Not reported

Key			
AR	Annual report	GRI	Global Reporting Initiative
CoC	Code of Conduct	RBI	RBI Group
FS	Financial Sector	RBI AG	Raiffeisen Bank International AG

Statement of all legal representatives

We confirm to our best knowledge that the summarized, consolidated, non-financial report provided in accordance with the international framework "GRI Standards" (option "core") contains that information as per §§267a(2), 243b(2) of the Austrian Commercial Code that are necessary for the comprehension of the course of the business, the business results, the position of the RBI as well as the impacts of its activities and at least refers to environmental matters, social matters, employee matters, the respect of human rights and the fight against corruption. The information comprises a description of the business model of RBI as well as the concepts followed with regard to the concerns of inclusively applied due diligence processes, essential risks that will probably have negative impacts on the matters as well as the results from the concepts and the most important performance indicators.

Vienna, February 27, 2018

The Management Board



Johann Strobl

Chief Executive Officer responsible for Chairman's Office, Group Communications, Group Compliance, Group Digital Banking¹, Group Executive Office, Group Human Resources, Group Internal Audit¹, Group Marketing, Group Participations, Group Regulatory Affairs, Group Strategy, Group Sustainability Management, International Banking Units, Legal Services, Group Asset Management (via RCM)², Group Business Management & Development², Group Capital Markets², Group Investment Banking², Institutional Clients² as well as Raiffeisen Research²



Martin Grill

Member of the Management Board responsible for Active Credit Management, Group Investor Relations, Group Planning & Finance, Group Treasury and Tax Management



Andreas Gschwenter

Member of the Management Board responsible for COO Strategy, Governance and Change, Group Efficiency Management, Group IT, Group Procurement, Cost & Real Estate Management, Group Project Portfolio & Security and Head Office Operations



Peter Lennkh

Member of the Management Board responsible for Corporate Customers, Corporate Finance, Group Corporate Business Strategy & Steering, International Business Support, International Leasing Steering & Product Management, Trade Finance & Transaction Banking, International Consumer & Small Business Banking³, International Premium & Private Banking³ and International Retail Strategy & Products³



Hannes Mösenbacher

Member of the Management Board responsible for Financial Institutions, Country & Portfolio Risk Management, Group Corporate Credit Management, Group Risk Controlling, Group Special Exposures Management, International Retail Risk Management and Sector Risk Controlling Services

¹ Reports to the whole Management and Supervisory Board

² Reports temporarily to the CEO

³ Reports temporarily to the Management Board member for Corporate Banking

Assurance statement



Independent Assurance Report on the Combined Consolidated Non-financial Report 2017

We have performed an independent assurance engagement in connection with the combined consolidated non-financial report 2017 (the "NFI report") of

Raiffeisen Bank International AG,

("the Company").

Management's Responsibility

The Company's management is responsible for the proper preparation of the NFI report in accordance with the reporting criteria. The Company applies the legal requirements of the Austrian Sustainability and Diversity Improvement Act (§§ 243b and 267a UGB) and the sustainability reporting guidelines of the Global Reporting Initiative (GRI Standards, Option "Core") as reporting criteria.

The responsibility of the legal representatives of the company includes the selection and application of reasonable methods for sustainability reporting as well as the use of assumptions and estimates for individual sustainability disclosures that are reasonable under the circumstances. Furthermore, the responsibility includes the design, implementation and maintenance of systems and processes relevant for the preparation of the sustainability reporting in a way that is free of – intended or unintended – material misstatements.

Auditors' Responsibility

Our responsibility is to state whether, based on our procedures performed, anything has come to our attention that causes us to believe that the NFI-report of the Company is not in accordance with the legal requirements of the Austrian Sustainability and Diversity Improvement Act (§§ 243b and 267a UGB) and the sustainability reporting guidelines of the Global Reporting Initiative (GRI Standards, Option "Core") in all material respects.

Our engagement was conducted in conformity with Austrian Standards for independent assurance engagements (KFS/PG 13) and in accordance with the International Standard on Assurance Engagements (ISAE 3000) applicable to such engagements. These standards require us to comply with our professional requirements including independence requirements, and to plan and perform the engagement to enable us to express a conclusion with limited assurance, taking into account materiality.

An independent assurance engagement with the purpose of expressing a conclusion with limited assurance is substantially less in scope than an independent assurance engagement with the purpose of expressing a conclusion with reasonable assurance, thus providing reduced assurance.

