



 Raiffeisen Bank
International

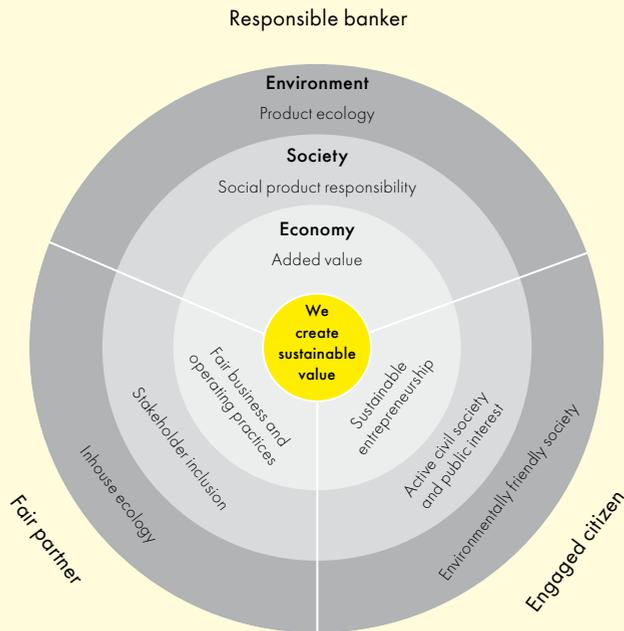
STRENGTH
THROUGH DIVERSITY

RZB Group
Sustainability Report 2016

RZB Group Sustainability Report 2016

Important facts at a glance:

Our sustainability strategy:



Our approach as designers of a sustainable company and society

14,1 m customers

50,203 employees



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

Training hours for employees 2016
2,525,608

26,759 employees trained in preventing corruption



Sustainability Report 2015: Awarded for the **best report by a large corporation** at the Austrian Sustainability Reporting Award (**ASRA**) 2016

Financing portfolio RBI AG:
Renewable Energy **about € 174 m**
Green Real Estate **about € 418 m**
Green Lending RBI Group:
about € 1,572 m



Introduction of a **Carbon Policy** in RBI AG and its network banks in spring 2017

Volume of sustainable investments (Raiffeisen KAG) rose by approx. 60 percent to **more than € 1.8 b**



Listings of RBI AG:



oekom prime rating: „C+“

Group-wide investments in the community:
about € 4 m

Certifications of Raiffeisen KAG



The five SDGs most material to the RZB Group, ordered by relevance:

- 8 DECENT WORK AND ECONOMIC GROWTH** • SDG 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE** • SDG 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.
- 13 CLIMATE ACTION** • SDG 13: Take urgent action to combat climate change and its impacts.
- 16 PEACE, JUSTICE AND STRONG INSTITUTIONS** • 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.
- 5 GENDER EQUALITY** • SDG 5: Achieve gender equality and empower all women and girls.

Materiality analysis:

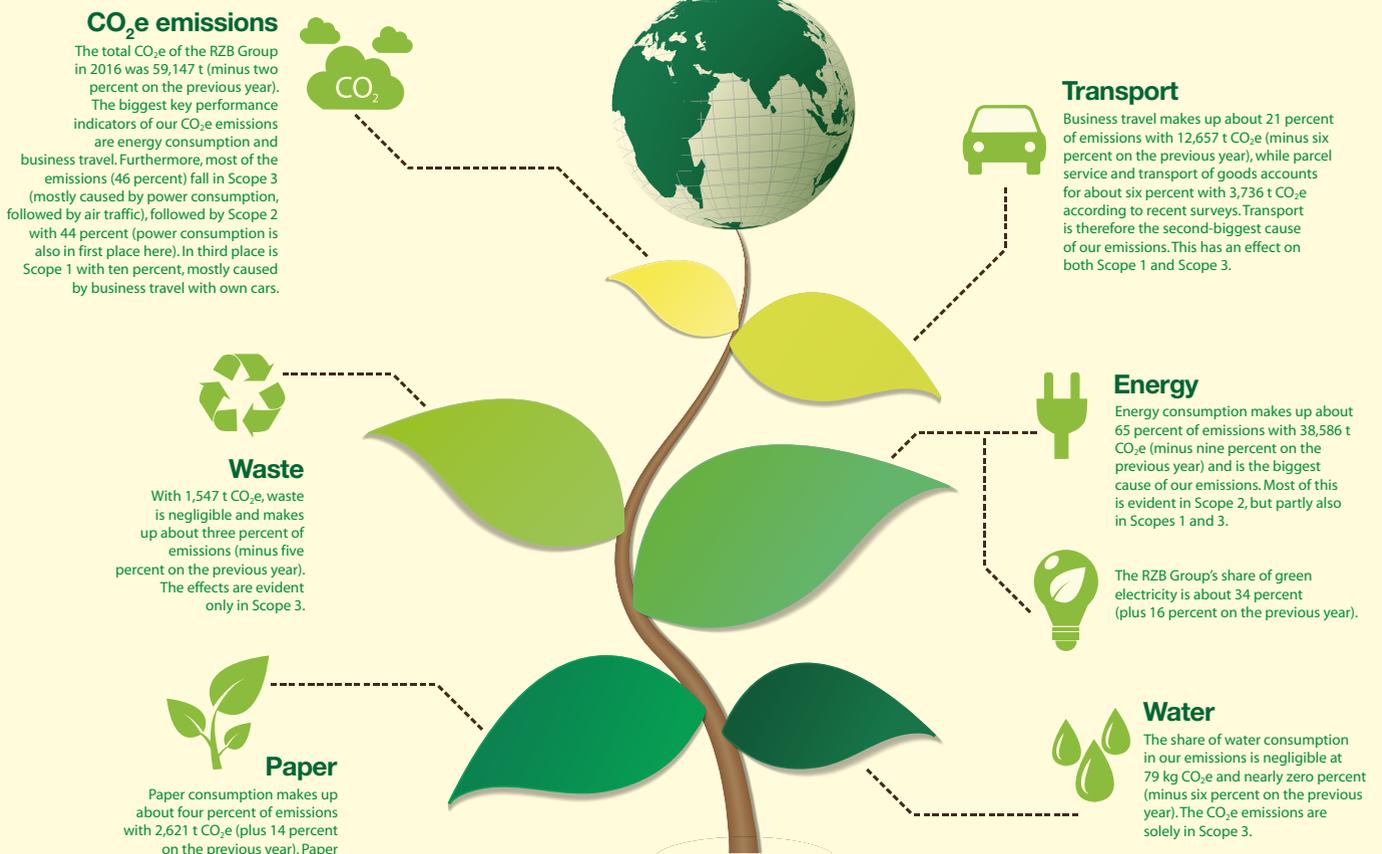


In 2016 RBI belonged to the nine percent of companies that made it onto the **CDP Climate A List**.



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

Ecological footprint:



CO₂e emissions of the RZB Group result from



Scope 1 10% Scope 2 44% Scope 3 46%

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Foreword

Dear readers,

We have several good reasons to look back on the past year with satisfaction. Our annual result proves that economic conditions on our markets have improved and our strategic measures are already showing significant, positive results. Alongside various other initiatives described in this report, we also emphasize the relevance of the issue of sustainability in our business operations through our membership of the United Nations Global Compact. We have been a member of the world's largest network for corporate responsibility since 2010.

This report has once again been produced on the basis of the internationally recognized "GRI G4" guidelines of the Global Reporting Initiative on sustainability reporting. The report's motto "Strength through diversity" was chosen because we are convinced that diversity in the company produces better long-term decisions.

The merger between RZB AG and RBI AG, completed on 18 March 2017 with its entry in the Commercial Register, means that the 2016 Sustainability Report is being published on behalf of the RZB Group for the last time. The merged company – like RBI AG before it – operates under the name of Raiffeisen Bank International AG. The 2017 Sustainability Report will therefore be published under the name of the RBI Group.

The merger between RZB AG and RBI AG has further simplified the group structure. The previously specialized subsidiaries of RZB AG – Raiffeisen Bausparkasse, Raiffeisen Kapitalanlage-Gesellschaft, Raiffeisen-Leasing, Raiffeisen Factor Bank, Raiffeisen Wohnbaubank and Valida Vorsorge Management – became subsidiaries of RBI AG as a result of the merger. The RZB Group's pre-tax profits improved by 14 percent in 2016, to € 843 million, and the consolidated result by 7 percent, to € 253 million. The RBI Group's pre-tax profits increased by almost 25 percent on the previous year to € 886 million, and the consolidated result by 22 percent, to € 463 million. The specialized subsidiaries – following the deduction of minority groups – made a significant contribution to the RZB Group's consolidated result of around € 68 million.

We have significantly increased our capital buffer and improved our risk profile in recent years. Once again, we are able to devote all our resources to improving our business model and customer relationships. Selective growth is in our sights again, especially in the Czech Republic, Slovakia and Romania, and we continue to anticipate a reassuring economic tailwind in our growth targets.

The RZB Group has an environmental and social management system in place in nine network banks and a corresponding environmental and social policy which defines the principles of the Bank's environmental and social risk management. These are based on the standards of the International Finance Corporation and/or the Multilateral Investment Guarantee Agency. Moreover, RBI AG is a member of the International Capital Market Association's "Green Bond Principles", which promote the transparency and integrity of the rapidly growing Green Bond market by stipulating a standardized issuing process.

The "Digital Regional Bank" program launched by RZB AG last year on behalf of the Raiffeisen Banking Group is developing very well. This year, an important milestone, the "Personal Finance Portal", goes online. Starting in the autumn, each domestic Raiffeisen Bank branch will be able to provide customers with online product deals using video authentication.

We are proud of the first Human Capacity to be published on behalf of the Raiffeisen Banking Group at the end of 2016. The report supplies scientifically analyzed key figures which show that we are making an aboveaverage contribution to economic growth and productivity with investments in the training and development of our employees. Ultimately, the training-based performance potential of employees, alongside innovation, is one of the most important factors of economic growth. The detailed report for the RZB Group revealed some pleasing results. In 2015, around € 4 million were spent on training and development measures for employees of the RZB Group in Austria. This figure is far higher than the on-the-job training costs spent in Austria. Several preventive measures have also been taken in the area of health. This is corroborated by above-average per capita expenditure of € 697 and a total amount of € 2.7 million per year on promoting health in the workplace.

We also feel strengthened in our commitment by the Prime status achieved in the sustainability rating of oekom research for the first time. This rating was given in December for both the RZB Group and the RBI Group by awarding them level "C+". Another award is the renewed inclusion of RBI AG in the VÖNIX sustainability index as well as its listing in the STOXX® Global ESG Leaders index, the FTSE4Good Index Series, and yet again a first-class rating in the CDP (formerly the Carbon Disclosure Project). For the fourth time in succession, RBI AG has been given an award by CDP for its significant reduction in CO₂ emissions. Once a year, the non-profit organization CDP surveys and assesses the CO₂ emissions of listed companies on behalf of investors in over 71 countries. Only 193 of more than 1,839 listed companies around the world secured a place on the CDP Alist in 2016. The RBI Group is one of the two best companies in Austria included in this ranking and is the best domestic company in the "Financials" sector for the second time in a row. Moreover, last year's Sustainability Report was also awarded a prize for being the best sustainability report in 2015 at the Austrian Sustainability Reporting Awards, in the "Large Companies" category.



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RZB AG and RBI AG launched the "Diversity 2020" initiative in spring 2016. The goal is to better exploit and advance diversity in the company through professional diversity management and thereby make a positive contribution to the corporate result. Furthermore, we have set ourselves the objective of taking comprehensive measures to achieve a quota of 35 percent for women in senior management positions across the RBI Group by 2024.

In autumn 2015, our corporate volunteering activities in Austria focused on the issues of migration and integration in Austria with the start of support for the "Haus Roshan" project. Last year, the Corporate Volunteering Program was expanded to include additional offerings in the area of financial education. We would like to take this opportunity to express our heartfelt thanks to all employees who have been involved in the company's corporate volunteering projects.

Particular importance is attached to the Sustainability and Diversity Improvement Act (NaDiVeG), which was enacted by the National Assembly in Austria in December 2016 and comes into effect for the first time in financial year 2017. The EU Directive on mandatory sustainability reporting was thus implemented on a national level. According to internal analyses, the Act has not resulted in any changes for the publication of our Sustainability Report, as several indicators are already reported pursuant to the GRI guideline, which is recognized both in the EU Directive and in the NaDiVeG. Nevertheless, we will examine whether a more detailed presentation of individual contents will be necessary in the future.

Global sustainability initiatives – such as the objectives adopted at the UN Climate Conference in Paris with their impacts on the financial sector, or the Sustainable Development Goals (SDGs) adopted by the international community at the end of 2015 – are additional topics that we intend to deal with systematically over the next few years. As an international banking group, we consider ourselves obliged to support these important initiatives within the scope of our sustainability agenda. This year, for the first time, references can be found in various chapters of this report to those SDGs which are most significant to our business operations or most relevant to our sustainability strategy.

As the new Chief Executive Officer of RBI, I invite you to remain in contact with us. I would like to sincerely thank the Group Sustainability Management team and all employees for their commitment, because only by working together can we continue along the path of sustainability.

Dr. Johann Strobl
Chief Executive Officer
Raiffeisen Bank International AG

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INFORMATION
ABOUT THE
SUSTAINABILITY
REPORT

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Overview

About the report

In this Sustainability Report, we describe the economic, environmental and social impact of our business activities in 2016 and present our current activities in the area of sustainability. The goal of the report is to provide a comprehensive account of how the RZB Group fulfilled its sustainability mission during this reporting period, and what it plans to implement and improve upon in the future with regards to sustainability. 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) as well as "Human Resources". Our sustainability guiding principles are also included in this report only as excerpts. The full version can be found on our website at www.rbinternational.com/nachhaltigkeit.

The report lays out the sustainability strategy together with corresponding management approaches and measures and describes specific sustainability activities that were carried out during the reporting period and before. 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 2015 and the report is published annually.

As shown in our stakeholder diagram (see page 28), the Sustainability Report is addressed to all stakeholders of the RZB Group. Many stakeholders were involved in selecting the most important topics for this report. We refer readers in particular to the chapter "Material aspects and themes inclusive Sustainable Development Goals" starting on page 21.

Group Sustainability Management of the RBI Group is your point of contact concerning this report. The merger of RBI AG and RZB AG (see page 11 onwards) means that this department now resides within RBI AG. Comments, ideas and suggestions for improvements can be sent to nachhaltigkeitsmanagement@rbinternational.com.

GRI G4

This report was produced on the basis of the internationally recognized GRI G4 guidelines on sustainability reporting of the Global Reporting Initiative with the "core" option. In addition, selected indicators relating to the information for the financial services sector are included.

Verification of the report's contents

The contents of this Sustainability Report have been examined (limited assurance) by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft (KPMG) (see pages 179-180).

Materiality and presentation of the information

In the report, we address the subjects and GRI aspects that have been identified within the RZB Group as material, that reflect the expectations of our stakeholders and that represented the focus of our commitment in the past year.

This report contains information describing the specific effects of a bank on the economy, society and the environment. The contents of the report were selected using the principle of materiality. The materiality analysis forms the basis for the key topics. The internal and external sustainability requirements and expectations on the RZB Group 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. It is intended to ensure that the contents of the report cover all topics and indicators that have the greatest influence on the business activities, products, services and relationships inside and outside the organization. In order to assess the materiality of the various topics and

determine the contents of the report, the following aspects were considered by the RZB Group:

- 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 and the like
- Principles of the UN Global Compact and the Sustainable Development Goals

Report scope and data collection

The report includes Raiffeisen Zentralbank Österreich AG (RZB AG), Raiffeisen Bank International AG (RBI AG) and the 14 network banks in Central and Eastern Europe. Raiffeisen Banka d.d. in Slovenia, which was sold in 2016, is no longer included. The key equity participations of RZB AG in Austria are included and referred to as "specialized subsidiaries". These are Raiffeisen Bausparkasse Gesellschaft m.b.H., Raiffeisen Kapitalanlage-Gesellschaft m.b.H., Raiffeisen-Leasing GmbH, and Valida Vorsorge Management. These companies are included together with RZB AG (as in the Annual Report of the RZB Group) under the title of "Central institute and specialized subsidiaries". We have once again expanded the scope of the report compared to the 2015 Sustainability Report. Kathrein Privatbank AG and Raiffeisen Centrobank AG, both subsidiaries of RBI AG, are included for the first time. You can find more information on the structure of the entire RZB Group on page 10.

The structuring of the individual chapters and the overview figures correspond in principle to the segments of the Annual Reports of the RZB Group and the RBI Group. The RBI Group is divided into RBI AG (Austria), Central Europe (CE), Southeastern Europe (SEE) and Eastern Europe (EE). In deviation from the Annual Report of the RBI Group, Raiffeisen Bank Polska S.A. in Poland is covered within the segment of Central Europe, meaning according to its geographic association (in the RBI Group, a separate segment was established in financial year 2015 with the name "Non-Core", containing those business areas which are to be abandoned or reduced and therefore include the Polish network bank). The segment of central institute and specialized subsidiaries includes the specialized subsidiaries listed in the previous paragraph, in addition to RZB AG. More details can be found in the Annual Reports of the RZB Group and the RBI Group.

We also report on selected sustainability initiatives within the core business that are undertaken by other equity participations of RZB AG which are nominally outside the scope of the report and over which RZB AG has a material and qualified influence, insofar as these are of strategic importance. Furthermore, these companies are members of our most important sustainability platform – the Raiffeisen Climate Protection Initiative.

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 in the 2016 Annual Reports of the RZB Group and the RBI Group. The information and data contained therein, from which parts were taken for this report, have been examined by external auditors. Further information can be found in the relevant Annual Reports.

Ecology

As in the previous year, quantitative data relating to inhouse ecology was collected using the "mona" ("Monitoring Sustainability") software. The environmental figures consist exclusively of the head office data of the individual companies. Kathrein Privatbank AG and Raiffeisen Centrobank AG are not considered in the environmental key figures. Additional data published in the report were gathered by means of standardized questionnaires and discussions with individuals. 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 are gathered group-wide using the “Tagetik” software. The data are then imported into “mona”. Additional data published in the report were gathered by means of standardized questionnaires and discussions with individuals.

Comparability of the information

The 2016 report is fully comparable with the 2015 report in terms of content. The tables cover a period of five years. The Employees and Inhouse Ecology chapters only contain figures for the RZB Group; the RBI Group and the central institute and specialized subsidiaries are presented in table form. Other details – such as for RBI AG and RZB AG or the network banks (NWB) – can be found on the website at www.rbinternational.com. Details on the areas of paper, water and waste from the Inhouse Ecology chapter can also be found there. The network banks column includes Kathrein Privatbank AG and Raiffeisen Centrobank AG in 2016 (except in the inhouse ecology key figures).

Raiffeisen Banka d.d. in Slovenia has ceased to be included in the current figures since 2015 because it was sold in 2016.

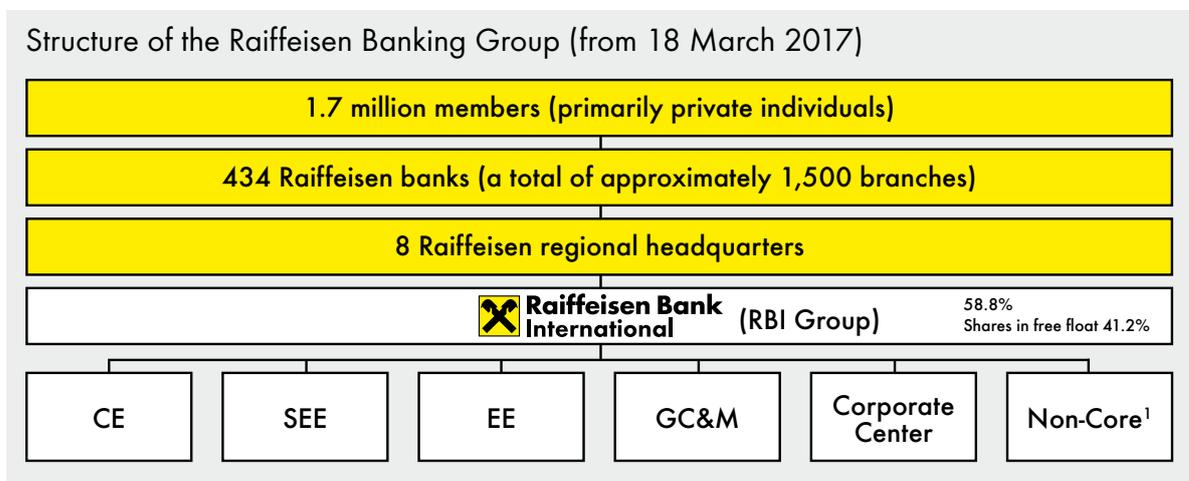
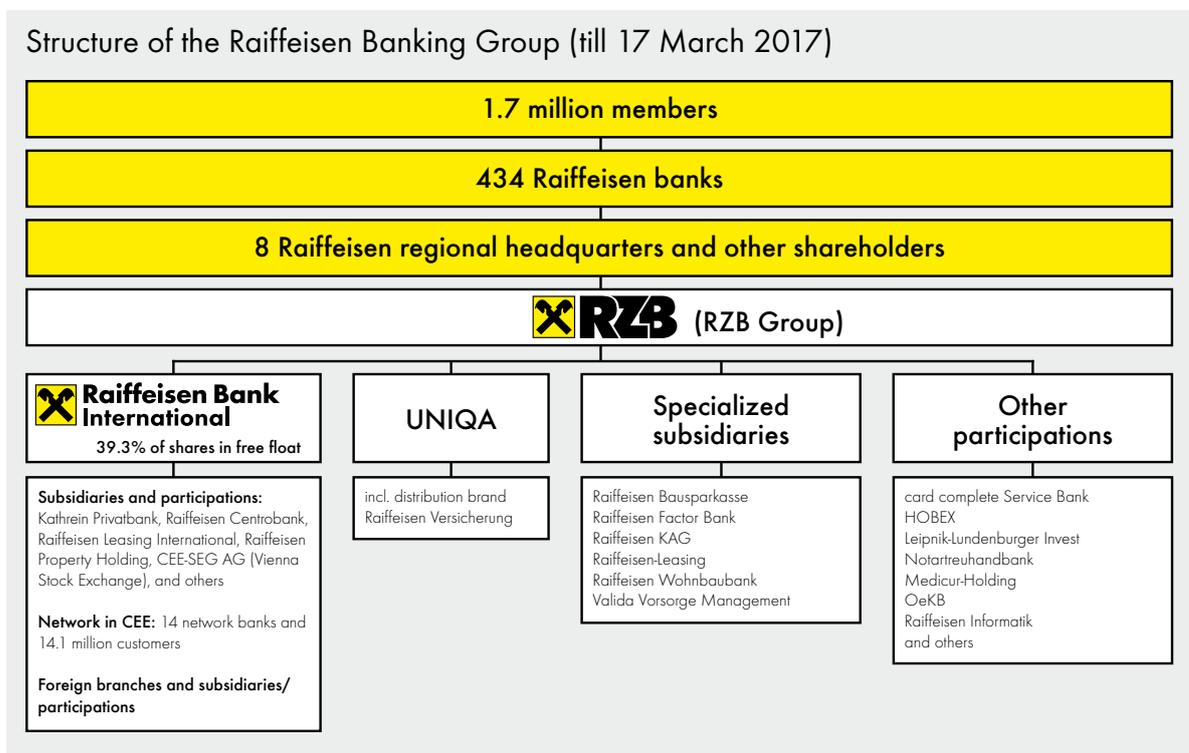
Wording

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 the RZB Group

Ownership relationships and structure

The organically grown structure of the Raiffeisen Banking Group (RBG) consists of 434 independent and independently responsible Raiffeisen banks with 1,500 bank branches that form the foundation of RBG. These Raiffeisen banks are the owners of the eight Raiffeisen regional headquarters. The regional headquarters are in turn shareholders of RZB AG and control the further development of the RBG.