The procedures selected depend on the auditor's judgment and included the following procedures in particular:

- Inquiries of personnel on corporate level, which are responsible for the materiality analysis, in order to gain an understanding of the processes for determining material sustainability topics and respective reporting boundaries of the Company;
- Risk assessment, including a media analysis on relevant information concerning the sustainability performance of the Company in the reporting period;
- Evaluation of the design and implementation of the systems and processes for the collection, processing and control of the disclosures on environmental, social- and employees matters, respect for human rights and anti-corruption and bribery, including the consolidation of the data;
- Inquiries of personnel on corporate level responsible for providing and consolidating and for carrying out internal control procedures concerning the disclosures on concepts, risks, due diligence processes, results and performance indicators;
- Inspection of selected internal and external documents in order to determine whether qualitative and quantitative information is supported by sufficient evidence and presented in an accurate and balanced manner;
- Visit at the network bank AO Raiffeisenbank (Moscow, Russia) to inquire personnel to assess local data collection and reporting processes and the reliability of the reported data.
- Analytical evaluation of the data and trend explanations of quantitative disclosures, submitted by all sites for consolidation at corporate level;
- Evaluation of the consistency of the for the Company applicable requirements of the Austrian Sustainability and Diversity Improvement Act (§§ 243b and 267a UGB) and the GRI Standards (Option "Core") with disclosures and indicators in the report;
- Evaluation of the overall presentation of the disclosures;

The procedures that we performed do not constitute an audit or a review. Our engagement did not focus on revealing and clarifying of illegal acts such as fraud, nor did it focus on assessing the efficiency of management. Furthermore, it is not part of our engagement to review future-related disclosures and statements from external information sources and expert opinions.

This assurance report is issued based on the assurance agreement concluded with the Company. Our responsibility and liability towards the Company and any third party is subject to paragraph 8 of the General Conditions of Contract for the Public Accounting Professions. The respective latest version of the AAB is accessible at <http://www.kpmg.at/aab>.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the NFI report of the Company is not in accordance with the legal requirements of the Austrian Sustainability and Diversity Improvement Act (§§ 243b and 267a UGB) and the sustainability reporting guidelines of the Global Reporting Initiative (GRI Standards, Option "Core") in all material respects.

Vienna, February 27, 2018

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Peter Ertl
Austrian Chartered Accountant

Abbreviations

AA	Account Ability
AML	Anti Money Laundering
AR	Annual Report
ASRA	Austrian Sustainability Reporting Award
AT	Austria
Aum	Assets under management
AVAL	Raiffeisen Bank Aval JSC, Ukraine
B-1	"Board minus 1" - direct management level (or first management level) under the Management Board
B-2	"Board minus 2" - second management level under the Management Board
BREEAM	Building Research Establishment Environmental Assessment Methodology
CDP	Carbon Disclosure Project
CE	Central Europe
CEE	Central and Eastern Europe
CEO	Chief Executive Officer
CG	Corporate Governance
CIO	Chief Information Officer
CIS	Commonwealth of Independent States
CO₂e	CO ₂ equivalent
CoC	Code of Conduct
COO	Chief Operating Officer
COP 21	21st Conference of the Parties (21st Climate Conference in 2015 in Paris)
CRO	Chief Risk Officer
CSR	Corporate Social Responsibility
CSSP	Center for Social Sustainable Products AG
CTF	Counter Terrorist Financing
CV	Corporate Volunteering
EACB	European Association of Co-operative Banks
EBRD	European Bank of Reconstruction and Development
ECB	European Central Bank
EE	Eastern Europe
EIB	European Investment Bank
EIF	European Investment Fund
ELBA	Electronic Banking
ESG	Environmental, Social and Governance
E&S	Environmental & Social
ESMS	Environmental and Social Management System
EU	European Union
EVP	Employer Value Proposition
EWC	European Works Council
FH	Fachhochschule (University of applied sciences)
FNG	Forum Nachhaltige Geldanlagen (Sustainable Investment Forum)
FS	Financial Sector
FSME	Frühsommer-Meningo-Enzephalitis (Tick-Borne Encephalitis)
GRI	Global Reporting Initiative
HLW	Höhere Lehranstalt für wirtschaftliche Berufe (Federal College of Business Administration)
HR	Human Resources
HTL	Höhere Technische Bundeslehranstalt (Technical College)
ICC	International Chamber of Commerce
ICEP	Institut zur Cooperation bei Entwicklungs-Projekten (Institute for Development Cooperation)
IFC	International Finance Corporation
IIASA	International Institute for Applied System Analysis
ILO	International Labour Organisation
IMAS	Institut für Markt-Sozialanalysen Ges.m.b.H. (Institute for Market and Social Analysis)
IPCC	Intergovernmental Panel on Climate Change
ISIN	International Securities Identification Number
Kathrein	Kathrein Privatbank AG
KfW	Kreditanstalt für Wiederaufbau (Reconstruction Loan Institution)
km	Kilometer
kWh	Kilowatt hour
LEED	Leadership in Energy and Environmental Design
MA	Employees
MA	Management approach (in GRI Content Index)
M&A	Mergers and acquisitions
MiFID	Markets in Financial Instruments Directive