¹ The non-core segment will be released in the first quarter of 2017.

About RZB AG

Raiffeisen Zentralbank Österreich AG (RZB AG) was founded in 1927 to provide liquidity settlement for Austria's agricultural cooperatives and was known then as "Girozentrale der österreichischen Genossenschaften" (Central Clearing Bank of Austrian Cooperatives).

RZB AG has one of the largest banking networks in Central and Eastern Europe (CEE) through its listed subsidiary RBI AG. At the end of 2016, RZB AG held about 60.7 percent of RBI shares; the remaining 39.3 percent was in free float. The shares of RBI AG are represented in some of the most important national and international indices, such as the ATX and the EURO STOXX Banks. It is also one of only 20 companies listed on the Vienna Stock Exchange's first sustainability index, the VÖNIX. RZB AG itself was predominantly owned by the eight Raiffeisen regional headquarters and was their central institution in accordance with the Austrian Banking Act. With the merger of RZB AG and RBI AG, implemented retroactively on 30 June 2016, the latter will assume the role of central institute for the RBG as part of universal succession.

About the RBI Group

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

As a universal bank, the companies of the RBI Group number among the top five banking institutions in several countries. This role is supported by the Raiffeisen brand, one of the best-known brands in the region. As a fully integrated corporate and retail banking group, the RBI Group is very well positioned in the CEE region.

In Austria, RBI AG is one of the country's leading commercial and investment banks. It serves mainly Austrian customers but also international customers and large multinational companies, particularly those that are active in the CEE region. In total, the RBI Group employed around 50,000 people at the end of 2016. These employees looked after about 14.1 million customers in more than 2,500 business outlets, the majority of them in the CEE region.

Merger of of RZB AG and RBI AG

Following a detailed evaluation phase, the Board members and Supervisory Boards of RZB AG and RBI AG essentially decided on the merger of RZB AG and RBI AG on 5 October 2016. The merger was entered in the Commercial Register on 18 March 2017.

The goal of the merger is to simplify the group structure and adapt the group to increased regulatory requirements. In doing so, we will continue to rely on the tried and tested business model. The organization will therefore be ideally positioned for the forthcoming challenges. These include, for example, a changed market environment, increased requirements for capital resources as a result of the financial crisis, stricter stipulations and additional burdens, such as bank levies in several countries in Central and Eastern Europe, which reduce the Bank's capital.

The strengths of the merged institution are linked to what it has achieved so far. The focus will continue to be on long-term customer relationships in the respective markets. Solutions consistently geared to the needs of corporate customers on the basis of local market access and the wide-ranging network, as well as an extensive multichannel offering for retail customers in the CEE region, contribute to the self-perception of being a customer-focused universal bank.

More details can be found in the Annual Reports of the RZB Group (page 8 et seq.) and the RBI Group (page 12 et seq.).

The fundamental values of the RZB Group

In the 19th century, Friedrich Wilhelm Raiffeisen simplified the idea of a cooperative down to one basic principle: In unity lies strength. RZB AG and its subsidiaries as well as the RBI Group are part of a cooperative organization. This can be seen in the key strategies and decisions. The basic principles of Friedrich Wilhelm Raiffeisen apply to all levels of the RZB Group.

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.

- Helping others to help themselves: Willingness to provide mutual assistance.
- Personal responsibility: Members make their own decisions about their cooperative within a framework of democratic principles.
- Solidarity-based business ethics: With a common economic goal, based on being there for one another.
- Sustainability of cooperative success: The common goal is lasting economic improvement.
- Subsidiarity: The power of the cooperative is only deployed where the power of the individual is insufficient and therefore requires help.
- Principle of identity: Members of the cooperative are simultaneously customers.

Our values and principles implemented in established rules

The RZB Group 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 concomitant attitude of global responsibility is expected of all employees and managers as well as of partners and suppliers of the RZB Group. Further information is available at www.unglobalcompact.org.

The ten principles of the UN Global Compact	
Human rights	
Principle 1	The RZB Group supports and respects the protection of international human rights within its sphere of influence.
Principle 2	The RZB Group ensures that it does not become complicit in human rights violations.
Labor standards	
Principle 3	The RZB Group safeguards the right of association and effective recognition of the right to collective bargaining.
Principle 4	The RZB Group supports the elimination of all forms of forced labor.
Principle 5	The RZB Group supports the abolition of child labor.
Principle 6	The RZB Group supports the elimination of discrimination in the hiring and subsequent employment of staff.
Environmental protection	
Principle 7	The RZB Group takes a preventive approach to dealing with environmental problems.
Principle 8	The RZB Group takes initiatives to create a greater sense of responsibility for the environment.
Principle 9	The RZB Group promotes the development and proliferation of environmentally friendly technologies.
Combating corruption	
Principle 10	The RZB Group opposes all types of corruption, in particular blackmail 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 RZB Group 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 “Compliance” chapter starting on page 46 and at www.rbinternational.com.

Sustainable commitment, artistically realized

Images of refugees, who are unaccompanied minors from “Haus Roshan”, a corporate volunteering project of RZB AG and RBI AG in Austria, were used on the cover and chapter pages of the 2015 Sustainability Report and produced on the instructions of Hubert Figl, an RZB Manager (see 2015 Sustainability Report of the RZB Group, page 13). We took the opportunity of his impending retirement to ask him to make himself available one last time as the artist for this report.

Hubert Figl, with a doctorate from the Vienna University of Economics and Business, was born in 1951 and most recently worked as a Risk Manager at RZB AG. He discovered his love of art during his studies, when he first conducted experiments in the area of painting. Hubert Figl has since been involved in abstract art for 15 years. He works with acrylic paint, a versatile material with almost unlimited possibilities.



© Hubert Figl

In order to balance his often demanding job, he values painting, which, alongside various recreational activities with the family, has developed into an ideal opportunity for implementing creative ideas. He enjoys complete relaxation in the studio and talking about art with friends and colleagues.

Moreover, he has for many years used the proceeds from his paintings to support the Karl Schubert Schule, an educational institution for children and young people in need of special care in Vienna’s Mauer district. He also donated the financial contribution – which he received from the RZB Group for providing his pictures – to the school. This special private school is a full-time school with a Waldorf curriculum, modified for curative education education. The school focuses on teaching life skills, creating self-awareness and enjoyment. The contents of the curriculum are conveyed using a variety of artistic and therapeutic methods.

In the future, Hubert Figl intends to use his retirement to develop his artwork and further advance his related social commitment.

SUSTAINABILITY
STRATEGY,
MATERIALITY,
SUSTAINABLE
DEVELOPMENT
GOALS,
STAKEHOLDER-
INCLUSION,
AWARDS

most Jim $\frac{1}{2}$

ABUDEF
MNOPO
WVY

Fig 16

Managing sustainability and corporate responsibility

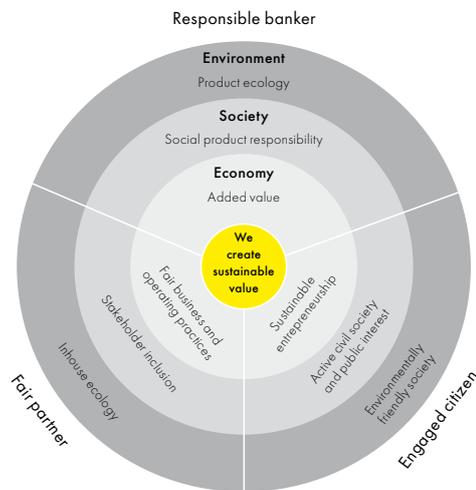
Sustainability concept and strategy

Our understanding of sustainability

Sustainability has always been a fundamental principle for the RZB Group 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 "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 the RZB Group 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. (For the Sustainability Guiding Principles, see www.rbinternational.com/nachhaltigkeitsmanagement)



Our approach as designers of a sustainable company and society

Our sustainability strategy

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 services 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. Alongside classic banking risks, the stability of the financial system and reputation risks, topics such as corruption, money-laundering and

high-risk sectors also come into play here. These include, for example, CO₂-intensive fields such as oil, gas and energy (e.g. shale gas), nuclear energy, the arms industry (e.g. weapons and cluster munitions), agricultural, production of raw materials and food (e.g. palm oil, food speculation).

Dealing appropriately with risks is part of our business model. As a banking group, we hold ourselves to corresponding standards of sustainability amidst all these circumstances, just as our stakeholders expect of us:

- We are committed to legal as well as ethical standards and must ensure that these standards are met.
- As a consequence of the financial crisis, the financial services industry suffered a loss of trust. Since then, banks have been under closer watch by their stakeholders and find themselves subject to more stringent regulatory requirements. We therefore work to make our business sustainable and wish to create sustainable value for our stakeholders.
- Our operational business activities are connected with environmental impacts that we strive to keep as low as possible by means of systematic environmental management.
- As an employer, we are responsible for ensuring safe and attractive working conditions for our employees.
- As a member of society, we want to contribute to the common good beyond our business activities and take action in line with our capabilities.

In order to live up to these requirements as well as to improve the effectiveness and the scope of our sustainability management across the entire RZB Group, 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 groupwide 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 not only on the perspective of our group but also on the perspectives of our stakeholders, who include our employees, customers, shareholders and suppliers as well as nongovernmental 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 corrections to our sustainability strategy, we place great value on maintaining a dialog with our stakeholders.

Core areas of our sustainability strategy			
Sustainability matrix of the RZB Group	Business	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	Stakeholder involvement	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

Sustainable management

The anchoring of sustainability within the organizational structure looked as follows on 31 December 2016, and on 18 March 2017 (after the merger of RZB AG and RBI AG):





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 at head office in Vienna and the 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 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.

On 31 May 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 at GfK Austria GmbH
- Klaus Buchleitner, Chairman of Raiffeisenlandesbank Niederösterreich-Wien
- Ralf Cymanek, Member of the Managing Board of Raiffeisen Bank Zrt. in Hungary
- Martin Essl, founder of the Essl Foundation
- Franz Fischler, Chair of the Raiffeisen Climate Protection Initiative and President of the European Forum Alpbach
- Christian Friesl, Divisional Head of Social Policy at the Federation of Austrian Industry
- Michael Höllner, Plenipotentiary of RBI AG
- Susanne Höllinger, CEO Kathrein Privatbank AG
- Gregor Höppler, Head of the Management Secretariat of RBI AG
- Andreas Pangl, General Secretary of the Austrian Raiffeisen Association
- Ernst Rosi, Senior Adviser to RZB AG
- Georg Schöppl, Member of the Managing Board of "Österreichische Bundesforste AG" (Austrian Federal Forestry Agency)
- Andrea Shin-Weber, Head of RBI Group Sustainability Management and Managing Director of the Raiffeisen Climate Protection 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.

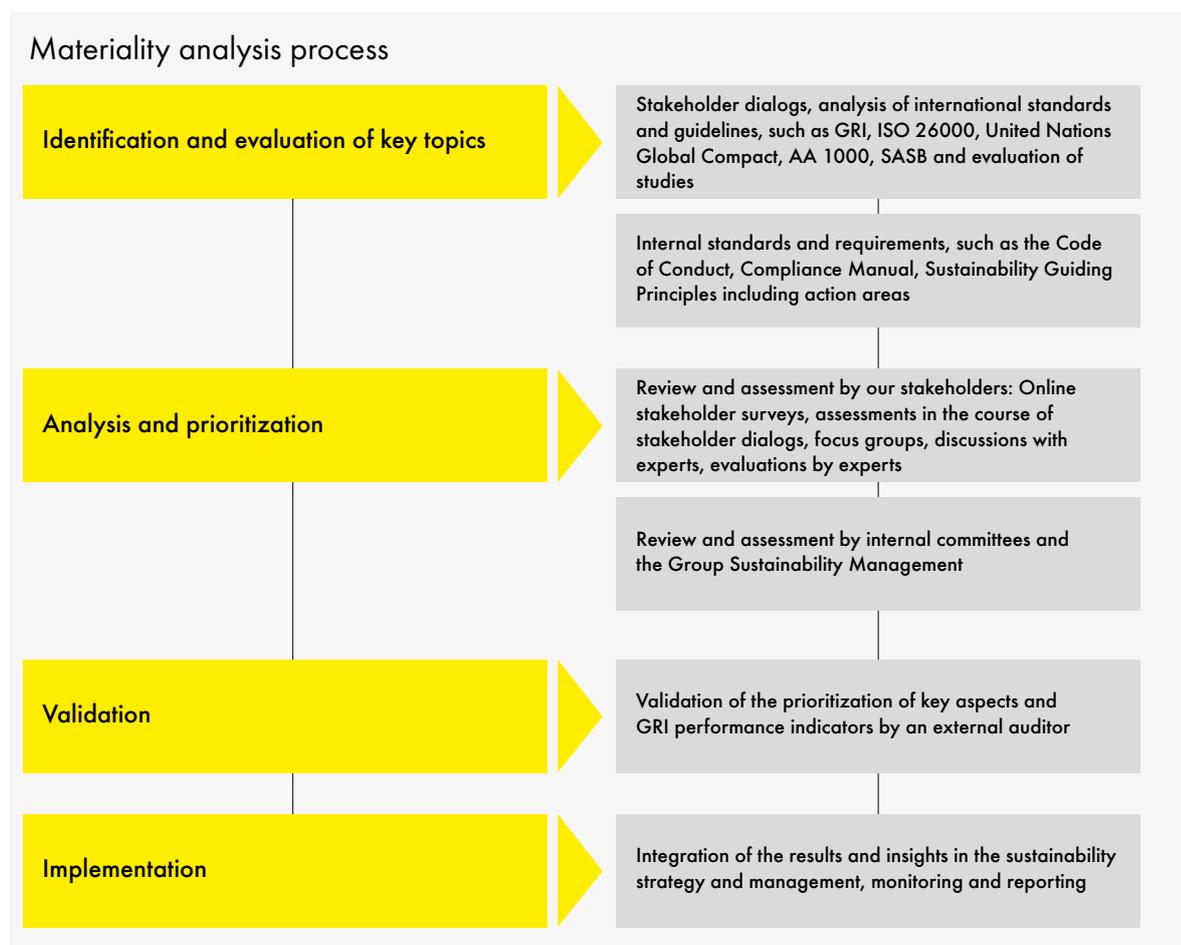
Since 2013, we have used an internal tool as the central instrument for controlling and monitoring our main sustainability efforts. This innovative software, called "mona", is based on the Global Reporting Initiative (GRI) and relies on scientific data as an instrument for sustainability monitoring and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

Material aspects and themes inclusive Sustainable Development Goals

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), upon which this report is based, 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



Identification of relevant topics

The key topics are selected with the assistance of internationally established lists of criteria and sustainability standards, such as the GRI, the United Nations Global Compact, SASB Sustainability Accounting Standards Boards and ISO 26000. In addition, we consider feedback on 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 the RZB Group and its Sustainability Officers as important sources for the identification of key topics.

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

Prioritization of the sustainability aspects and materiality matrix

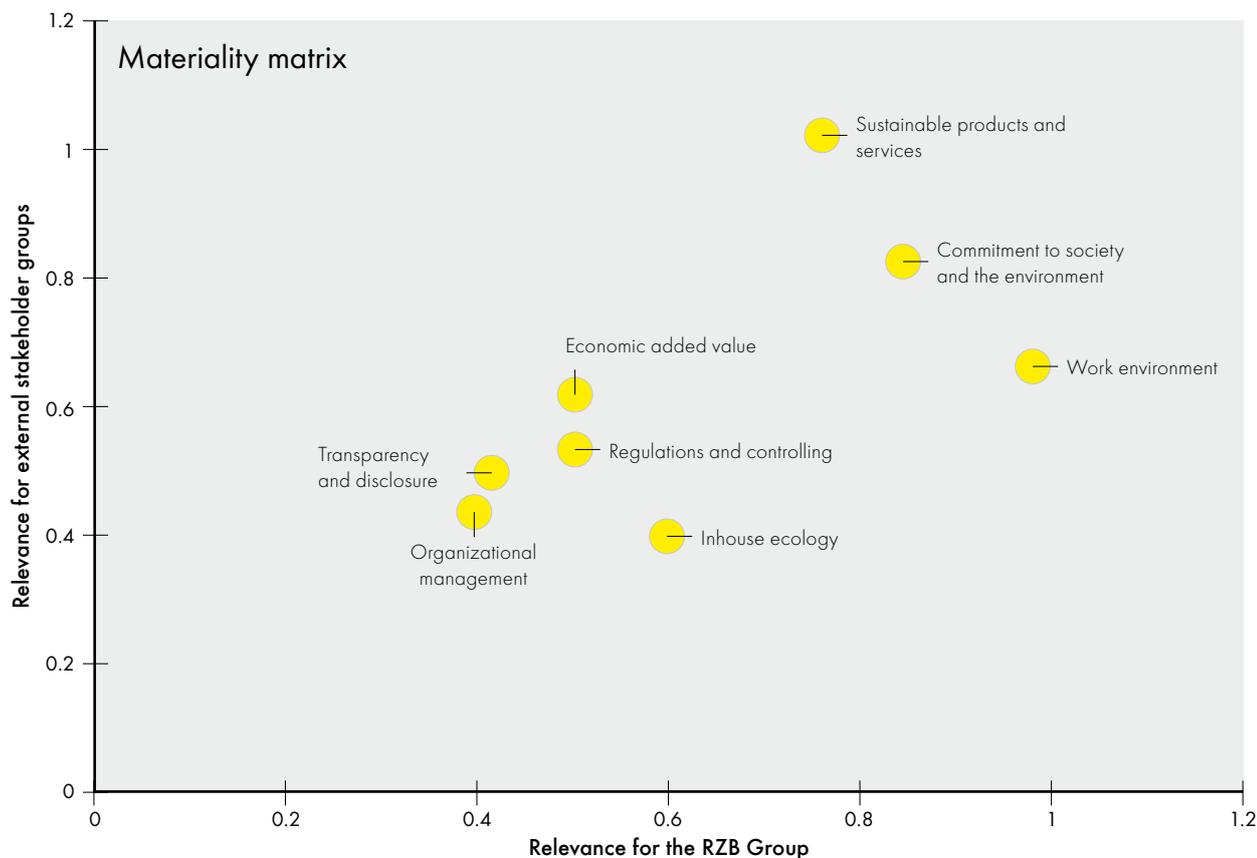
The prioritization of identified topics with regard to their materiality is based on a multi-stage approach:

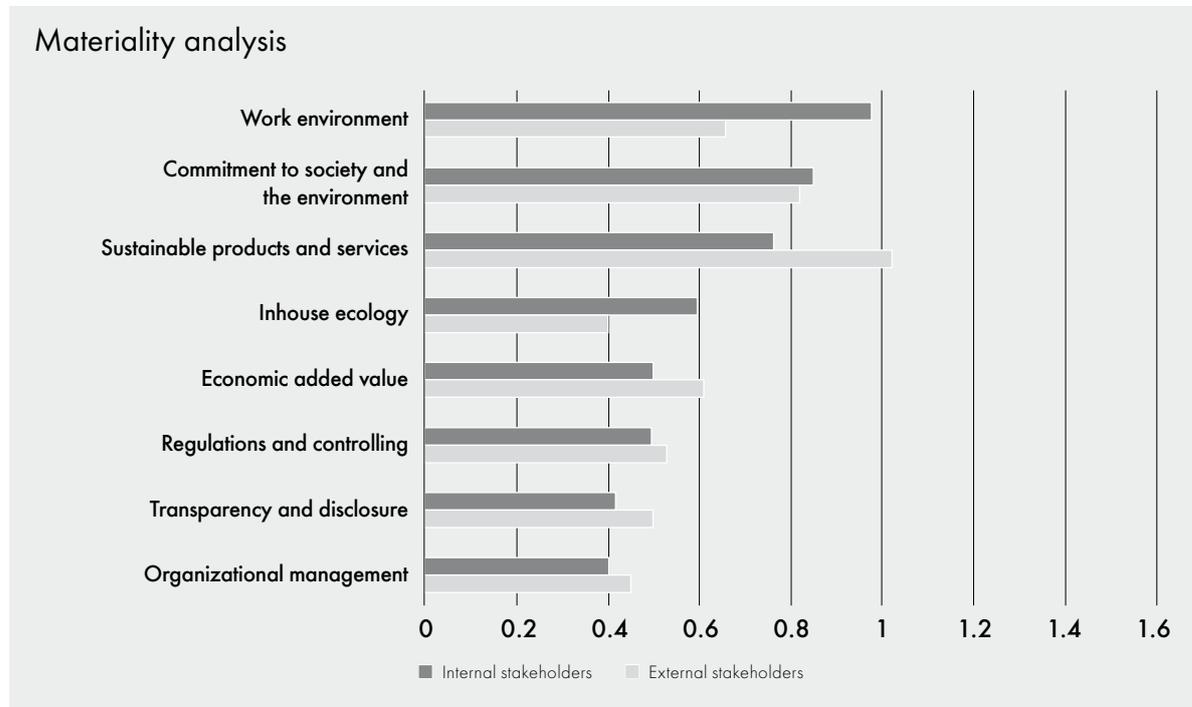
1. In order to be able to better evaluate and subsequently weight the key topics and areas of activity, a new tool was used to prepare and present topics: the topic map.
 - a. First, a list of the current key issues was drawn up by the Group Sustainability Management department of the RZB Group. This 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 relationships 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 effect 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 the 2015 Sustainability Report of the RZB Group, page 21).
2. The eight most important topic 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 "Key topics", we then present how the topics we identified as material are related to the associated key GRI aspects. The completeness of all key GRI aspects 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 aspects 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 "Key topics".
6. The key aspects were validated with regard to GRI conformity by an external expert who has international experience as an auditor of sustainability reports by providers of financial services. This expert inspected the identified prioritization of aspects and performance indicators.

The materiality matrix provides the following picture of the topics perceived as most relevant by our internal and external stakeholders:

Materiality matrix of the RZB Group



Overall materiality analysis of the RZB Group (ranked by priority of the internal stakeholders)

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

Sustainable Development Goals (SDGs)

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 lies 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 comprised 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 key issues and initiatives of the RZB Group. We also investigated which SDGs have been placed on the agendas of other financial companies.
2. Based on this analysis, Group Sustainability Management evaluated the top SDG topics in a workshop with the external consultant on the basis of specific criteria. The following four criteria were of primary importance here:
 - The relationship with the RZB Group: How closely is an SDG related to the RZB Group?
 - Importance: Group Sustainability Management examined how important it is for the RZB Group to contribute to this global goal.
 - Impact: The impact that the RZB Group can actually have on the respective goal was evaluated.
 - Attractiveness: Finally, we evaluated what potential this SDG could have for the RZB Group.

3. The individual evaluations were combined into a overall evaluation. This resulted in ten SDGs that are relevant to the RZB Group, of which five have especially high relevance.
4. Finally, this result was presented to the Managing Board of the RZB Group, and the decision was made to do more in the future to promote these topics.

The SDGs of greatest relevance to the RZB Group

Of the ten SDGs identified as most relevant to the RZB Group, the five listed below were considered particularly relevant – both for the group 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 five SDGs most material to the RZB Group, ordered by relevance, are:



- SDG 8: Promote sustained, inclusive and sustainable economic growth, full and productive 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.



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

Key topics				
Areas of responsibility	Key topics	GRI G4 key aspect	Scope of the aspects	"Top 5" Sustainable Development Goals
Responsible banker	Commitment to society and the environment	Local communities	Customers	SDG 5 SDG 8
	Organizational management	Active ownership Labeling of products and services Products and services	Customers	SDG 8 SDG 9
	Economic added value	Economic performance Indirect economic impacts Product portfolio	Owners, employees, network banks, employees, customers, business partners, RBI investors	SDG 5 SDG 8 SDG 9 SDG 13
	Sustainable products and services	Product portfolio	Customers	SDG 8 SDG 9 SDG 13
	Regulations and controlling	Audit Compliance - Society Compliance - Product responsibility Fighting corruption Protection of customer data Labeling of products and services Marketing Anti-competitive behavior Public policy	Owners, employees, customers, RBI investors, supervisory authorities	SDG 16
	Transparency and disclosure		Employees, rating agencies, RBI investors	SDG 8 SDG 16
Fair partner	Work environment	Occupational health and safety Training and development Employment Non-discrimination Equal remuneration for women and men Freedom of association and right to collective agreement negotiations Diversity and equal opportunity	Employees	SDG 5 SDG 8
	Inhouse ecology	Waste water and waste Emissions Energy Materials Transport Water	Employees, civil society, NGOs and NPOs	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	Labeling of products and services Product portfolio Economic performance	Civil society, NGOs and NPOs, education and research	SDG 8 SDG 9 SDG 13 SDG 16

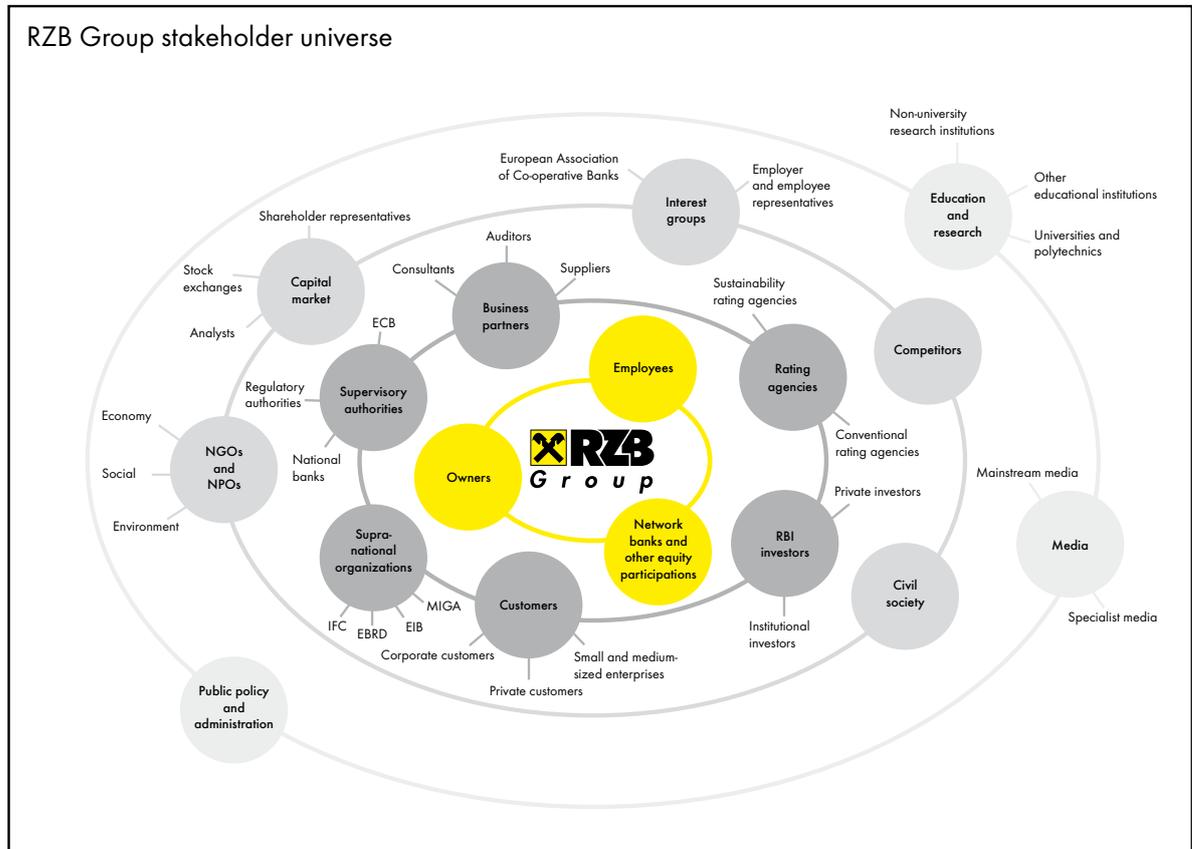
Stakeholder inclusion

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. We process the results and controversial topics from stakeholder dialogs in our sustainability committees and derive corresponding concrete objectives and measures for further development of our sustainability management.

Our stakeholders

The RZB Group defines its stakeholders as those people or groups of people that have a justified 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 partner. 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 a comprehensive stakeholder survey every two to three years. The last stakeholder survey was conducted in January and February 2016. Over 700 stakeholders took the opportunity of working with us to identify the key topics for the RZB Group (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 us to more directly select those 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 as well, we focus primarily on those topics and aspects that have been identified as material by us and the stakeholder groups.

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 the GRI guideline (GRI G4)	Stakeholder Council	Active initiation of sustainability measures (e.g. via RKI)
	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 on the company website	eLearning tool (internal sustainability training)	Supporting projects (e.g. cooperations with colleges of higher education and other educational institutions, 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 RKI, internal Raiffeisen blog on sustainability and corporate responsibility)	Inclusion of external stakeholder groups in company-internal bodies (e.g. in the Sustainability Council)
	Participation in sustainability ratings of agencies (e.g. oekom research, Sustainalytics, Vigeo-EIRIS)	Ad hoc dialogs with decision making authorities and diverse specialized lectures (e.g. at universities)	Regular meetings (e.g. Group meeting) Stakeholder
	Articles in specialized publications	Organization of events (e.g. RKI networking events, ICEP conferences)	

Stakeholder Council

One very important communication format is the annual Stakeholder Council, in which various stakeholder groups enter into dialog with representatives of our Managing 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.



The seventh Stakeholder Council of the RZB Group was held in November 2016 with the participation of 75 people from various stakeholder groups (customers and business partners, employees and owners, the world of finance and rating agencies, education and research, interest groups, media, public policy and administration, NGOs and NPOs).



Stakeholder Council 2016, © wdw4friends

The objective of the workshop groups was intensive discussion of topics that had previously been classified as material to the sustainability work. First the external “table hosts” provided brief starting points for the questions to be investigated in the planned group work: Reinhard Friesenbichler, rfu (sustainable investments and commitment activities), Elisabeth Gail, Hauska & Partner (raising awareness among employees), Günther Lichtblau, Environment Agency Austria (impacts of the climate conference), Petra Rösler, zwei:und:drei (investments in the community), Michael Fembek, Essl Foundation (diversity in the core business: effects of the social transformation) and Amira Zauchner, respACT (sustainability in the supply chain).

A short summary of the results presented after the workshop rounds by a panel of Raiffeisen-internal stakeholder representatives is provided below.

Sustainable investments and commitment activities

This discussion round addressed the development of sustainable investments, from exclusion criteria to positive criteria as well as new instruments such as commitment, impact and divestment. It was reported that growing interest in the topic can be seen on the customer side, which also leads to the establishment of greater trust. The climate perspective (in particular CO₂ reductions) is a particular priority when it comes to the actual goalsetting. Fitness for the future through long-term economic added value as well as new added value chains (e.g. based on changing demographics) also play a role. Questions such as whether sustainability and performance stand in conflict with each another could not be decisively answered. Critical comments included the idea that securing jobs is also a sustainable goal, that in many areas commitment can achieve more than divestment and that such activities can sometimes have the appearance of a “marketing gimmick”. On the question “What input would you like to share with us?”, it was frequently mentioned that customers should be better informed about sustainability topics at the time of investment. In particular, this should take place in direct dialog and without barriers of any kind. With such measures as well as greater transparency, it should be possible to improve the credibility of banks in general and – assuming the RZB Group comes to be more strongly associated with sustainability – the image of the group in particular. There is also a perceived need for more internal training and more people acting to raise awareness within the group. Greater courage and a broad perspective are considered important with regard to our own investment decisions. It also makes sense to further improve basic financial products. The target group definition plays a role here. It should be considered that investors with ethical motives do exist, but so do those with other motives. Despite even lower demand in CEE at the moment, an initiative here would be welcomed. Finally, it was noted that efforts should be made to integrate the widest possible spectrum of sustainability aspects.

Raising awareness among employees

This group discussed questions about how employees can be made aware of sustainability topics – in view of the general information overload – and how to transition from sharing information to taking proactive action. Sustainability is viewed as a very multi-layered topic. It is therefore necessary to act from many different perspectives, both bottom-up and top-down. The concept of “one size fits all” does not work when communicating on this topic. Instead, it is important to pursue various approaches in order to find the best way of promoting sustainability. Employees should therefore be brought up to speed on the topic in various ways,

and they should be offered the opportunity to contribute in various ways as well. One idea mentioned in this regard was the establishment of a think tank (on the topic of “Developing sustainable products”, for example). The RZB Group has many departments and employees, and each should ultimately make their own contribution.

Sustainability topics often also entail personal value judgments. However, it cannot be expected that all employees share the same values. Inclusion can be voluntary, but need not always be, since specific requirements may be defined by the company.

There will certainly be increasing external pressure due to the new EU Directive on mandatory sustainability reporting by large companies. This could also become a source of tension for those employees who have not previously concerned themselves with sustainability but will have to engage with the subject in the future. The more people take up the topic, the greater the multiplier effect will become finally.

Impacts of the climate conference

The participants in this workshop round identified the upcoming challenges for banks in connection with the consequences of climate change. In order to achieve the 2-degree target established at the climate conference in Paris (an 80 or 95 percent reduction in greenhouse gas emissions by 2050, i.e. almost complete decarbonization), banks should in future stop providing financing to companies in fossil fuel industries. On the other hand, such restrictions for the finance sector will only make sense if all banks participate. In the discussion that followed, it was emphasized that different reduction opportunities exist depending on the starting situation of the company. Energy efficiency is viewed as the most important factor here. The question also arises as to how the energy efficiency of customers should be evaluated in the provision of loans. The topic of venture capital was also discussed, including what it is used for. Being able to achieve the climate protection goal will require a clear commitment on the part of the executive management and the inclusion of all employees. It is not sufficient to delegate this topic to a few people. Instead, a new relationship between climate experts and banking experts in the company is required as well as new competences, which will also give rise to new career types.

Finally, the issue of the over-regulation of banks was discussed. A need was also seen for business model innovations (e.g. for environmental technology companies and R&D), and it was proposed that broad expertise in climate topics be built up within the bank. The wish was expressed for the RZB Group to remain a competent adviser to customers in future decisions and for venture capital to be made available to new technologies in the energy sector. There was also a desire for clear guidelines concerning what will be financed by the RZB Group and what will not, as well as an expansion of the climate policy.

Investments in the community

Investments in the community, a topic that was ranked in second place by both internal and external stakeholders in the online materiality survey at the start of 2016, was discussed intensively in this group. Starting with the question about the most urgent social challenges of today in which the RZB Group should get involved, the participants agreed that the answer is education (in particular financial education) as well as integration and helping people to help themselves.

The topic of corporate volunteering (CV) was discussed in this regard, with a focus on assisting the unaccompanied child refugees at “Haus Roshan”. Here, the employees of RBI AG in Austria have been offered the opportunity to get involved socially for the first time – including on an hourly basis. The non-financial aspect and the socio-political statement by the Managing Board in respect of this project were viewed as particularly noteworthy. The signal sent by top management is very important with regard to corporate volunteering and should be an encouraging factor over the course of this sustained project. This led to the discussion about the definition of the term ‘corporate volunteering’ and the extent to which this commitment could be included as a sub-goal within the performance appraisal of employees. According to the discussion group, sending a signal of social responsibility as a company should also involve extending the commitment to the countries of our network banks in CEE. There were various perspectives on the question of how strategically

or freely corporate volunteering should be managed. If CV is to be implemented strategically, it will be important to establish a specific focus and to pursue and track progress towards corresponding goals. Only this way can CV contribute to the success of the business.

Effects of social transformation on the core business

The banking world is changing, as are the customer groups that a bank comes into contact with. Unfortunately, topics such as diversity are not always focused on in times of crisis. However, it is essential for the present client segmentation to be adapted. The question is: What exactly is the spectrum of retail and corporate customers today, and what are their needs? This ranges from "prime customers" all the way to "low end customers". These new customer groups can be best reached if they are also reflected at the employee level. In other words, diversity of perspective as well as in-depth experience are required.

A joint mission based on the existing Raiffeisen values should help to define the nature of future efforts. The question arises here as to how banks can best contribute to solving the problems of our world. Answers to the problems of customers are deemed particularly important in this regard. Instead of ignoring needs, they must be recognized and utilized for the business. People who are not "digital natives" frequently have difficulty interacting appropriately with today's technology. It would be important to offer assistance in the form of simplified systems in this regard. One creative idea could be the "financial butler". Unfortunately, there are many potential customers who do not feel represented by the RZB Group, including people with disabilities and start-ups. The latter in particular are increasingly hoping for their bank to help them establish contact with investors or other companies in their field of activity. This could be done, for example, in previously unused sales spaces, together with other services.

Sustainability in the supply chain

This group discussed the challenge of obtaining key figures from suppliers that focus on the most important aspects of the industry in order to allow for an assessment of environmental impacts. The importance of benchmarks and a list of criteria with sustainability indicators was also discussed. The group noted that this could only be achieved if data are available from many companies in an industry in order to establish a benchmark. It was considered problematic for companies that different criteria are required for different supplier groups and that benchmarking would be necessary, but is not currently possible. A code of conduct is considered useful for large companies when selecting suppliers; certificates also help establish trust. Finally, even small measures can yield results. The factor of mobility in the supply chain was emphasized in particular with regard to Scope 3 emissions, which make up a large proportion here.

When surveying suppliers, the focus should be placed on the suppliers with the highest sales. The same requirements should apply to both internal and external suppliers. Attention should also be paid to the external impact of smaller suppliers and their risks. The potential for forming clusters also arises here in that many small suppliers can together become a significant factor if this group exhibits particular risks with respect to sustainability.

The problem of certifications costing significant time and money was addressed by the suppliers. Suppliers are in principle happy to invest in such measures as long as they offer additional value and the low bidder does not end up getting the contract after all. The suppliers propose more than just sending out questionnaires. The problem of SMEs frequently having no sustainability figures at their disposal was discussed. In conclusion, the importance of long-term supplier relationships was emphasized.

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 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 the RZB Group and of the RBI Group was rated at level "C+" for the first time in December 2016, which means "Prime Status".

VÖNIX



RBI AG has been listed in the sustainability index of the Vienna Stock Exchange - the VBV-Österreichischer Nachhaltigkeitsindex (VÖNIX Index) - for eleven 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 activity. This requires a complex model with extensive environmental and social exclusion criteria and positive criteria.

As part of an annual sustainability analysis, information on the relevant sustainability criteria is surveyed for all domestic 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 FTSE4-Good Index Series of the London FTSE Group since 2015. The FTSE4-Good is a family of indices that contains companies which undertake to comply with globally recognized standards of corporate responsibility in the areas of the environment, society and governance and are particularly committed. This is measured on the basis of transparent criteria.



STOXX 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



Austrian Sustainability Reporting Award (ASRA) for the best report by a large corporation



Presentation of the ASRA award for first place to the RZB Group, © ASRA

The Sustainability Report of the RZB Group for 2015 was awarded at the Austrian Sustainability Reporting Awards in October 2016. In the category "Large Corporations", the RZB Group received first place for the best sustainability report produced by an Austrian corporation. The award is presented annually by the Chamber of Public Accountants together with the Institute of Austrian Certified Public Accountants and other cooperation partners.

The RZB Group impressed the jury with its transparent presentation, the consistent continuation of the stakeholder dialog and the selected key topics.

The clear relationship between the materiality analysis, the goals and the measures taken as well as the informative fact sheet were also highlighted.

Econ Award – Silver



Silver Econ Award for the RZB Group, © wdw4friends

At the international Econ Awards for corporate communication held by the publisher Econ Verlag in cooperation with Handelsblatt Berlin, the RZB Group received the silver award in October 2016 for its 2014 Sustainability Report "Fit for the future through sustainability".

The jury stated that the report's exceptionally good treatment of the topic of sustainability was the reason for its selection. The report is excellently structured, and the individual aspects are very well selected, transparently presented and thoroughly substantiated. The high priority the company places on sustainability is credibly conveyed in this way.

CDP



Receipt of the CDP award 2016, © wdw4friends

Only 193 of more than 1,839 listed companies around the world secured a place on the CDP A-List in 2016. The RBI Group is one of the two best companies in Austria to find themselves in this ranking again. Moreover, the RBI Group has now been rated the best Austrian company in the “Financials” sector for the second time in a row.

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 75 percent on the “Leadership” level are given a place on the A-List.

Of 145 participating companies in the “Germany, Austria and Switzerland (DACH)” region, the RBI Group is one of 19 companies to have been included in the A-List. In order to be added to this list, it is necessary for the CO₂ reporting (Scope 1 and Scope 2) to be verified, no relevant CO₂ emissions to be excluded from the reporting and the companies to have set themselves ambitious emissions reduction targets (either in accordance with a science-based target method or the CDP A-List requirements). The RBI Group has been rewarded by CDP for the fourth time in a row for the high standard in answering the questionnaire, which reflects a profound understanding of the risks and opportunities associated with climate change.



HUMAN CAPACITY
REPORT OF THE
RZB GROUP IN
AUSTRIA IN 2015

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Human Capacity Report of the RZB Group in Austria in 2015

In November 2016, the Raiffeisen Banking Group (RBG) presented the first Human Capacity Report of any multi-level banking group in the German-speaking countries. For the very first time, it surveyed the contribution made by the RBG to the Austrian human capital base – the performance potential of employees as generated by training and development – and its importance for the economy. The report was prepared on the basis of a comprehensive questionnaire survey using verified data from 2015, together with the Economica Institute of Economic Research. Alongside a comprehensive presentation of the economic footprint within the scope of the Added Value Report in 2014 and the Environmental Balance Sheet presented in 2015, this Human Capacity Report – as the third reporting element – completes the documentation regarding the overall social significance of the RBG in Austria.