MIGA	Multilateral Investment Guarantee Agency
MINT	Mathematics, Informatics, Natural Sciences and Technology
MONA	Sustainability monitoring tool
MSMEs	Micro, small and medium-sized enterprises
MW	Megawatt
Mwh	Megawatt hour
NaDiVeG	Nachhaltigkeits- und Diversitätsverbesserungsgesetz (Austrian Sustainability and Diversity Improvement Act)
NGO	Non-governmental organization
NPO	Non-profit organization
NPS	Net Promoter Score
NWB	Network banks
OE	Organisations Entwicklung (Organizational Development)
OeKB	Österreichische Kontrollbank AG (OeKB)
ÖGNI	Österreichische Gesellschaft für nachhaltige Immobilien (Austrian Society for Sustainable Real Estate)
ÖGUT	Österreichische Gesellschaft für Umwelt und Technik (Austrian Society for Environment and Technology)
pkm	Passenger kilometers
PR	Product Responsibility
PRI	Principles of Responsible Investment
PV	Photovoltaics
Q&A	Question and Answer
RBAL	Raiffeisen Bank Sh.A., Albania
RBBG	Raiffeisenbank (Bulgaria) EAD
RBBH	Raiffeisen BANK d.d. Bosna i Hercegovina
RBBY	Priorbank JSC, Belarus
RBCZ	Raiffeisenbank a.s., Czech Republic
RBG	Raiffeisen Banking Group in Austria
RBHR	Raiffeisenbank Austria d.d., Croatia
RBHU	Raiffeisen Bank Zrt., Hungary
RBI AG	Raiffeisen Bank International AG
RBKO	Raiffeisen Bank Kosovo J.S.C.
RBPL	Raiffeisen Bank Polska S.A., Poland
RBRO	Raiffeisen Bank S.A., Romania
RBRs	Raiffeisen banka a.d., Serbia
RBRU	AO Raiffeisenbank, Russia
RBSK	Raiffeisen Bausparkasse Gesellschaft m.b.H.
RCB	Raiffeisen Centrobank AG
RCM	Raiffeisen Capital Management
respACT	Austrian Business Council for Sustainable Development
R&D	Research and Development
RKAG	Raiffeisen Kapitalanlage-Gesellschaft m.b.H.
RL	Raiffeisen-Leasing GmbH
RNI	Raiffeisen Nachhaltigkeits-Initiative (Raiffeisen Sustainability Initiative)
RSI	Raiffeisen Salzburg Invest
RZB AG	Raiffeisen Zentralbank Österreich AG
SASB	Sustainability Accounting Standards Board
SCR	Selective Catalytic Reduction
SDGs	Sustainable Development Goals
SEE	Southeastern Europe
SMB	Small and medium-sized businesses
SME	Small and medium-sized enterprises
SMS	Short Message Service
SO	Society
SRI	Socially responsible investment
TBSK	Tatra banka, a.s., Slovakia
TU	Technical University
UGB	Unternehmensgesetzbuch (Austrian Commercial Code)
UN	United Nations
UN PRI	United Nations Principles for Responsible Investment
UNEP FI	United Nations Environment Programme Finance Initiative
UNGC	United Nations Global Compact
UNO	United Nations
VfU	Verein für Umweltmanagement und Nachhaltigkeit in Finanzinstituten e.V. (Association for Environmental Management and Sustainability)
WU	Wirtschaftsuniversität Wien (Vienna University of Economics and Business Administration)
ZHS	Office & Facilitymanagement GmbH

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