Here you can read an excerpt from the results of the Human Capacity Report in reference to the RZB Group in Austria. For more information, you can find the entire Added Value Report of the Raiffeisen Banking Group under www.raiffeisen.at (Über uns → Sicher, regional, nachhaltig).

Within the Raiffeisen Banking Group, the RZB Group in Austria holds a key position with regard to the topic of human capacity. The goal of this report is therefore to identify the contribution of the RZB Group to the human capital base and illustrate its significance within the regional economy. First, the regional economic contribution of the human capital investments toward productivity and economic growth is investigated. Next, the employee structure and the qualification profiles of the existing human capital are examined in greater detail, followed by the productivity of the employees. Finally, the contribution to the quality of the human capacity in the form of investments in preventive health care for the employees is outlined.

All of these analyses are based on a primary data collection campaign carried out within the RZB Group from June to August 2016. This survey encompassed all employees of the RZB Group.

Human capital investments and their contribution to productivity and economic growth

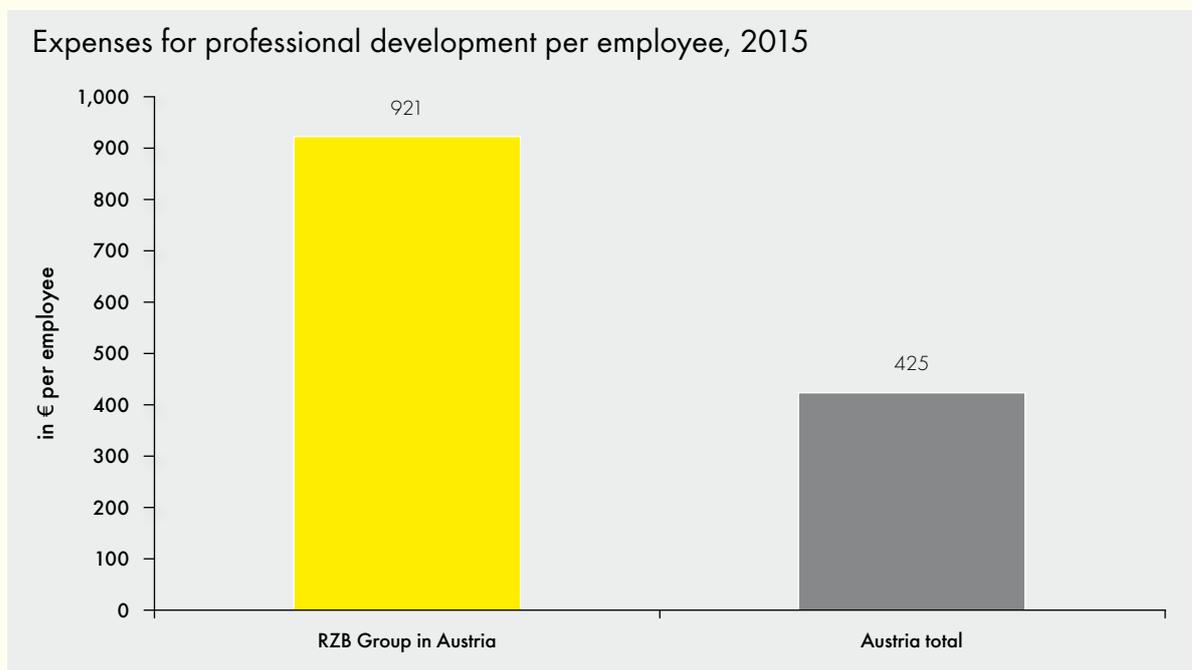
The long-term, regional economic effects triggered by investments of the RZB Group in the human capital of its employees are presented below. Targeted investments in training and development, qualification and life-long learning not only impact the productivity of the individual employee and the company but also increase the economic output of the entire province and its attractiveness as a business location.

The literature confirms that, alongside innovation, human capital is one of the most important factors determining economic growth. Occupational training and development increases productivity and the creation of added value. To put it another way: Both the quality level and the (quantitative) transformation of human capital resources correlate positively with economic growth. This is verified by drawing up a model of production functions in which the human capital is divided into the categories of employees with occupational training and development and employees without occupational training. Within this model, the intensity of the training at the company is depicted in the form of training and development expenditures and investments per employee per year. The productivity of the employees is measured as gross added value per hour of work. The result is a set of functions that enable an assessment of how elastic productivity is with regard to training and development expenditures and investments.

Expressed in numbers, this means that an increase in the human capital investments of one percent results in an increase in productivity of 0.7 percent.¹ Each euro invested in occupational training and development increases the added value by € 3.60.² Investments in human capital therefore have a stronger effect on the creation of added value than investments in real capital.³

A total of around € 4 million was spent in 2015 on training and development measures for all employees of the RZB Group in Austria. The average expenditure per employee amounted to € 921. This value is about 117 percent above the average occupational development costs in Austria of € 425 (see graph below).⁴

Because the RZB Group carries out occupational training and development measures on an above-average scale, its contribution to productivity and economic growth in Vienna can be considered above-average as well.



Source: RZB Group, *Economica*

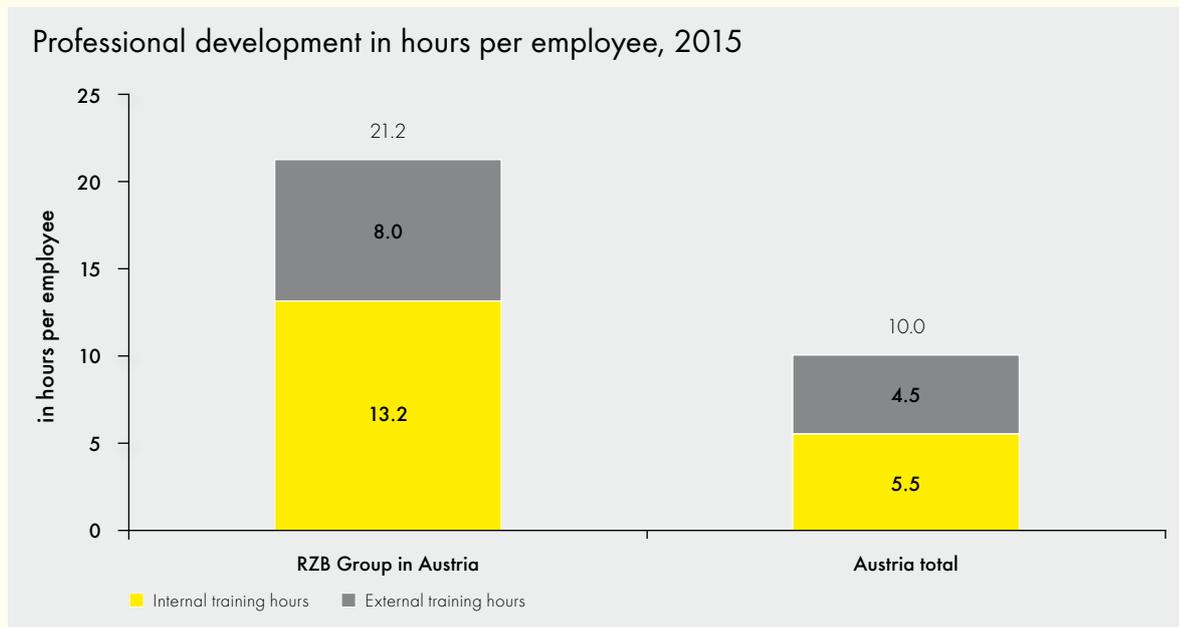
If, instead of the amount of expenditures, one compares the number of training hours spent per employee on occupational development, the value for the RZB Group is 112 percent above the Austrian average: Employees of the RZB Group completed an average of 21.2 hours of training per person in 2015, while the average for businesses overall was only 10 hours (see the graph below).

¹ See Helmenstein et al. (2013), p. 18.

² See Helmenstein et al. (2013), p. 52.

³ Ibid., p. 4.

⁴ Note: The data for "Austria total" come from the European survey of occupational training (CVTS4) by Statistics Austria and refer to the direct course costs for development measures. They date from the year 2010 and have been adjusted for inflation up to the year 2015.



Source: RZB Group, Statistics Austria, *Economica*

Note: The data for "Austria total" comes from Statistics Austria and relates to the year 2010.

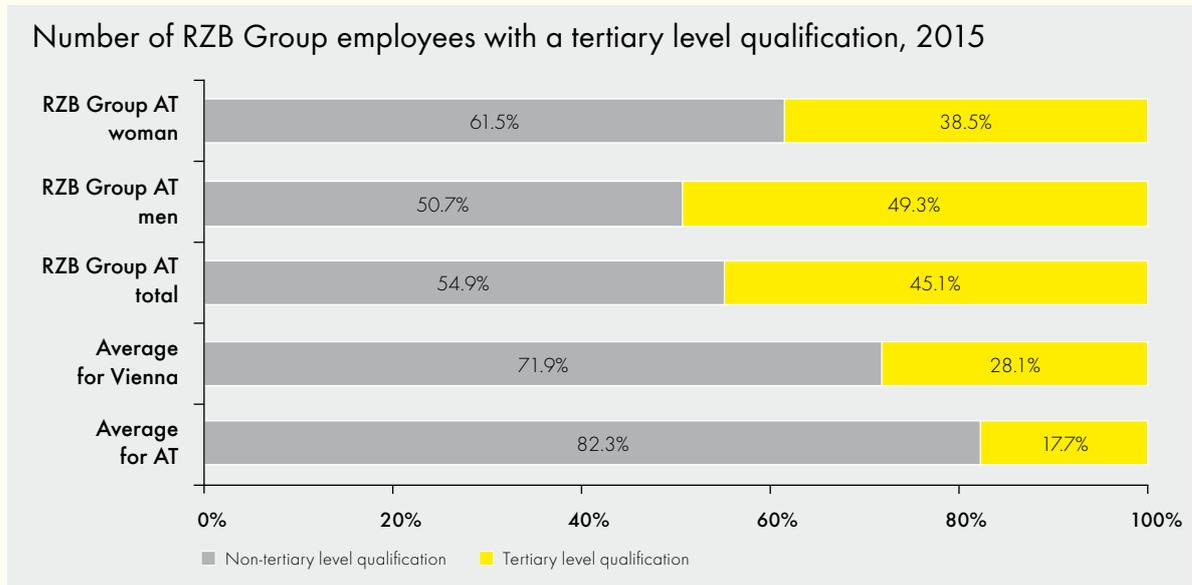
It is also worth noting that over 60 percent of the development hours of the RZB Group were carried out internally. This means that more training hours were realized internally than the Austrian average of 55 percent across all industries.

Attractive employer for clever minds

Particularly for young people of diverse educational and vocational training backgrounds, Raiffeisen offers an attractive workplace with good prospects.

Among employees with tertiary degrees, i.e. a degree from a university or a university of applied sciences, the RZB Group rates exceptionally well in Austria: 45.1 percent have a tertiary degree. By comparison, the average in Vienna is only 28.1 percent and across Austria just 17.7.

This high share of tertiary degrees can be attributed primarily to the male employees: the share of men with tertiary degrees is 49.3 percent, significantly above the corresponding figure for women of 38.5 percent. Because almost every second new hire (47 percent) is an academic, it is to be expected that the share of higher degrees will continue to grow in the future.

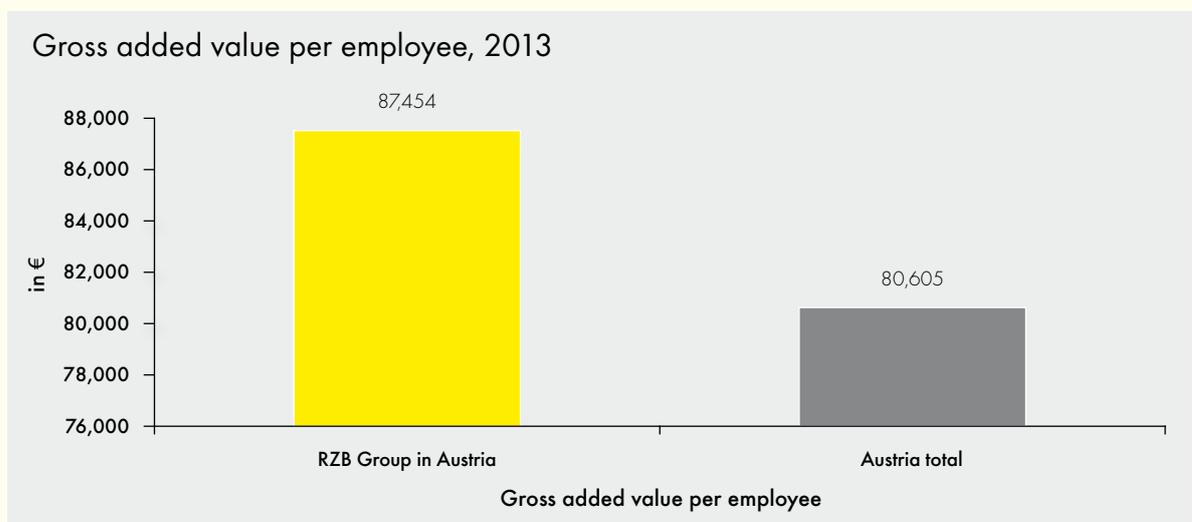


Source: RZB Group, Economica

A gender-sensitive analysis of the data from the primary data survey also produces interesting results. With a share of 50 percent of employees, the RZB Group employs exactly as many women as men; however, calculated by their working hours in full-time equivalent jobs, men make up a larger share of 53 percent. This is due to the fact that the share of full-time positions among women is 87 percent, which is lower than for men⁵.

Productivity of the employees

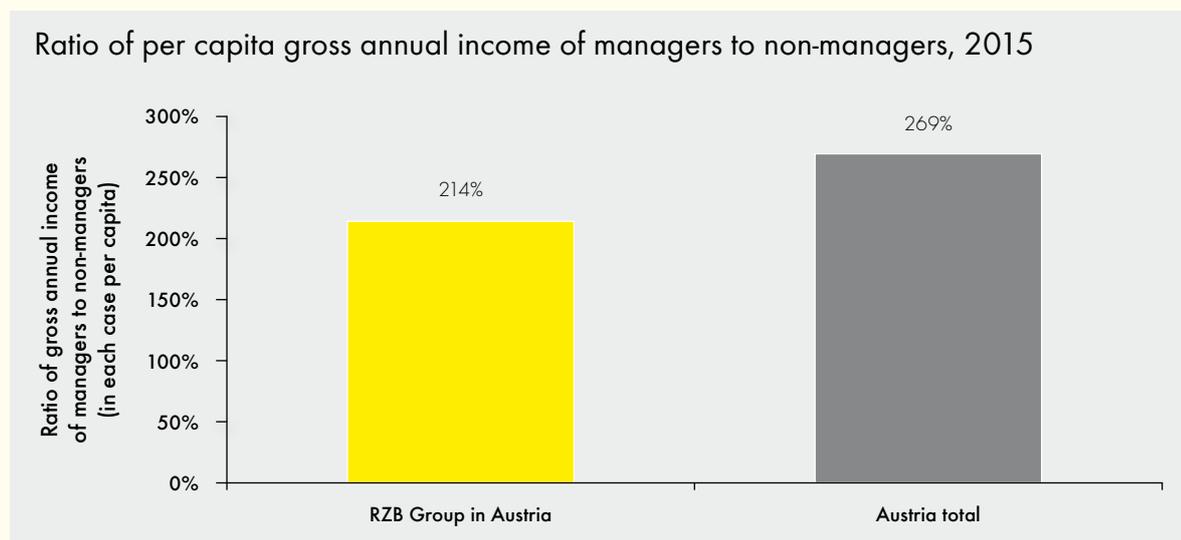
According to the results of the 2013 Added Value Report, the RZB Group generates a gross added value of € 87,454 per employee. This contribution is considerably above the Austrian average of about € 80,600 of gross added value per employee.



Source: RZB Group, Statistics Austria, Economica

⁵ Calculated as the number of employees in full-time equivalents divided by the number of employees.

If one considers the gross annual income per capita of management and non-management staff, it can be seen that managers in the RZB Group earn on average just over twice (+114 percent) that of non-managers. A comparison with data from the overall economy, however, shows that the income of managers is on average 2.7 times higher (+169 percent) than that of non-managers.⁶



Source: RZB Group, *Economica*, Statistics Austria 2013 (the data of Statistics Austria used here relate to employees excluding apprentices)

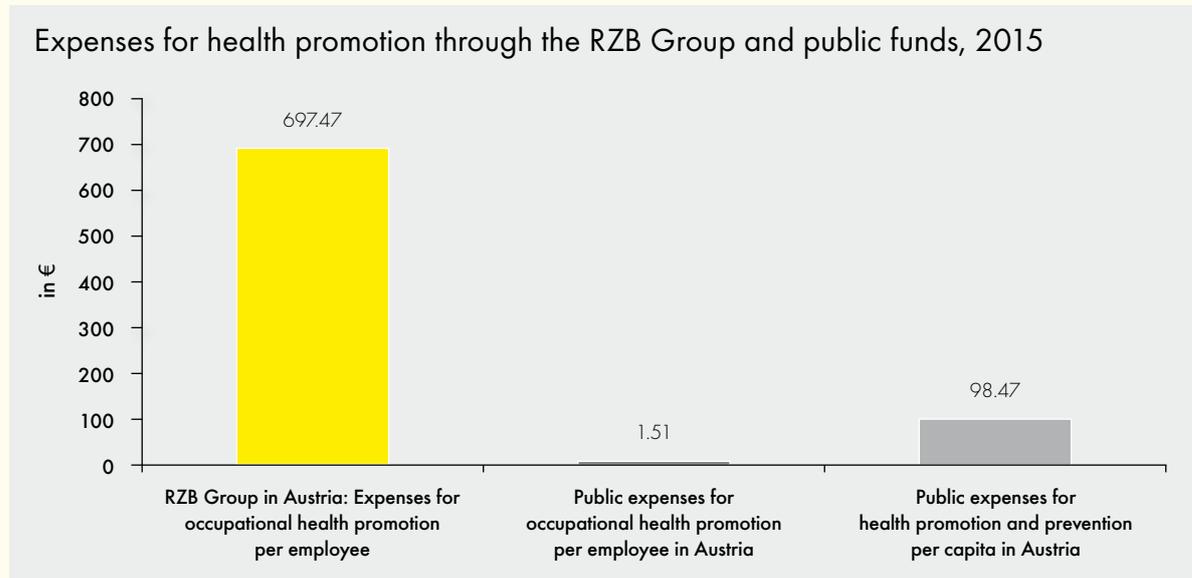
Occupational preventive health care

Prevention pays – and the RZB Group is well aware of this. Since promoting health in the workplace is barely addressed by the state (in 2012, state expenditures amounted to just € 1.51 per employed person⁷) and this responsibility therefore lies with the company, the RZB Group spent an average of € 697.47 per person in the year 2015.

Totaled across all employees, the RZB Group therefore spent approx. € 2.7 million on promoting health in the workplace in 2015.

⁶ Based on data from Statistics Austria on the gross annual income of non-self-employed staff (excluding apprentices) in the year 2013, broken down by career level.

⁷ In the year 2012, the state spent € 5.6 million on promoting health in the workplace. This value was divided by the number of active employees in 2012 according to the Statistics Austria microcensus survey of the workforce. See Federal Ministry of Health (2016), p. 37. The value for 2012 was adjusted for inflation up to the year 2015.



Source: RZB Group, Federal Ministry for Health, *Economica*

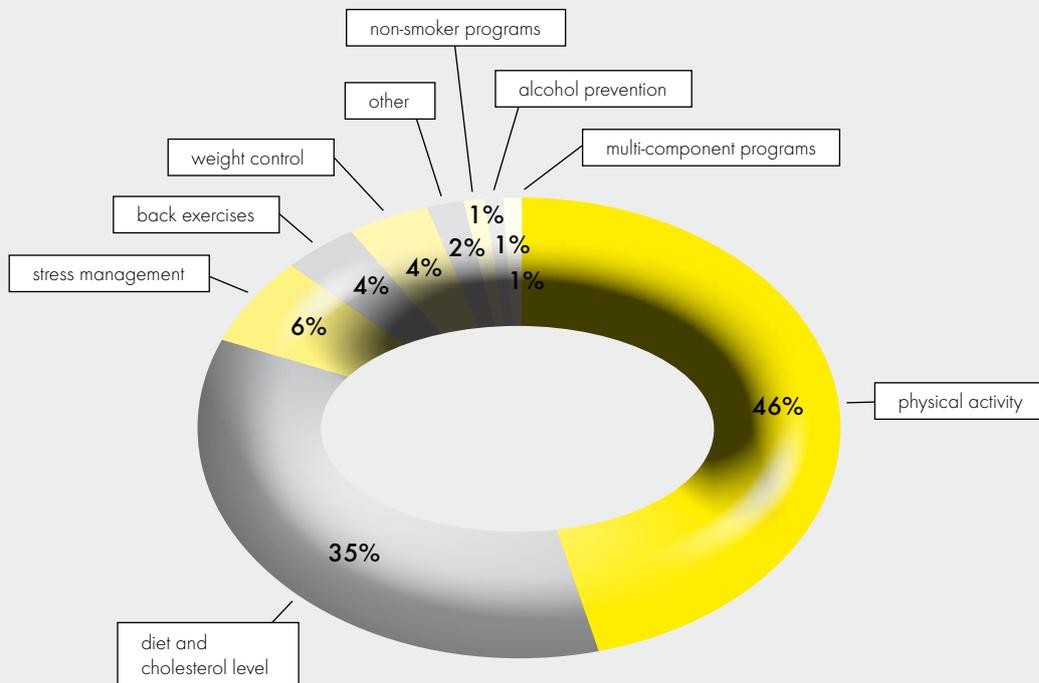
Note: The figure for the RZB Group relates to the year 2015. The public expenses for health promotion in 2012 do not include any tertiary prevention in accordance with the OECD definition (rehabilitation and treatments) and were inflationadjusted to 2015.

However, the measures for promoting health in the workplace should be understood not only in monetary values but also in the diversity of the measures on offer which shows how intensively the topic of protecting the health of human resources is addressed.

Around half the measures (46 percent) are focused on physical activities (see graph below), but nutrition and cholesterol levels also make up a significant portion of the measures at 35 percent. Other important components of preventive health care measures address stress management (six percent), back pain prevention (four percent) and weight control (four percent).

A number of additional measures also exist (grouped under other measures), such as vaccinations, vision tests and eye training, preventive examinations and advice on ergonomically correct workstations.

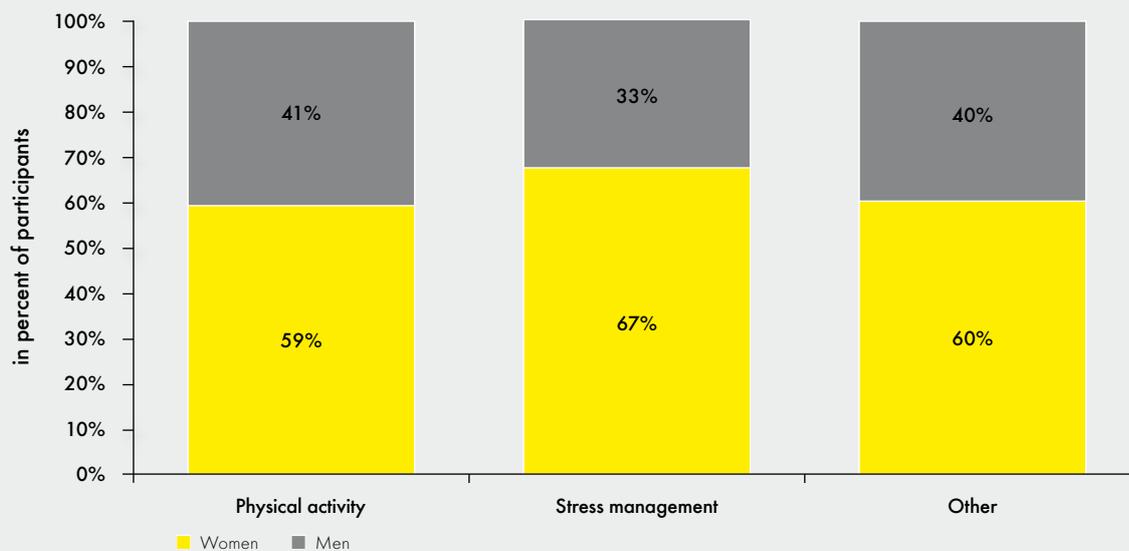
Occupational health promotion measures of the RZB Group in Austria, 2015



Source: RZB Group, Economica

The following graph shows that the measures are utilized more heavily by women than by men.⁸

Take-up of occupational health promotion measures, by gender of the RZB Group in Austria, 2015



Source: RZB Group, Economica

⁸ Gender-specific values were provided only for the health measures relating to physical activity, stress management and other.

FIELD OF ACTION
RESPONSIBLE
BANKER: FOR
SUSTAINABILITY
IN THE CORE
BUSINESS

Amory Simon Green

1234567

EFGH
OP

Fig. 1

Responsible banker

As a “responsible banker”, long-term added value is our primary objective. Our products, services and processes are aligned with it. We see our responsibility as following the three pillars of sustainability in the economic sphere, in society and with respect to the environment. The core business is the most effective lever for sustainable development. The RZB Group therefore believes that the granting of 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, the banking group strives to build long-term profitable business relationships while avoiding social and environmental risks and embracing opportunities to improve environmental protection and social standards. Furthermore, we strive to make the sustainability effect in our core business clearly traceable and measurable.

Business strategy

The business strategy of the RZB Group is oriented around sustainability and a long-term perspective. Against a background of changing conditions, however, this strategy requires constant critical scrutiny and must be verified to ensure it remains valid.

The continuous changes and challenges in the business environment of financial institutions (in particular more stringent regulatory requirements, banking-specific taxes and politically motivated market interventions, the continued low-interest environment, new technological challenges and competitors) demand flexibility in the adjustment of structures and business models. The RBI Group responded to these developments with two important strategic measures: the first is the transformation program begun back in February 2015, and the second is the merger between RBI AG and RZB AG.

The goal of the transformation program was to strengthen our capital base and to reduce our risk-weighted assets, which was accomplished at the end of 2016. The decision of the merger of RZB AG and RBI AG was made in October 2016 and successfully concluded on 18 March 2017, with retroactive effect on 30 June 2016. This led to a strengthening of the capital ratio, simplified decision-making structures and the elimination of redundancies (for details, see the 2016 RBI Annual Report, page 12).

In 2016, RZB AG still operated as the central institute of the Raiffeisen Banking Group and holding company. RBI AG viewed and still views itself as a leading universal bank in the CEE region and in Austria. Its business activities include corporate business, financial services for private customers in CEE and its business with banks and other institutional customers. The business model of the RBI Group is based on the following core competences:

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

Some 14 million private customers, private banking customers and small businesses, around 90,000 corporate clients (medium-sized businesses, large local companies and international corporations) as well as about 8,000 institutional clients (banks, insurance companies, asset managers, sovereigns and public sector organizations) are served by the RBI Group. The RBI Group sees itself as a “financial adviser” to its customers, always keeping the focus on their needs.

Governance und compliance

The RZB Group 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 are the foundation for this (see page 12) as is the group-wide Code of Conduct (CoC). 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 Managing Board and the Supervisory Board.

Management and control that is aware of responsibility, qualified, transparent and oriented to a long-term increase in value are the goals of good corporate governance. Trust-based, efficient cooperation 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 § 243b 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.rbinternational.com under Investor Relations/Corporate Governance/External Evaluation of the CG-Code.) With regard to the composition of the Managing Board and the Supervisory Board, including its committees, please refer to the annual reports of the RBI Group and the RZB Group.

Openness and transparency in communication with shareholders and interested members of the public is of great importance to RBI AG. Extensive information 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 securities transactions by the Managing 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

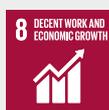


Our Code of Conduct (CoC) forms the basis for our practices, enshrining, among other points, the avoidance of fraud, corruption, bribery, market abuses, markets and money laundering and financing terrorism as well as the avoidance of any conflicts of interest, upholding financial sanctions and securities regulations as well as compliance with data protection standards and other sensitive issues (see "Compliance", starting on page 46). 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 the highest possible standards, which are based on moral concepts, customer focus, professionalism, quality, mutual respect, initiative, teamwork and integrity. Each of our business partners is also required to honor the CoC within the framework of their bilateral business relationship with us.

The business model of the RZB Group 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 the RZB Group. It is based on the fundamental Raiffeisen values and is oriented towards the specific requirements of everyday business at home and abroad. This includes observance of 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.

Ultimate responsibility for the CoC lies with the Managing Board of RZB AG, whose Chair is also the highest authority on issues of sustainability. Operational responsibility for implementation of the CoC in all global group units lies with the respectively competent management bodies. 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. Third parties who are commissioned to work on behalf of or in the name of the RZB Group are also obliged to comply with the CoC. This also includes all suppliers as well.



The RZB Group also does not finance directly nor indirectly businesses, projects or parties in which human rights may be violated. 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 undergoes regular critical examination and is revised and adapted to improved standards as required. A new version is currently in preparation which has the aim of increasing awareness within the group by means of a clearer representation and through a broad consultation with the various stakeholders



Furthermore, the RZB Group 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 12).

Compliance



The RZB Group attaches great value to 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 the RZB Group operates through our CoC and clear, detailed regulations contained in the Compliance Manual. The compliance area has an important managing and controlling function in our company, particularly in the context of the development of group standards and their implementation. In total, three network banks have been fined in the context of non-compliance with laws and regulations. For confidentiality reasons, the monetary value cannot be mentioned.

Each new employee of the RZB Group must attend training courses dealing with the topic of compliance. These cover, in particular, aspects of preventing corruption, 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 2016, 44 percent of the Board and 43 percent of the B-1 managers as well as 40 percent of the B-2 managers, 51 percent of other management staff and 56 percent

of employees without a management function were trained on the issue of preventing corruption across the group.

Measures taken and activities to prevent corruption are guided by the principles of the Austrian criminal code and the UK Bribery Act 2010. These include the obligation of the management staff of all units of the RZB Group 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 avoidance of fraud are communicated clearly and put into practice effectively. Monitoring and review of 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.

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 anti-corruption controls, 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 the RZB AG Managing Board. Clear regulations in this regard are enshrined in the Code of Conduct and are monitored by Compliance.

The RZB Group has maintained an internal control system for years. 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 encompass 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 initiated each year. Within the framework 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 of the 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 the RZB Group are required to register lobbyists who are active for them in the national lobbying register. In the RZB Group, lobbying work is carried out via RZB AG as well as the “Fachverband der Raiffeisenbanken” (Association of Raiffeisen banks, part of the Austrian Economic Chambers [WKO]). Accordingly, RZB AG is registered in the Austrian lobbying register.

At the EU level, RZB AG is registered in the transparency register of the European Commission and the European Parliament. This involves observation of 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). With its inclusion in the register, RZB 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 website of the Commission. At the 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 the RZB Group 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 the RZB Group, and declare that they are entered in the lobbying register.

All lobbyists who work for the RZB Group 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”. Pursuant to Art. 7 of the Austrian Lobbying and Representation Transparency Act (LobbyG), more information can be found on the RBI AG website at www.rbinternational.com under Investors → Corporate Governance → Code of Conduct pursuant to art. 7 Austrian LobbyG.

The Managing Board of RZB AG is solely authorized to approve contributions to political parties, election committees, party-affiliated organizations and political figures (politicians, candidates) for the entire RZB Group, which 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 1 January 2013, must be complied with and are implemented in the Managing Board Office of RZB AG. Once again in 2016, the RZB Group did not make any financial contributions or contributions in kind to any politicians, parties or affiliated institutions.

Economic sustainability

In order for a corporate group to prosper over the long term and survive, it must be capable of doing business successfully as well as ensuring 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 unanticipated worsening of the macroeconomic environment (details on this can be found in the 2016 RBI Annual Report, starting on page 152).

The following tables provide an overview of the direct contribution of the RZB Group to the economy.

RZB Group operating result (in million €)		
	2016	2015
Net interest income	3,218	3,623
Net fee & commission income	1,599	1,594
Net trading income	220	16
Other net operating income	96	100
Operating income	5,132	5,333
Staff expenses	-1,522	-1,515
Other administrative expenses	-1,214	-1,277
Depreciation	-375	-378
General administrative expenses	-3,141	-3,170
Operating result	1,991	2,163

The following table shows the value contribution generated or paid by RZB Group for or to its most important stakeholders: the owners, the employees, the economy and public authorities. "Investments in the Community" have been reported separately since 2015.

Financial flows of the RZB Group to stakeholders (in million €)		
	2016	2015
Owners – Dividends	0	0
Employees – Wages and salaries	1,183	1,152
Economy – Investments und operating costs	1,210	1,274
Investments in the community	4	3
Public authorities	728	690
Income taxes (excluding deferred taxes)	281	276
Banking levies	174	140
Social security costs and staff-related taxes	272	275
Equity status as per December 31	9,794	9,296

Key figures of the RZB Group, by segment (in million €)								
	Balance sheet total 2016	Change from previous year	Balance sheet total 2015	Profit/loss after taxes	Customers	Business outlets	Employees at reporting day	Amounts owed to customers
Slovakia	11,388	1.5%	11,223	129	851,746	196	3,910	8,981
Czech Republic	11,966	29.2%	9,265	109	613,901	142	3,158	8,415
Hungary	6,606	3.3%	6,394	53	540,189	72	1,983	4,474
Reconciliation	-468	126	-4	0	-	-	0	0
Central Europe segment	29,492	9.7%	26,878	291	2,005,836	410	9,051	21,870
Albania	2,002	-5.6%	2,120	-33	751,313	81	1,291	1,694
Bosnia and Herzegovina	2,057	5.6%	1,947	29	454,454	98	1,268	1,646
Bulgaria	3,350	-2.6%	3,440	71	641,126	138	2,569	2,426
Kosovo	896	5.7%	848	59	312,842	52	731	3,283
Croatia	4,689	1.6%	4,616	17	449,960	78	2,128	725
Romania	7,605	5.1%	7,232	104	2,110,244	480	5,322	5,797
Serbia	2,097	7.6%	1,948	52	704,974	87	1,522	1,578
Reconciliation	-1	-1	-31	0	-	-	0	0
Southeastern Europe segment	22,694	2.6%	22,120	301	5,424,913	1,014	14,831	17,149
Belarus	1,524	5.1%	1,449	72	762,782	91	2,005	904
Kazakhstan	3	-79.4%	16	1	68	1	7	0
Russia	11,768	10.2%	10,676	316	2,364,821	181	7,742	8,509
Ukraine	1,999	-1.9%	2,039	135	2,536,828	498	8,073	1,535
Reconciliation	-3	1	-1	0	-	-	0	0
Eastern Europe segment	15,291	7.8%	14,179	524	5,664,499	771	17,827	10,949
Group Corporates segment	15,201	9.6%	13,873	114		1		11,481
Group Markets segment	12,149	-9.7%	13,461	51	237,330	5	2,274	2,159
Corporate Center segment	20,936	-23.3%	27,287	-33		0		465
Asia	852	-59.8%	2,117	-199	60	3	108	4
Poland	12,055	-16.9%	14,504	6	816,413	299	4,242	8,284
USA	262	-58.3%	628	-35	34	1	32	0
Reconciliation/Others	660	-58.4%	1,587	-16	93	2	191	520
Non-Core segment	13,828	-26.6%	18,835	-244	816,600	305	4,573	8,809
Reconciliation	-17,728	0	-22,207	-431	0	-	-	-1,044
RBI Group total	111,864	-2.2%	114,427	574	14,149,178	2,506	48,556	71,538
Reconciliation RBI/RZB sub-group	399	147.5%	161	-45	-	-	-	0
Central institute and specialized subsidiaries	23,876	-8.6%	26,120	21	n.a.	16	1,647	8,787
Other participations	2,198	22.0%	1,801	2	n.a.	0		
Reconciliation	-3,489	-14.5%	-4,083	-19	-	1	-	-
RZB Group total	134,847	-2.6%	138,426	533	n.a.	2,523	50,203	80,325

Responsibility in the core business – Product responsibility

In the RZB Group, values such as trust, reliability and responsibility with respect to society and the economy have always been fundamental principles. The needs of the customers in this regard coincide with Raiffeisen values. Our corporate philosophy is also reflected in the quality of our products and services.

The RZB Group is committed to an outstanding service culture which regularly seeks to exceed the expectations of customers. The goal is to serve customers as comprehensively as possible with financial services in line with their needs, thereby building up longterm business partnerships. Naturally, we only offer a service or product when we have the necessary license, specialist knowledge and infrastructure. Our aim is always to strive for the best possible results for our customers. 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. High-quality consulting services as well as innovative solutions are a key prerequisite for the successful implementation of this concept.

Retail customers stand to benefit, for example, from video call or telephone advisory services, as well as state-of-the-art mobile banking options. By means of these sales and support channels – alongside around 2,500 business outlets, which remain the central component of customer service – customers are offered a broad product range (e.g. current account packages, payment transfer business, 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, as well as on a fast flow of information and short decision-making processes.

For corporate and institutional clients, key emphasis is placed on 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). At the same time, 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).

By granting financial resources, banks have a significant lever to actively shape 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. We therefore strive to offer products that bring a specific benefit to society, the environment and the real economy. Conversely, it is necessary to minimize the range of products on offer which present a risk to society



© Lighthouse photograph Stefan Mayr

Henrik Ohlsen, Managing Director of "Verein für Umweltmanagement und Nachhaltigkeit in Finanzinstituten" (Association for Environmental Management and Sustainability, VfU)

"For a long time, sustainability was a rare topic in the financial industry. Today, it has found its way into the perspectives of the classic business areas of banks, investment companies and insurance companies. Sustainable investment strategies, the assessment of sustainability aspects in investment and loan processes and the promotion of 'green' classes of investment, such as the 'Green Bonds', have become increasingly common and improved significantly in quality over the last year in particular. According to the study 'Global Sustainable Investment Review 2016', for instance, the global volume of sustainable investments grew by 25 percent in the period from 2014 to 2016. In the area of 'Green Bonds', the market has even doubled compared with the previous year to reach a size of US\$83 billion. Even though the share of Green Bonds and sustainable capital investments on the capital market is still relatively low, companies in the financial industry are expanding their competences and services in this area. Many companies have understood that the integration of sustainability perspectives – including within processes of the mainstream business – enables more sustainable as well as better-informed decisions."

QUOTE



or to the environment. No products that are banned or the subject of public debate were offered or sold during the period under review.

We place a special focus on continuously developing 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 understandable and customer-friendly solutions as well as easy access to information, short decision-making paths and sustainable development will continue to strengthen the position of the RBI Group. As part of this, internal procedures will be standardized and the risk classification process improved. In order to expand the offering for customers, we work continuously on the development of innovative products. In the process, we pay attention to trends and developments on the market (see also "Other sustainable products and services", starting on page 72).

The RZB Group follows a standardized product introduction process that applies to all new products, product combinations and variations throughout the entire network. This is intended to ensure that every product is offered in an optimal form and all risks associated with a product are known.

Ecological product responsibility



The RZB Group cares about the environment. For this reason, the financing of or participation in transactions or projects which threaten lasting environmental damage does not form part of our business policy. The RZB Group is committed to complying with all applicable environmental regulations in each country, with regard to 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.

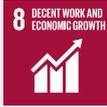
When making decisions, every employee must consider the potential risks posed by a transaction or project that could lead to negative impacts on the environment. The risks range from endangering the environment to the associated risk for the financing business as well as the resulting reputation damage to the Group. In addition, it must always be ensured when auditing financing and projects 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

The RZB Group is committed to promoting environmentally friendly technologies. The declared fight against climate change, based on the climate agreement in Paris in 2015, 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 Group. For example, we avoid new thermal coal mining projects and new business relationships with customers in the thermal coal mining segment or whose revenues are more than 50 percent generated from thermal coal trading. Investments in the financing of coal power plants are entered into only on a selective basis and only if the project offers discernible positive environmental impacts. We are striving for a significant reduction in our involvement with thermal coal. Instead, we set priorities in projects associated with renewable energy.

Social product responsibility



The observance of human rights is a basic requirement in connection with all of the products and services we offer. Specifically, we do not finance transactions that have anything to do with slave or child labor or are 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.

The RZB Group is 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. Any complaints which are brought to us are checked carefully and answered as soon as possible. We also strive to provide comprehensively barrier-free access to our financial services for disabled persons.

Protection of customer data

The RZB Group 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 the RZB Group for the collecting, storage, processing and sharing of such information (insofar as 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 the RZB Group are aligned to the most current technical security standards.

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

- Classification of 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 this logging is 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 2016, there were no substantiated complaints within the RZB Group in Austria regarding violations of customer privacy or the loss of customer data. Within our network, a total of 39 such complaints occurred in three subsidiary banks and two of our subsidiary banks experienced instances of data loss. All incidents were investigated immediately, and appropriate countermeasures were introduced.

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

Responsible lending

The RZB Group is committed to responsible lending policies. This means that we seek to lend customers only as much as their financial situation can bear. In accordance with our “Guidelines for avoiding the overindebtedness of borrowers and for dealing with overindebted borrowers” (see also “Dealing respectfully with customers with payment difficulties” on page 57), we strive to provide in advance the clearest, most comprehensible information possible concerning our loan products and to conclude agreements with our customers that contain equally clear lending conditions. This includes an explanation of 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).

We strive to prevent our customers from taking on too much debt by employing, among other measures, modern creditworthiness procedures for the issuing of 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. 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 creditworthiness 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. The RZB Group aims to offer the customer a suitable and tailored offering based on the available information and results of the creditworthiness assessment.

Lending policy and lending decision policy

Our business model is oriented 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 group must be considered in all activities and decisions. The executives of our company is 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.

The financing of or participation 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 RZB Group. Our employees are required to ensure that when auditing financing and projects, 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, the RZB Group does not participate in the building of, or transactions with, nuclear power plants or their operators. 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. The RZB Group does not invest in companies that produce military goods or weapons. Financing and other transactions with military companies are strictly restricted. In addition, the RZB Group 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 12).

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’ which allows potential environmental risks to be taken into account, among other things. 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 2016 RBI Annual Report, starting on page 153).



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.

The rating model is validated on an annual basis with respect to the existing criteria in order to evaluate whether the existing factors are still sufficiently selective. Depending on the statistical significance, a larger adaptation is carried out every three years, if necessary. 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 seven network banks: Raiffeisen Polbank, Raiffeisen Bank Sh.a. in Albania, Raiffeisen BANK dd Bosna i Hercegovina, Raiffeisen Bank Kosovo J.S.C., Raiffeisen Bank S.A. in Romania, 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, defines important roles and responsibilities for managing E&S risks as well as key elements of the E&S risk management process. One E&S Officer is nominated by the Managing Board for each bank to be 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. Evaluation of whether the company is engaged in activities on the IFC Exclusion List.
2. Categorization of 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: Determination of the environmental and social impacts and risks of a project as well as the determination of 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 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.

Dealing respectfully with customers with payment difficulties

Dealing respectfully and sympathetically with customers who are experiencing payment difficulties is a natural part of our banking operations. As soon as the RZB Group 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 financial situation of the customer. Our “Guidelines for avoiding the overindebtedness of borrowers and for dealing with overindebted borrowers” are part of our group-wide Compliance Manual.

If difficulties arise with servicing the loans, the RZB Group looks at each case individually and assesses how the customer can be helped by means of deferments, payment holidays, credit restructuring etc. within financially justifiable limits. In the event of payment difficulties, the RZB Group endeavors to work with the customer to find a fair solution. In doing so, particular attention is paid to the changed circumstances of the customer. In the event of a dispute, the RZB Group follows a fair and professional complaint procedure.

Customer satisfaction

The satisfaction of our customers and outstanding customer relationships are our top priority. These factors are therefore measured regularly within the RBI Group, both in the retail and corporate businesses, in order to enable appropriate action when necessary.

In our business with private customers, small and micro businesses, customer satisfaction and service quality have been measured together for a number of years. Various methods have been utilized since 2012 for gaining insight into customer relationships, and these methods are subject to continuous improvement. In 2016, the “Net Promoter Score” (NPS) of the RBI Group improved by 16 percent. The NPS is based on the following question: “How likely is it that you would recommend Raiffeisenbank to a friend or colleague?” The measurement is carried out locally based on a uniform standardized method for the entire group. In addition, brand performance studies make clear that most of our network banks achieve a level of performance that exceeds the market average. The positive attitude and consulting quality of the employees are among the most frequently listed reasons for a willingness to recommend us. The results are used by each network bank individually and form an integral part of the performance management process, in other words, the internal quality evaluation of the employees.

The regular measurements of customer satisfaction and the customer experience are used to reflect on and analyze changes. The increasingly popular digital channels have now also become an integral part of all measurements. Results are evaluated immediately and corresponding measures put in place. A new, fully standardized method for customer satisfaction figures was recently introduced on the basis of customer satisfaction scores (CSS) and customer effort scores (CES). In order to optimize the experiences of customers, it is first necessary to know their needs as well as their satisfaction with the type and quality of our efforts at the various points of contact with the bank.

We maintain a thorough picture of the customer experience by continuously collecting and analyzing data from our end customers and employees at all points of sale. This includes service quality measurement, complaint analysis, post-complaint satisfaction, waiting time analysis and mystery shopping as well as brand, transaction and customer relationship surveys. Each of these tools supplies different insights, which are used to continuously improve the quality of our service and to implement measures that create additional value for 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 2016 which focused on corporate customers with € 50 million or more in annual revenue. This also corresponds to the corporate customer segment of RBI AG in Austria. Compared to the last study in 2014, customer satisfaction has increased slightly overall. In 2016, RBI AG also commissioned a study of large customers with annual revenue exceeding € 150 million that even more reflects the target customer profile of RBI AG. This study places RBI AG among the leaders in almost all quality components and product segments.

We fundamentally view criticism and complaints by our customers as an opportunity to improve our products and processes, reduce errors and increase the customer benefits of our services. The importance of taking customer complaints seriously is unquestioned throughout the group. The employees at our network banks therefore follow a list of principles, the "Golden Rules", contained in an open document that is regularly updated on the basis of changing customer expectations. The Customer Experience head and a Managing 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 the expertise of our employees once again earned us a number of accolades in 2016. By way of example, we mention awards from four internationally renowned financial journals here: "EMEA Finance", "Euromoney", "Global Finance" and "The Banker".

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

Global Finance also recognized RBI with the award "The Innovators" for its "Cash Management Billing System". EMEA Finance named RBI the "Best bank" and "Best investment bank" in Austria. The series of awards from EMEA Finance for RBI's investment banking services and transactions complete the picture, including the awards for "Best sub-sovereign bond", "Best Schuldscheindarlehen", "Best corporate bond in CEE" and "Best securitization deal in CEE".



In 2016, 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.¹ Regionality, security and sustainability have been among the guiding principles of the Raiffeisen Banking Group since its founding. Especially during economically challenging times, these principles have a special meaning. Security and trust are the most important criteria when choosing a bank. With a value of € 1.84 billion, the Raiffeisen brand ranked sixth among all brands according to the Austrian brand value survey carried out in 2016 by the European Brand Institute. Raiffeisen is the undisputed number one in the Austrian financial services industry.

Complaint management

In implementation of the complaint processing guidelines for European financial institutions of the EBA/ESMA committee (European Banking Authority / European Securities and Markets Authority), the RZB Group 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, it can be decided in cooperation 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 displeasure – 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 reported directly and without delay in 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.

The RZB Group 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 excellent handling. 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 complaint procedure can be found on our website (www.rbinternational.com under Customer Relations → Feedback and Complaints).

¹ Sources: GfK/FMDS 2016 and IMAS/Corporate Customer Survey 2016

Responsible sales practices and marketing



As surveys consistently show, trust is at the top of the list when it comes to choosing the right bank partner. Since trust is based on honesty, it is important to the RZB Group that its products and services are clearly and transparently communicated for all customers and stakeholders. That is why we align ourselves with strict principles, which are intended to protect customers, when advertising and marketing our products. False or misleading information is taboo. Our goal is to inform our customers as far as possible in an easy-to-understand manner. For recommendations, our main focus of attention 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 period under review, violations of regulations and voluntary codes of conduct in relation to information and labeling obligations for products and services were identified at three network banks, and 14 relevant penalties were enforced. All violations that have been classified as operational risks are monitored and controlled groupwide 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 RZB AG and 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 ethics in 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.

The marketing measures of the RZB Group, 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 the RBI Group are exclusively developed and commissioned by the marketing department of the Vienna head office. This department 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 boards, etc. before they are published.

The RZB Group 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 the RZB Group 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 or monopolistic practices.

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. In this regard, a particular focus lies on the efforts to “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) 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 2016, 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

- Infrastructure and regional development:
One investment financing project for a Lower Austrian production company is worth mentioning. Its purpose was to increase efficiency in producing components for the energy sector (generators and transformers).
- Public sector projects:
In the past year, RBI AG supported 197 institutes of the Raiffeisen Banking Group in Austria in financing a total of 99 projects for water supply facilities, waste water systems, schools and kindergartens as well as similar public works projects with a value of € 49 million. As a result, the total volume of new and existing financing projects supported in 2016 was € 971 million.

Impacts on society and social affairs

- Health and sports:
In 2016, RBI AG, with joint support from the public sector, financed the modernization of medical equipment at a hospital in Vietnam, the erection of a radiotherapy and oncology center in Tunisia and the revitalization of a hospital in Nicaragua, including the installation of a thermo-solar cooling and warm water system, in the form of development aid loans totaling approx. € 44 million. This is possible under certain conditions in countries/regions which have been classified by the Republic of Austria as worthy of funding. The goal of such “soft loans” is to contribute to the



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Sabine Koszteczy, Global Corporate Customers, Head of Team “Telecom, Utility, Technology” in Corporate Customers, RBI AG

“In order to best satisfy the needs of our customers, we consider the building of long-term and sustainable relationships with them to be a matter of great importance. We strive to ensure this through appropriate, custom-tailored solutions as well as high service quality. This service quality and flexibility have always numbered among our company’s strengths. In recent years, sustainability has also steadily gained in significance. This is true not only in the area of customer relationships but also in connection with the environment. Sustainability has been firmly anchored within our internal and external processes. By taking these steps, we have acted in accordance with developments throughout the financial sector in that sustainability and the conscious use of resources have been accorded ever-increasing importance. For it is the producing companies that take a sustainable and resource-conserving approach which are acting in accordance with the spirit of the time. Sustainability is an integral part of our Code of Conduct, guidelines that apply to all processes within our company. This code has long since established our commitment to promoting environmentally friendly technologies and to refraining from financing projects that pose longterm risks to the environment.”

QUOTE



sustainable development of the recipient country and, at the same time, to promote the Austrian export industry. Strict conditions and accompanying monitoring ensure that their use is sustainable.

- **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 approx. 1.7 million customers.

The financing services provided by this company for residential construction produced valuable impulses to 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 space:**
In addition to the consideration of "Quality Living", the new real estate projects of "Raiffeisen WohnBau", a brand of Raiffeisen-Leasing GmbH, highlight an additional sustainability aspect in the form of "Art and Living". Young and accomplished artists are given the job of shaping the entry area and exterior spaces. Each work of art is a special production tailored to the respective building and intended to welcome residents and visitors alike. The artworks are presented in such a way that everyone can experience them fully. 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: Michela Ghisetti "Emotional Light" in Vienna 6, Garbergasse 9,
© Irene Schanda



Art and Living: Josef Marsteurer "[-(between)]/" in Vienna 18, Theresiengasse 53-55,
© Irene Schanda

Impacts on the environment and on the climate

- **Renewable energy:**



The total volume of financing by RBI AG in the category of "renewable energy" during the past year was € 174 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. The total output of these projects co-financed by us amounts to 1,941 gigawatt-hours. This corresponds to about five times the end user electricity consumption in Austria in 2015 or the average energy consumption of around 440,000 Austrian households. (Data source for base data: Statistik Austria)

- Energy efficiency:

Together with the European Bank of Reconstruction and Development (EBRD), a new tranche of financing equivalent to approx. € 73 million was arranged for the conversion of a heat and power cogeneration plant to a gas-fired plant operated primarily with exhaust gases. The switch from coal to gas is intended to lower annual greenhouse gas emissions by up to 200,000 tons of CO₂ and will bring the plant into compliance with the environmental requirements of the European Union as laid out in the Industrial Emissions Directive.



Quality Living: Wien 19, Krottenbachstraße 190, © Andreas Buchberger

In the course of the implementation of its residential construction projects, Raiffeisen-Leasing GmbH makes the topic of energy efficiency a priority within the framework of its own award "Quality Living". The buildings are planned and built to be as energy efficient as possible and are also served by an intelligent and efficient energy supply and control system. This can be seen in the example of the project at Krottenbachstrasse 190, which is supplied with energy by means of a highly complex geothermal supply system that is optimized for energy efficiency in the provision of heat and warm water as well as cooling. For instance, the low temperatures captured

in winter with the geothermal brine pipes are used for free cooling during the summer. This allows the residential units to be conveniently supplied with high-quality cooling in an efficient and environmentally friendly way without any restrictions on the users.

- Alternative mobility:

A financing project amounting to € 18.5 million was carried out to encourage a shift from road to rail for the transport of goods.

In recent years, Raiffeisen Leasing GmbH has been able to accumulate significant expertise in the area of alternative drive technologies. This know-how benefits not only the environment but also the customers, who are supported in making the switch to electrically driven vehicles through advice on subsidies and assistance with processing the associated applications. The company is a pioneer and market leader in the field of electric mobility, and its portfolio currently includes financing of around € 35.8 million for all-electric vehicles. Beyond that, Raiffeisen Leasing GmbH is represented in all significant model regions (such as "e-pendler in niederösterreich", "e-mobility on demand", "E-LOG Klagenfurt" or "Großraum Graz") as well as with "lighthouse projects" in electromobility across Austria. The goal is to initiate visible projects implementing ambitious approaches and innovative developments to make electromobility more attractive to the masses by promoting and developing the associated infrastructure.

- Emission reductions:

Investment financing in the amount of € 11.2 million was provided for new, environmentally friendly buses for regional transportation. The vehicles are equipped with particularly clean engines (EURO 6 emissions standard) and special soot particle filters. The exhaust gas cleaning is based on SCR technology, and noise levels can also be reduced. In addition, an overall decrease in private transportation can be achieved through the use of the buses.

- Sustainable real estate financing:



The overall portfolio of RBI AG in sustainable real estate financing currently amounts to approx. € 418 million. The sustainability certifications include Blue Card, ÖGNI, bauXund, DGNB Gold, LEED Silver, Gold and Platinum, Green Globe, Green Key and 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.

Impacts on research, education and innovation:

- Research and science:
Within the framework of a research and development project, € 60 million was invested in the further development of drives for the purpose of hybridization, electrification and reduction of emissions and fuel consumption, with € 25 million financed by us. We also financed a research project for the development of polyolefin recyclate material for high-quality uses and international technology leadership.
- Training and development:
Soft loans totaling approx. € 11 million were provided in Tanzania and Cameroon for the erection of a technical training center and a vocational training center.

Sustainable financing at the network banks

Central Europe (CE)

In Poland, offerings by Raiffeisen Polbank on the loan market include a de minimus guarantee within the framework of a government program managed by Bank Gospodarstwa Krajowego (BGK), the state development bank of Poland. Micro, small and medium-sized entities are supported in this way through improved liquidity. The portfolio of Raiffeisenbank Polbank in the area of renewable energy encompasses 17 wind farm projects with a total volume of approx. € 102 million.

In Slovakia, Tatra Banka, a.s. financed four new renewable energy projects in 2016. The projects are still in the construction phase and encompass a financing volume of approx. € 8 million. Tatra banka, a.s. also offers business loans from resources of the European Investment Bank (EIB) for improving the energy efficiency of buildings, industrial plants or infrastructure to small business owners, property managers or apartment buildings as well as to small cities and municipalities and energy service companies (ESCO). The overall portfolio of renewable energy projects amounts to approx. € 209 million and consists of over 100 individual projects.

In the Czech Republic, Raiffeisenbank, a.s. financed five new solar energy plants in 2016 with a total volume of € 57 million as well as a residence for seniors in the amount of approx. € 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. € 415 million for 30 projects.

In Hungary, Raiffeisen Bank Zrt. financed a solar power plant in 2016. Overall, the portfolio encompasses five renewable energy projects in the amount of approx. € 30 million.

Southeastern Europe (SEE)

In Albania, Raiffeisen Bank Sh.A. provided financing totaling € 17.3 million for six renewable energy projects.

At Raiffeisen BANK dd Bosna i Hercegovina, small and medium-sized entities receive funding through the "EBRD Funding Energy Efficiency and Renewable Energy Program in the Western Balkans" for projects in the areas of energy efficiency in buildings or renewable energy. Five smaller renovation and replacement investments for the purpose of energy savings were also financed. The overall portfolio for renewable energies totals € 3.6 million.

Raiffeisenbank (Bulgaria) EAD offers 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". All programs aim to increase energy efficiency, investment in renewable energy sources including wind, solar, geothermal and hydropower and the verifiable reduction of energy consumption and CO₂ emissions. Also in 2016, the bank financed three wind power plants in northeast Bulgaria, near the Black Sea, and one hydropower plant in the Blagoevgrad region with a total capacity of about 56 megawatt-hours. The total of all renewable energy financing projects was approx. € 8.6 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 loan by EIB for SMEs, since these are viewed as the engines of the domestic economy. In addition, there are two credit lines available in cooperation with the EBRD (European Bank for Reconstruction and Development): the “EBRD WiB Line” (Women in Business Line) for the promotion of entrepreneurship among women and the “EBRD Credit Line MSMEs”, which aims at supporting micro, small and medium-sized entities in their banking activities. Cooperation also continues with HBOR (Croatian Bank for Reconstruction and Development), in which preferential financing arrangements are offered for projects aimed at protecting the environment and increasing energy efficiency. The “EIF First Loss Portfolio Guarantee” program from the EIF to boost lending to SMEs is also worth mentioning. Raiffeisen Factoring d.o.o., the factoring subsidiary of Raiffeisenbank Austria d.d., as well as Raiffeisen Leasing in Croatia also offer EBRD credit lines to 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. The financing portfolio for renewable energies amounts to € 11.8 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. There was also one noteworthy financing project in the area of health: The expansion of the existing oncology polyclinic and the purchase of radiotherapy equipment were made possible by a long-term loan from Raiffeisen Bank S.A.

In the area of sustainable real estate, the bank is participating in financing projects with a total volume of approx. € 76.1 million, including a BREEAM-certified class A office building in Cluj-Napoca and the financing of a class A industrial building, for which an environmental problem on the neighboring property was first resolved through the revitalization of a former landfill site. Additional projects included the revitalization and renovation of a historic building as well as the development of a shopping center that helped improved local supply and also included 15,000 m² of green space. The entire renewable energy financing portfolio amounts here to approx. € 99 million.

In Serbia, Raiffeisen banka a.d. places EIB lines on the market. Their use requires compliance with specific environmental requirements and the EIB exclusion criteria with the objective of supporting local small and medium-sized entities. In 2016, a class A office building with LEED certification was financed with € 12 million. In the area of renewable energies, the overall portfolio totals approx. € 16 million.

Eastern Europe (EE)

AO Raiffeisenbank Bank in Russia can once again point to projects with positive effects on health and social welfare. Examples here include the financing of five homes for the elderly for a company specialized in providing high-quality care for seniors and financing for a company that produces medications for such diseases as cancer, HIV and tuberculosis. The renewable energy portfolio totals approx. € 66 million.

In Ukraine, Raiffeisen Bank Aval JSC offers “partnership programs” which make it easier for small and medium-sized companies to access favorable funding for the purchase of agricultural raw materials and operating materials. This contributes to the development of the Ukrainian economy and thereby supports improved prosperity in many areas. Raiffeisen Bank Aval JSC also has a small renewable energy financing portfolio of € 1.7 million.

Sustainable investment products

Raiffeisen Bausparkasse Gesellschaft m.b.H.

Building societies stimulate the economic cycle through savings and financing, thereby enabling the construction of residential projects that are also of benefit to subsequent generations. The core co-operative principle of Raiffeisen is expressed very clearly here: One group saves for the financing of residential construction, renovation, training and care 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)

The sustainable handling of customer deposits at RBI AG continues to be mainly effected by Raiffeisen KAG, which offers 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, increasingly, in Italy, Germany and – although still at a low level – the network banks in Central and Eastern Europe. Raiffeisen KAG is a leading asset manager in Austria, with a managed fund volume of € 28.3 billion and a market share of 16.9 percent (according to statistics from OeKB). If advisories (mandates to third parties) are included, the managed volume totaled € 30.3 billion at the end of 2016. 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 67). 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 in 2016 rose compared with the previous year by approx. 60 percent to more than € 1.8 billion, partially through growth and partially through the establishment of new funds or the inclusion of existing funds in explicit sustainability criteria. The share of these sustainable investments in the total volume of Raiffeisen KAG is currently 6.2 percent.

In recent years, Raiffeisen KAG has strongly pushed the topic of sustainable development and expanded its product portfolio in this area and now offers four sustainability funds (retail investment funds) with differing risk-yield profiles – from global investment equity funds to two mixed funds with different levels of share ratios to a purely (short-term) bond fund. In addition, there are funds with a specific orientation, such as Green Bonds (pension funds) and ESG-Momentum (European shares), and a well-established pension fund with mainly Austrian government bonds that focuses primarily on extreme reliability (Raiffeisen Austria-Rent) alongside the ESG criteria.

Sustainable funds of Raiffeisen Kapitalanlage-Gesellschaft m.b.H.	Volume (€)
Retail investment funds and major investor funds	
Raiffeisen-Nachhaltigkeit-ShortTerm	42.9 million
Raiffeisen-Nachhaltigkeit-Solide	48.9 million
Raiffeisen-Nachhaltigkeit-Mix	319.5 million
Raiffeisen-Nachhaltigkeit-Aktien	72.8 million
Raiffeisen-Nachhaltigkeit-Momentum	39.8 million
Raiffeisen-GreenBonds	47.5 million
Other retail investment funds	
Raiffeisen-Österreich-Rent	381.0 million
Raiffeisen-Global-Aktien	494.7 million
Special funds and mandates (partly abroad)	
R Ethik Rentenfonds	122.7 million
Valida Aktien Nachhaltig 1	127.5 million
Valida Anleihen HighYield N 1	51.2 million
VBV ESG-Momentum	30.6 million
BfS Nachhaltigkeitsfonds Green Bonds	39.7 million
BfS Nachhaltigkeitsfonds Ertrag	39.0 million
Other major investment funds	
Raiffeisen 305 - Non-Euro Equities	17.2 million
Total	1,875.2 million

Status: December 31, 2016

Strict exclusion criteria are defined for management with regard to these dedicated sustainability funds (retail investment 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 (own and foreign capital of enterprises and analog states) by specific ESG research.

To ensure compliance with the sustainability criteria and the sustainability process, both the criteria framework (extrafinancial exclusion criteria) as well as the sustainable quality (combination of data from two sustainability research agencies and our own data) are 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 the reporting of any limit violations takes place in the asset management system on the basis of this data. The external fund audit provides further assurance on an ex post basis of the applied framework of criteria.

The development of demand in the retail segment remains very strong. The volume of the six public retail investment funds listed in the table increased during 2016 by over 50 percent, and the establishment of further sustainability funds is planned for 2017 as a result. Progress continues to be made in expanding the integration of ESG principles to all funds.

The 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, and compliance with this commitment is reviewed regularly. This equally applies to the funds being managed by the partner Investec Asset Management, London (management of global equity funds). Investec is also a signatory to the UN PRI and other initiatives relevant to ESG.

As its most recent step in this direction, Raiffeisen KAG joined the "Montreal Carbon Pledge" in 2015, an initiative of the UN PRI (United Nations-supported Principles for Responsible Investment) dedicated to disclosing the CO₂ footprint of investment funds. Climate change has increasingly focused discussions of responsible business activities on a withdrawal from investments in companies focused on fossil fuels ("fossil divestments"). As a result, 2016 saw an exclusion of companies whose business consists predominantly of the supply or use of coal.

Of the funds managed directly by Raiffeisen KAG (€ 22.3 billion), the three exclusion categories – controversial weapons, agricultural commodities and coal – are taken into consideration in over 80 percent of the managed volume, in other words, in all retail investment funds and nearly all special funds. Restrictions apply only in the case of umbrella funds containing third-party funds.

The goal of continually enhancing sustainability in the core business is ensured by a dedicated “Sustainable Investments” team together with a group of specialists within the Fund Management department. Close coordination between this department and other areas of Asset Management ensures ongoing expansion and dissemination 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 2016 – similar to the previous year – 196 active engagements with companies we are invested in took place and 78 votes were cast either directly at Annual General Meetings or via specific platforms. Another result of the intensive involvement with ESG topics is the publication of newsletters – in 2016, there were five – addressing specific questions of sustainable investment, most recently the topics of coal, regionality and urbanization, for example.

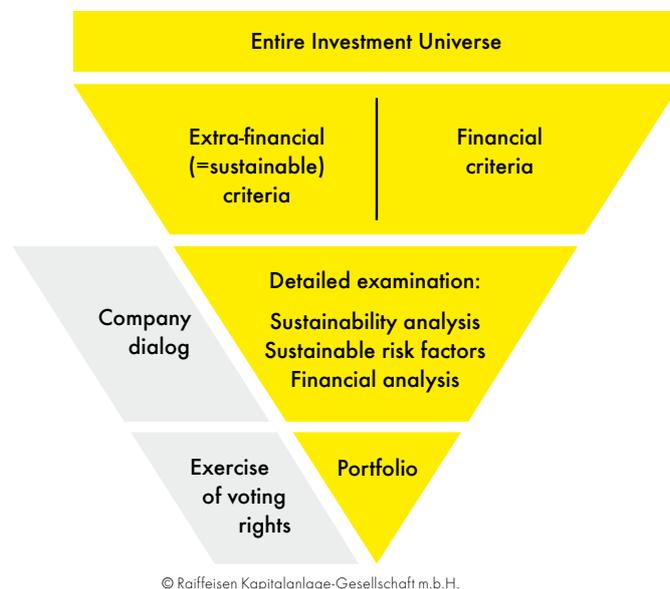
Furthermore, Raiffeisen KAG has been an active member of the Sustainable Investment Forum, the professional association for sustainable investment in Germany, Austria, Liechtenstein and Switzerland since 2009 and, since 2007, a member of the Raiffeisen Climate Protection Initiative. This was the beginning of a growing involvement with an overall integration of sustainability into the asset management business. The UN PRI was signed in 2013, while, at the same time, the management competence and capacity 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.

Other memberships include the “CDP” or “CDP Water” (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 a very 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 improves the comparability and the impact of sustainable investing.

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 the consideration of sustainability. Taking into account extrafinancial information – in addition to traditional financial criteria – leads to a larger data set 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 best companies and issuers in terms of sustainability 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:



On the first analysis level (extra-financial/financial criteria), the investment universe is evaluated according to fundamental criteria. On the extra-financial side, this concerns any violations of ESG exclusion criteria; on the financial side, companies with insufficient financial stability are excluded at this level.

The second level of analysis focuses on the detailed view of the individual companies and issuers. On the bottom level, a broadly diversified portfolio is constructed from the remaining companies or issuers and the information that has been gathered about them. As part of the approach described above, an ESG commitment strategy and a strategy for the exercise of voting rights are also followed since commitment and voting are key, integral components of the sustainability strategy.

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. The six sustainability retail investment funds have earned this distinction.



The FNG seal, awarded for the first time in 2015, is a quality standard for sustainable retail investment funds in the German-speaking regions. The minimum requirements include 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 12). The awarding of this seal follows an audit conducted by an external auditor (Novethik, France) (information at www.fng-siegel.org). The funds Raiffeisen-Nachhaltigkeit-Aktien and Raiffeisen-Nachhaltigkeit-Mix as well as Raiffeisen-GreenBonds have received the highest level of this seal (three stars).



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).

In the annual independent comparison study "Top 100 ESG equity funds" by the Liechtenstein sustainability consulting company CSSP (Center for Social and Sustainable Products), the Raiffeisen-Nachhaltigkeitsfonds-Aktien fund was ranked very highly in 2016, as in previous years (more information available at 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 a confirmation and an incentive for us to continue along our chosen path.

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; all of them have capital protection, one of them is in US dollars. 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
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

Kathrein Privatbank Aktiengesellschaft

As a leading bank for asset management in Austria, Kathrein Privatbank AG 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 100-percent subsidiary of RBI AG, it belongs to one of the largest banking groups in Europe, allowing it 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.

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 100-percent 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 three 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, exclusively government bonds with a minimum composite rating of BBB have been allocated to the fund.
- Hypo-Rent: Gilt-edged pension fund that is 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 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.

Sustainable investments at the network banks

Local sustainability funds are also still offered at individual network banks. Investors interested in sustainable investments in, for example, the Czech Republic, 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 of a third party are also offered in Hungary.

Sustainable products and services

Other sustainable products and services in Vienna

Green bonds

Refinancing sustainable investments on the capital market is gaining in importance. RBI AG has been registered as a member of the Green Bond Principles of the International Capital Market Association (ICMA) since 2014. The Green Bond Principles (GBP) are voluntary procedural guidelines that promote transparency and integrity in the development of this quickly growing market through the definition of a uniform issuing process. The Green Bond Principles are open to all institutions that have issued, subscribed to or placed Green Bonds, and over 55 institutions have already registered. RBI AG carried out a portfolio analysis for the issue of a first Green Bond and is currently evaluating options for implementing this.

Subsidy advice

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

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 2016 by the "Renovation Check" and "Contractor Bonus" grant programs initiated by the Austrian federal government. In acknowledgment of its social responsibility, Raiffeisen Bausparkasse Gesellschaft m.b.H. joined with the Austrian Raiffeisen banks in once again assuming the free processing of the Renovation Check applications submitted by their customers, which made up about 30 percent of all applications nationwide. 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 48 percent of all applications, thereby making a valuable contribution to assisting local contractors.

Services in connection with alternatively powered vehicles



- Environmental fleet management:
Within the framework of the environmental fleet management of Raiffeisen-Leasing Fuhrparkmanagement, driving profile analyses and TCO (total cost of ownership) calculations were 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 cooperation 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. The integration of modern communication methods in daily business processes as well as the combination of various app solutions also serve these goals.

The cooperation with Smatrics (a joint venture of Verbund AG and Siemens AG) 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 segment. Smatrics has the first comprehensive high-performance charging network in Austria to be supplied 100 percent with 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 GmbH is the preferred financing and cooperation partner of TESLA (a manufacturer of electric cars). In addition to vehicle financing, TESLA customers are naturally entitled to take advantage of all other fleet management services. Alongside TESLA, other vehicle manufacturers are also represented on the electric mobility market. Raiffeisen-Leasing GmbH maintains outstanding cooperation and has first-class contacts with all of these manufacturers. Moreover, Raiffeisen-Leasing Fuhrparkmanagement GmbH is the only fleet manager in Austria to be certified both to the quality management standard ISO 9001:2015 and the environmental management standard ISO 14001:2015.

Valida Vorsorge Management

The Valida staff provision fund is responsible for processing the obligatory contributions under "Abfertigung Neu" for a total of around 2.1 million employees and self-employed persons. The contributions it manages are in the amount of approx. € 2.3 billion. The sustainability concept for "Valida Plus Sustainability" defines the ethical criteria for 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 a 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:

- Sustainability funds
- Sustainable individual titles
- Sustainability-oriented funds
- 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. On the 2016 balance sheet 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 balance sheet date of 31 December 2016, the Valida staff provision fund exceeded the reference value with 143 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, inhouse ecological aspects, staff policy and corporate citizenship all play a role.



Sustainable investment in the pension fund: Within the Valida pension fund, the financial data provider software-systems.at determines the ethically dynamic share of the securities of an investment and risk association. If a company represented in the portfolio violates the ethical standards, software-systems.at informs Valida Asset Management.

Services of Kathrein Privatbank 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 clientèle: 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 wellresearched 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 2015 for young adults under the name “Apartment for the Youth”, which can still be handled through Raiffeisen Polbank. The aim is to support young adults with buying an apartment. Families with children receive additional support. The debt restructuring scheme for distressed mortgages 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 the amount of 1,500 Polish zloty for a maximum period of 18 months and only need 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 2016. Customers can receive and accept their contracts electronically via internet banking or mobile applications. For investments, 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 85 percent, while the figure for micro customers is 78 percent. Free giro account packages for private individuals on a low income of less than € 400 are required under Slovakian law.

In Hungary, funds from third-party providers are sold by Raiffeisen Bank Zrt. 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 offers packages for pensioners and young people. The Pensioners' account set is a combination of financial products and services for which the holder pays a single fee, which is up to 24% 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 retirees, 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 retirees, 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 for pension account holders.

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



It is important for social equilibrium in society that all groups 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 for screen readers to read. For people who have difficulty using the website because of 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.

Eastern Europe (EE)

In Poland, there is a provision by the Polish Bank Association (ZBP) regarding how to deal with 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. In addition, the websites were inspected with regard to accessibility for the visually impaired and people with limited abilities 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 is a standard feature of every ATM. The internet banking system is adapted to the visually impaired. The website and mobile applications have also been outfitted with voice navigation for these customers.

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

Southeastern Europe (SEE)

In Albania, the ATMs of Raiffeisenbank Sh.A. offer the visually impaired Braille keyboards.

Raiffeisen BANK dd Bosna i Hercegovina has established specific rules for dealing with 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. The ATM keyboards additionally feature embossed numbers and a headphone jack for easier use by the visually and hearing impaired. Product and service information will also be available in Braille in the future for people with visual impairment. An associated project is currently in progress. For the hearing impaired, an initiative is currently in preparation which will enable web calls with sign language translators to be made so that these people have the possibility to have all of their questions regarding their banking activities explained to them directly.

Raiffeisenbank (Bulgaria) EAD began installing hydraulic ramps for wheelchairs and strollers in their offices in 2015. In 2016, 30 new platforms were purchased. The website and the bank's 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)

Barrier-free access to the ATMs for physically impaired people has been implemented at Priorbank JSC in Belarus through structural changes. 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 disadvantaged populations through a call center. A further initiative aims to make the premises of the bank accessible barrier-free and, by the end of 2017 at the latest, to meet all standards in order to obtain corresponding certification from the Society for People with Disabilities. At the end of 2016, twelve branches in Moscow and 43 branches in other regions met these standards. An online training program on assisting persons with disabilities was also developed in 2016. The website is currently also 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 for disadvantaged persons. Modifications for the visually impaired are currently in progress. These should be completed in the course of 2017. A multilingual website and product information are largely available, and the number of multilingual customer advisers is continuously increasing.

Overview

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/RZB	RBSK	RKAG	Valida	Kathrein	RCB	RBPL	TBSK	RBCZ	RBHU	RBAL	RBBH	RBBG	RBKO	RBHR	RBRO	RBRS	RBRY	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	part.		n.a.	n.a.		✓	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Customers with payment difficulties	Policies/measures concerning fair dealing with customers with payment difficulties	✓	✓	n.a.		n.a.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
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.a.	n.a.	n.a.	n.a.						✓			✓	✓	✓	✓	✓	✓		
	Free account and special conditions for defined NGOs / charitable institutions		n.a.	n.a.	n.a.		✓	✓				✓			✓	✓	part.					
	Electronic account statements	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Electronic product information	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Special conditions for retirees	n.a.					n.a.					✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Special conditions for students and/or youths	n.a.	✓				n.a.	✓	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Products for customers with disabilities	n.a.								✓		✓										
Initiatives for disadvantaged groups of the population	Barrier-free access to all branches and ATMs	n.a.	n.a.	n.a.	n.a.	✓	n.a.	✓			✓		✓		✓	✓						
	Website adaption for the visually impaired	✓	✓		✓			✓	✓			✓										
	Adaptation of ATMs to the needs of the visually impaired	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	✓	✓	✓	✓	✓		✓	✓			✓				
	Multilingual ATMs for immigrants	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	
	Guidance/ assistance/training measures for dealing with people with special needs	n.a.						✓		✓		✓			✓							

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.a. ... not applicable

part. ...partially implemented

Future outlook and Sustainability Program

Issues of sustainability have been receiving increasing attention in all areas of the economy. This can be seen, among other things, in the new statutory obligation to report on sustainability as well as the rising interest in sustainability ratings and sustainable investments. Even among the public and consumers, the awareness of environmental issues and social interests has increased, which is reflected not least in a growing demand for fair and organic products and sustainable funds. We see these developments as well as the state commitments made within the framework of the Paris Climate Agreement as opportunities for new business areas and as both a confirmation of the path we have taken and an incentive to continue in this direction. We are currently working with the support of the Environment Agency Austria on a climate policy and climate strategy for RBI AG, which should be published in the fourth quarter of 2017 and implemented as of 2018.

In accordance with its key function within the economy, the RZB Group has long been aware of its responsibility and works continuously to make all of its business areas more sustainable. We take advantage of as many levers as possible to align our operational activities more strongly with social and environmental interests and to further promote sustainability within the core business. It is important in this regard to regularly launch new products. For example, RBI AG carried out a portfolio analysis for the issue of a first Green Bond and is currently evaluating options for implementing this. In the investment business, Raiffeisen KAG is planning to launch at least one new sustainable fund in 2017.

The roll-out of the new version of our Code of Conduct is planned for the second half of 2017, and the communication of the new code will help raise awareness among all employees of the group.



The topic of digitization will be one of the central strategic challenges of the RBI Group over the coming years. Digitization is frequently associated with rapid progress and, as a side effect, increasing uncertainty. The already heavy competition in the banking sector will be further intensified by technological developments, rapidly changing customer needs and the entry of new market players, such as financial technology start-ups. With regard to digitization, the network banks of the RBI Group are currently well positioned, especially in the retail sector. The online banking solutions provided to our customers offer a comprehensive range of functions as well as generally intuitive and simple user interfaces. Against this backdrop, we have initiated a project in conjunction with the network banks in order to respond to the exponentially increasing challenges and to define our vision for the digital age.

On the one hand, we wish to significantly expand the online offering for our customers. A straightforward and smooth process for opening an account, ideally with the aid of modern technologies, plays just as central a role here as the rapid and yet risk-optimized taking out of online loans. In order to establish a comprehensive digital user experience, it will be necessary to revise our multi-channel strategy as well as the structure of our branch network. We see this not only as a way to proactively address new customer needs but also as an improvement in our environmental footprint through the reduction of paper-based communication as well as less travel between home and work.

On the other hand, we must intensify our efforts to adapt our internal processes to the new digital reality. A seamless customer experience with the online banking solutions will require the automation of associated back office processes in order to reduce process interruptions and long response times to a minimum. The intense competition, which will only become stronger due to new trends such as "open banking", makes it vital to co-operate more closely within the group, especially on the implementation of joint IT solutions. Security, transparency and data protection are essential requirements and basic pillars of digitization in order to ensure the continued trust of customers in our bank.

With an innovative climate campaign, Raiffeisen Bausparkasse Gesellschaft m.b.H seeks to support a sustainable climate protection project in Zimbabwe. The media preparations and launching of the campaign already took place in 2016. For every home financing contract concluded with land register collateralization during the campaign period from 30 January to 31 March 2017, a total of 30 trees will be protected for three years within a climate protection project in Zimbabwe, Africa. During this period, the trees can store an entire ton of CO₂, thereby making a significant contribution to the general quality of life. The climate protection project is planned to last 30 years, and the customers will receive a document confirming the joint contribution to climate change upon conclusion of their financing. The planned measures will enable a significant improvement in the quality of life for the local population, secure jobs, support environmental education and protect flora and fauna in the region. In addition, the specific contribution to climate protection benefits us all. In order to transparently depict the progress of the climate protection initiative, the current status of the purchased CO₂ certificates is shown graphically on the website www.bausparen.at/klima in the form of the protected trees. Visitors to the website can also watch a video and read general information to learn more about the topic of CO₂ emissions and the consequences of climate change.

Excerpt from the Sustainability Program

Responsible Banker				
General objectives: Anchoring of sustainability within the business processes; promoting sustainable products				
Strategy area	Objectives	Measures	Status	
Responsible banker (Product responsibility)	Development of a climate policy and strategy (as part of the RKI)	Elaboration of a climate policy and strategy for RBI AG in Austria in cooperation with the Environment Agency Austria	Ongoing	
Responsible banker (Product responsibility)	Sustainability and Diversity Improvement Act (NaDiVeG)	Internal evaluation of the need to adapt individual aspects within the strategy area of "Responsible banker"	Ongoing	
Responsible banker (Product responsibility)	Evaluation and optimization of measures for the top 5 Sustainable Development Goals (SDGs)	Evaluation of the top SDG goals in the core business and definition of any corresponding measures for 2018	Ongoing	
Responsible banker (Product responsibility)	Increase of awareness regarding ethical behavior	Revision of the Code of Conduct in consultation with diverse stakeholders	Planned implementation in 2nd half of 2017	
Responsible banker (Product responsibility)	Increased integration of ESG research within fund products	Introduction of minimum criteria to the funds managed by Raiffeisen KAG	Over 80 percent of the managed volume is already subject to the exclusion criteria of controversial weapons, agricultural commodities and coal	
Responsible banker (Product responsibility)	Expand the excellent position and increase the volume of sustainable investments	Establishment of at least one new sustainable fund and additional training activities and customer presentations by Raiffeisen KAG	Ongoing	
Responsible banker (Product responsibility)	Secure and further develop the sustainability standard	Establishment of an advisory committee for sustainable investments	Started in 2nd quarter of 2017	
Responsible banker (Product responsibility)	Ensure future viability up to 2025 through increased digital presence	Expansion of the online offering in the network, revision of the multichannel strategy and branch structure	Started in 1st quarter of 2017	
From the 2016 Sustainability Program	Responsible banker (Product responsibility)	Increase of awareness regarding ethical behavior	Revision of 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	Introduce sustainability box in the credit application	Evaluation carried out
	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

From the 2016 Sustainability Program	Responsible banker (Product responsibility)	Reinforce commitment activities at listed companies on ESG topics	Each year about five topic commitment activities and creation of own publications, dialog with at least ten companies/issuers per topic by Raiffeisen KAG	196 active company dialogs 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 the University of Applied Sciences Krems within the framework of a "Josef Ressel Center" for applied CSR research in the banking sector 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)	Ensure future viability up to 2025 through increased digital presence gewährleisten	Create conditions for multi-channel service and sales in Austria	Initial efforts will be implemented in the second half of 2017 (e.g. new, modern online banking, e2e conclusion paths)
From the 2015 Sustainability Program	Responsible banker (Product responsibility)	Ensure future viability up to 2025 in the area of sustainability in the core business	Establish other responsible financing	Ongoing
	Responsible banker (Product responsibility)	Implementation of criteria relevant to sustainability in the lending process at three additional network banks	An additional three network banks will implement an Environmental and Social Management System (ESMS). (Four out of a total of 15 network banks have been using an ESMS in accordance with IFC requirements since 2014.)	Implemented; seven out of a total of 15 network banks use an ESMS according to IFC/ MIGA standards
	Responsible banker (Product responsibility)	Expansion of the offering of sustainable investment products with another investment fund in the sustainability segment	The product range of Raiffeisen KAG should be supplemented by another mixed investment fund	Implemented in 1st half of 2015

Reports from the Austrian participations

Raiffeisen Informatik GmbH

In the area of sustainability management, Raiffeisen Informatik has set itself the goal of combining successful business with responsibility for the environment and society, thereby generating competitive advantages. Particular attention is paid to providing sustainable services as part of sustainability management. The efforts of Raiffeisen Informatik are focused on shaping the use of information technology in an environmentally friendly and resource-efficient manner across its entire life cycle.

In the past financial year, Raiffeisen Informatik launched its new vision for the future, accompanied by extensive communication measures. Since August 2016, Raiffeisen Informatik has offered a new, innovative working time model that provides individual employees with more time to make social contributions because voluntary social commitment is an important pillar of our society. In this way, we seek to shape the future and prepare ourselves for the working world of tomorrow. Raiffeisen Informatik also received the Austrian quality seal for the balance between family life and work. The associated measures are currently being implemented.

UNIQA Insurance Group AG

The UNIQA Group is one of the leading insurance companies in its core markets of Austria and Central and Eastern Europe (CEE). 21,300 employees and exclusive sales partners serve over ten million customers in 19 countries. In Austria, UNIQA is the second-largest insurance group with a market share of over 22 percent. In the growth region of CEE, UNIQA is represented in 15 markets. In addition, insurance companies in Italy, Switzerland and Liechtenstein also belong to the UNIQA Group. The group has set itself the goal of fulfilling and optimally uniting the interests of various stakeholder groups – shareholders, customers, employees and society.

UNIQA is intensively focused on future trends and their impacts on the core business. Fundamental social and environmental trends, such as the increasing average age, digitization and climate change, are important topics. Developments such as these will have a lasting influence on the future of the insurance industry. UNIQA is committed to responding to these trends in its central business activities, such as in relation to products, sales, product development, risk controlling and investment. The same applies to internal processes such as human resource management and environmental management.

UNIQA follows a broad-based approach to corporate responsibility, which it understands as being a broad spectrum encompassing many aspects ranging from value-oriented and sustainable company management to social competence, corporate governance and corporate citizenship. UNIQA is aware that it has not yet reached the end of its journey, despite all of the measures performed to date. It continues to work step-by-step to achieve these goals.

Sustainable insurance products: UNIQA offers insurance solutions that reward environmentally conscious behavior. For example, anyone taking out a new Raiffeisen motor vehicle liability and collision insurance policy who can present an annual pass for public transportation of a transport network will save three months worth of premiums on the liability and collision policy.

Raiffeisen Wohnbaubank AG

As a specialist institute of the Raiffeisen Banking Group, Raiffeisen Wohnbaubank AG issues tax-efficient homebuilding bonds. The proceeds of the issuance are used by the Austrian homebuilding industry to make stable financing available for specific projects in Austria. In the current economic environment, which is characterized by rising construction costs and stagnating incomes, environmental principles must nevertheless still be observed in new construction. Above all, the squandering of precious resources should be avoided through careful planning and the use of high-quality construction materials in order to minimize maintenance and operating costs.

Sustainability in the residential complex "Thal Schmelzanger" in Lienz



Residential complex Thal Schmelzanger, © Osttiroler gemeinnützige Wohnungs- und Siedlungsgenossenschaft reg.Gen.m.b.H

Using funds from the issuing of Raiffeisen homebuilding bonds, among others, the first construction phase of the project "Thal Schmelzanger" in Lienz was carried out by Osttiroler Gemeinnützige Wohnungs- und Siedlungsgenossenschaft.

This residential project is creating affordable living space in a quiet location on the edge of the woods. Nine rent-to-own apartments were built in the first construction phase, two more buildings of the same size are at the planning stage. The apartments designed by a team of architects range in size between 54 m² and 95 m² and are equipped with underfloor heating,

district heating connections and controlled living space ventilation. Each barrier-free unit also has a recessed balcony or garden.



FIELD OF ACTION
FAIR PARTNER:
IN DIALOG AND
RESPECTFUL
INTERACTION
WITH OUR
STAKEHOLDERS

ABCDE
MNOPQ
WXYZ

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Fair partner

The RZB Group is a fair business and dialog 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 dialog with our stakeholders. We also endeavor to recognize the needs of our most important stakeholders, and to act within the scope of our powers.

The RZB Group 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 the RZB Group. 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.

The RZB Group 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 the RZB Group. 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 dialog partners and consultants. In addition, we share an open dialog on many levels with representatives of our stakeholders, and we are active participants in various forums such as the United Nations Global Compact (UNGCC), 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. Despite this, it is the aim of the RZB Group to minimize 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 (page 114 et seq.).

Fair business and operating practices

A prerequisite in our business and operational practices is the fair, ethical and legally compliant behavior of all our employees. You can find more information about this from page 46 onwards.

Fairness toward shareholders

It is a key part of our corporate culture to engage in an active exchange with our shareholders. We work closely with our shareholders and see them as both dialog partners and consultants. We therefore ensure that their feedback and, inputs feed into our strategies and business activities. 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.

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

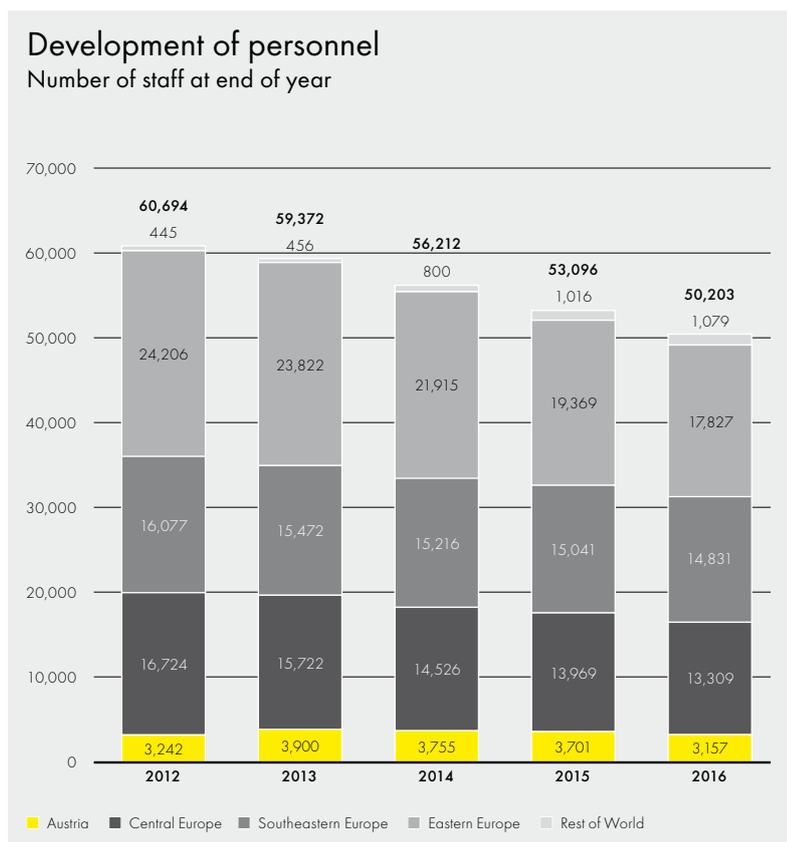
Naturally, we have a great responsibility toward our shareholders, which is why the optimization of shareholder value is part of our corporate vision. We are not interested solely in short-term increases in value. Good profitability, which we can use to build up equity from within, and a long-term profitable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

Human Resources

Self-responsibility is an important part of the corporate culture of the RZB Group. The executive management demonstrates responsible and sustainable business behavior. We measure managers and employees not only by their results but also by their behavior. In order to boost competitiveness and safeguard our future, various strategic activities were implemented in 2016.

Facts & Figures

The RZB Group employed 50,203 people as at 31 December 2016 (full-time equivalents). That is 2,893 people or five percent fewer than on 31 December 2015. Most of this decline can be traced to the developments in Ukraine, Russia, Poland and Slovenia. The average age of employees was a relatively young 37 years, and the ratio of women employed was 67 percent. The proportion of employees with university degrees was 73 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).



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/RZB	RBSK	RKAG	RL	Valida	Kathrein	RCB	RBPL	TBSK	RBCZ	RBHU	RBAL	RBBH	RBBG	RBKO	RBHR	RBRO	RBRS	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 relatively decentralized approach. Within a groupwide 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 such an 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. Based on 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. The principles are defined in the "Standard Performance Management RZB Group" policy and form the framework for the local policy adapted to each country's specific requirements.

Since the roll-out is being done in stages within the group, some subsidiary banks have already begun with corresponding pilot projects. For example, at Raiffeisen Bank Zrt. in Hungary, the focus has been on strengthening personal responsibility for target setting and performance as well as on coaching and employee development. In particular, this attempt focused attention on a forwardlooking approach through the continuous strengthening of mutual feedback.

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-skills 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 which were defined by the Managing Board in line with our corporate values. All first-time managers must complete a standard development program which qualifies them for the new role and gives them the tools needed for managing employees. Development programs are also offered for talented managers and successors who have been identified for executive management positions in order to maintain the talent pipeline and continue development. Our top executives (Managing Board and heads of larger areas) are covered by our group-wide executive development program, the contents of which are primarily of a strategic nature and developed in strict consultation with the Managing Board.

The development of professionals (non-management staff) is based on training goals which are derived from the strategic priorities in coordination with the Managing 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 defined and 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 competencies 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 work-life balance, mental/physical health, empowerment and motivation or 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), RZB AG and 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 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 ratio 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 70 percent of the managing board positions were filled by internal candidates in 2016.

The focus at RBI AG in 2016 was on the calibration and promotion of specialists (non-management staff). A comprehensive evaluation of these employees was performed in almost all organizational units on the basis of their development potential. Based on that, suitable development measures were defined. The success of the Spot-Grow-Lead process is impressive: For example, data show that 39 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 14 percent). Twelve 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. These key figures show that we have succeeded in maintaining the company's potential: Fluctuation among the talents of four and a half percent annually was significantly less than that of 'well-placed' employees (seven percent annually).



Talents Event, © RBI AG

To continue building on this success in a challenging economic environment, RBI AG rolled out a new framework architecture for the targeted development of identified talents called the "Talent Development Framework". This framework ensures that the sound development measures are in place for every target group and that they are financed through the central budget. Individual development instruments such as the 360 degree feedback, mentoring and coaching, on-the-job learning through challenging projects and job rotation are also included in the program.

Already existing and successfully implemented elements of management staff development, such as the Talent Lab or the Basic Leadership Program, were also continued and are actively used by management staff. The "Leaders' Breakfast", which was also launched last year, 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 15 "Leaders' Breakfasts" were held in 2016, with more than 304 managerial staff from all levels taking part.

Training and development

In July 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” and approved by the Managing Board. This directive is valid for the entire RZB Group and regulates, among other things:

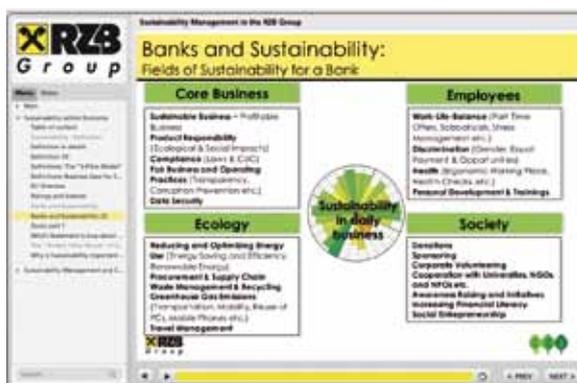
- the authorities and responsibilities for HR and organization development topics (central/local);
- the minimum requirements for the training and development budget of each network bank and its allocation;
- the necessity of a structured training architecture for specialist and management staff development;
- 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;
- and the implementation of the “Spot-Grow-Lead” processes (the tools of talent management and successor planning) at international level.

The learning and development options at RBI AG and our fundamental commitment to permanent development with the supporting processes were defined in a new, heavily revised corporate policy, the “RZB/RBI Learning & Development Policy”, in 2015. 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 2016. In addition to ensuring regulatory training requirements, the focus was increasingly shifted to business-critical topics such as digital 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”).

The development of management staff focused primarily on strengthening their competences in change management as well as leadership of employees, motivation and communication. The use of reflective learning methods, such as 360 degree feedback, coaching, mentoring or experienced-based methods such as job rotation, was further expanded.

All training and development offers at RZB AG, RBI AG and the specialized subsidiaries were combined in our group-wide “RZB Group Training Catalog” two years ago and can be taken advantage of on an alternating basis. Seminars of the Raiffeisen Campus and a host of eLearning courses on a wide range of functional areas 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 also centrally organized in the HR division of the RZB Group, which enables synergies to be achieved in their execution as well as a standardization of the processes.



Online training for Sustainability Management

In the area of online training, employees at RZB AG and RBI AG have had the opportunity to take advantage of Sustainability Management training for the past one and a half years and have done so with great interest.

New employees are required to complete training as part of their onboarding. All other employees can do this at any time on a voluntary basis. In both cases, a knowledge test is conducted at the end of the training.

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

In many areas of the RBI Group, especially in the corporate and private customer business as well as in risk management, international learning trips to exchange knowledge at 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 87 employees from network banks of the RBI Group had the opportunity of a placement at RBI AG in 2016. Rotation and exchange programs for talents and “high potentials” were further expanded, enabling, for example, the “International Young Potentials Program”, which was successfully held for the sixth time in 2016. In total, 57 employees from ten countries have either already participated in it or are currently going through it.



Branch Management Certificate 2016, © RBI AG

The “Branch Management Academy”, the largest international training initiative of the RBI Group for management staff in sales, was further rolled out across the entire group in 2016. Almost 60 percent of all branch managers in the RBI Group participated. The training was specially developed to strengthen management and leadership competences 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.

Participant feedback has been very good and initial inquiries clearly indicate that this training series is contributing to an increase in business success at the participating branches.

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 the RBI Group. Some of the selected programs are mentioned below:

Central Europe (CE)

The trainee program of Raiffeisenbank a.s. in the Czech Republic addresses talented young people at universities and offers them practical work experience within the scope of a one-year program. A total of ten new trainees were employed in 2016.

Southeastern Europe (SEE)

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 way to behave 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 by a leading international consulting firm for the Managing Board and executive management. In addition, a mandatory eLearning module on compliance was also developed in order to promote awareness of fraud and corruption throughout the company.

The successful “Wakanda Program” (Inspire to Aspire) in Raiffeisen Bank S.A. in Romania is an integrated management and development program aimed at executive and middle management (see also page 111, Awards). It was developed to focus attention on one’s own behavior and that of employees in order to better understand how to work more effectively together. The program comprises on-site training as well as experiential learning and gamification elements as a way of actively involving the participants.

At Raiffeisen banka a.d. in Serbia, training courses on compliance and money laundering prevention were held with a concluding knowledge test for all employees in 2016.

Eastern Europe (EE)

At Priorbank Belarus, all employees were obliged to participate in online training courses on the topics of anti-corruption, fraud, money laundering, code of conduct and security.

New employees of AO Raiffeisenbank in Russia must prove 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 courses were held for all employees as well as the elearning course "Instructions for Avoiding Fraud".

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 the training 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 35 participants on this training course in 2016. 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 courses with two focal points: the prevention of stress factors and how to reduce stress when stress factors are unavoidable.

Employee involvement

Employee surveys

Employee surveys are an important instrument for involving employees in the company's development and offer important starting points for making improvements.

Done regularly, such surveys promote employee involvement. For this reason, we conduct a comprehensive group-wide survey every two years. Based on this cycle, the survey performed in 2014 was followed by another comprehensive employee survey in 2016. Some sites also conduct their own smaller surveys in the years in between.

Efforts are constantly being made to increase participation in the employee surveys as a way of including not only the larger network banks but also the smaller companies in the group. Thus, the overall number of participating companies was increased with the specialized subsidiaries and other Raiffeisen companies such as Raiffeisen Centrobank AG. A total of about 40,000 employees from 26 companies participated in 2016. The last groupwide survey involved 21 companies with approximately 29,000 employees. The return rate for the entire project was on average 84 percent in 2016. That is an increase of three percentage points compared to the last survey.

An important positive change was found in the results of the two central factors employee commitment (loyalty to the company and a voluntary willingness to do more) and employee enablement (the presence of an environment that promotes success). In 2014, the average values were 61 percent for employee commitment and 64 percent for employee enablement, while in 2016 the figures were 68 percent and 72 percent respectively. This significant increase of seven and eight percentage points can be traced to the intense processing of the results in the respective companies as well as the systematic implementation of the improvement measures. Compared to the market benchmark "Financial Services in CEE", the results were three percent higher for employee commitment and four percent for employee enablement.

This clearly shows that the specific processing of the ascertained topics in the survey and the implementation of the planned measures were recognized and positively perceived by the employees. At the same time, this also highlights the fact that a survey on its own changes nothing; instead, the change is due to the numerous measures that are subsequently developed, planned and implemented in the respective companies and whose success is regularly surveyed.

The processing of the results and the planning of specific implementation measures usually takes place on two levels: the level of the overall company on the one hand and the level of the individual organizational units on the other. In some companies, initiatives are also developed on functional level. A specific example of this is the

processing concept of the network bank in Hungary, where the Managing Board analyzed and interpreted the results of the survey and the results of the focus group interviews with the first management level and then derived four topics for further implementation. What is unique about the further approach is that every topic is worked on by an interdisciplinary team. This team is made up of employees and management staff from all Board areas, led by a senior manager, assisted by a “Change Facilitator” and also supported by a member of the Managing Board.

The RBI Group will maintain this comprehensive cycle in the future and will also create possibilities to gather employee opinions within a narrower timeframe in order to be able to respond even more quickly.

Active participation of employees



“Let’s do it!” – Event 2017, © RBI AG

RZB AG and RBI AG believe it is extremely important that the concerns of our employees are listened to and taken seriously. During internal events, employees are regularly requested by the members of the Managing Board to send questions by SMS. These are then projected onto a screen and answered by the relevant member of the Managing Board.

There are also further opportunities for interacting with the Managing Board.



RBI Board Member’s Breakfast, © RBI AG

Since the spring of 2015, the employees of RBI AG have had the opportunity to have breakfast with a member of the RBI Managing Board six times a year. 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. The Managing Board of RBI AG is also available for a

“Q&A” on the intranet site at: “Ask the RBI Managing Board”. This is where employees can also ask the Managing Board questions on an anonymous basis. The answers are made available to all employees in an online 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 and RZB AG, some of them with the company physician and the Human Resources division, and ongoing actions being taken. 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 work on a permanent basis (e.g. workplace conditions/health, work/family, nutrition, bullying/stress/burnout). 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 picking up an idea and putting it into practice. In total, around 200 measures are developed each year – meaning 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 information exchange are also guaranteed in various committees such as the Supervisory Board, the health & safety committee as well as at individual ‘jour-fixe’, which are held by the Staff Council’s managing board with the various members of the Managing Board (CEO, COO/CIO, CRO and Markets & Retail).

Forty-four percent of group employees are covered by Collective Bargaining Agreements.

RBI Group with European Staff Council

2016 was the first year in which the European Staff Council of the RBI Group (ESC), established in 2015, was fully operational. The following eight EU countries are represented in the ESC: Bulgaria, Hungary, Croatia, Austria, Poland, Romania, the Slovak Republic and the Czech Republic. Altogether there are 13 representatives from the various countries.

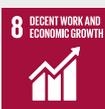
Under the terms of the agreement concluded by the European Staff Council in 2015, the ESC has the right to be informed about and consulted on matters that are of an international nature and concern the economic, social, health and cultural interests of employees of at least two companies belonging to the RBI Group.

In 2016, the ESC had two ordinary meetings and one extraordinary meeting. A large number of topics were discussed with the RBI management including "process automation" initiatives, "Performance Management" and changes regarding the current bonus regulations for the RBI Group.

Both the ESC and the company management have learned much through their good collaboration in 2016 and thus paved the way for continued positive and productive collaboration in the future. Two ordinary meetings of the ESC are again planned for 2017, one in May and one in November.

The RBI Group also remains committed to the principle of direct and open communication with employees. The good cooperation with existing local and/or national employee representations 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



Diversity management contributes to the success of the RZB Group in many ways because numerous teams create innovative solutions by taking various perspectives into consideration. However, these are not the only reasons why prejudice and discrimination of other nationalities or cultures have no place in the RZB Group. For this reason, we actively promote equality, irrespective of origin, sexual orientation, culture, gender, age, language, income, religious convictions or disability. Our group-wide Code of Conduct clearly states that we will not tolerate any form of discrimination. This is also clearly regulated in our recruitment policies with respect to job applications. Diversity is firmly anchored in our values and convictions. We have an open, non-prejudicial corporate culture, in which employees can develop their potential and bring their individual talents to bear.

Diversity management is also intended to create and ensure equal opportunity for women. In order to promote women in the company, appropriate framework conditions are to be implemented and continuously developed. Work models, such as flexible working hours, part-time or tele-work, as well as company childcare with employee friendly hours of operation, are offered in almost all countries in accordance with statutory provisions. These offers aim at enabling targeted parental leave management that promotes re-entry into working life. RZB Group has a positive attitude towards paternity leave which it sees as being an important way to advance equality, both personally and professionally.

Targeted training and development programs with the aim of expanding leadership skills are offered and accepted very positively by female employees. Accordingly, about 27 percent of the participants in the group-wide executive management program 'Execute' were women in 2016. In the Basic Leadership program of RBI AG, 26 percent were women, and in the Talent Lab for management staff, 32 percent were women.

Salaries are also regularly analyzed. 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 "Total Rewards Management" policy provides a comprehensive framework for shaping the group-wide remuneration management system. This includes all stipulations for implementing statutory and regulatory requirements as well as a structured position evaluation system and regular market benchmarks of the salaries in the countries in question. An internal position evaluation system forms the basis for position-related and - resulting from 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 managing roles on all levels of decision-making. Furthermore, we support the goal of achieving equal remuneration for equal work.

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 RZB AG and 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 group. To lend even more weight to the seriousness of this issue, and in cooperation with the Staff Council, several employees underwent training in Vienna to become 'harassment representatives'; these employees are now the first point of contact for their employees should any problems arise with regard to this issue. Expertly trained employees are available as competent points of contact for the issues of stress and burnout.

Sustainable integration

Around 700 employees (20 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 2016.



In order to help these colleagues from other countries find their feet in Austria and give them 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 RZB AG and RBI AG with important information on topics of everyday life. This includes information on looking for somewhere to live, learning German, administrative processes, medical provision, childcare facilities and schools. The opportunity provided 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 which can be easily found by all employees on the intranet of the Vienna sites.

The now long-standing tradition of the International Dinner was continued in 2016. 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.

Our Corporate Volunteering activities focus on the areas of migration and integration. Read more about our activities in this regard on pages 153 till 159.

Diversity 2020



RZB AG and RBI AG launched the “Diversity 2020” initiative in 2016. The goal is to better exploit and advance diversity in our company through

professional diversity management and, with that, to make a positive contribution to the corporate result. Organizational anchoring of the topic was taken into account through the nomination of a Diversity Officer and through the establishment of a Diversity Committee, which convened for the first time in 2016. Furthermore, in order to include as many perspectives as possible, 20 Diversity Ambassadors were appointed from all company areas. These ambassadors cooperate with the Diversity Committee and have the task of advancing diversity in their area as well as planning and implementing the measures.

2016 was dedicated entirely to the development of a vision, strategy and package of measures for all relevant aspects of diversity. A workshop was held with the Diversity Ambassadors and other interested colleagues for this purpose. Matters were finalized in the first half of 2017. One important factor that hinders diversity in companies and thus, among other things, the increased appointment of women to management positions, is unconscious bias. This topic area was the focus of two “Leaders’ Breakfasts” and motivational presentations for interested employees.



Unconscious Bias Training, © RBI AG

The first comprehensive package of measures for the “Empowerment of Women” was launched in 2016, and aims at sustainably increasing the proportion of women in higher qualified positions. In order to sensitize awareness of this

topic and ensure the greatest possible transparency for the initiative, comprehensive communication measures were defined. For internal vacancies, it was decided 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 were actively approached by HR employees. Mentoring for women is seen as an essential instrument for increasing the quota of women in management. That is why this area will continue to be advanced. Another topic focuses on strengthening the self-competence of female management staff. The first training measures for this have already taken place. Workshops were also held at the end of 2016 and the beginning of 2017 in which female talents as well as female and male employees were asked to include their points of view on the topic of Empowerment of Women. The results of the workshops will flow into the existing package of measures. The target quota of women on the Supervisory



© Thomas Werk

Anke van Beekhuis, Gender Balance expert, OE Adviser & Coach, Managing Director of TheRedHouse

“Gender balance is a very current topic, and the political and legal pressure to change is increasing steadily in Europe. However, few people are aware of the fact that gender balance in a company also improves company performance. This is because gender balance reflects the market and improves the quality of decision-making and corporate ethics through the various approaches. ‘Companies with female board members developed better than companies without female board members across all indexes during the period from 2005 to 2010. The gap between turnover and profit is particularly large,’ found a study conducted by Ernst & Young. In 2016 and 2017, RBI will focus on the topic of gender balance and the associated corporate culture within the framework of a detailed analysis. As advisers, this is a positive signal for us. Furthermore, ‘decreasing’ a ratio of female employees demonstrates the serious effort being made towards creating a sense of balance on all levels of management. However, the analysis very clearly showed that although the talent pool is available on all levels within RBI, it is not being sufficiently exploited. It should in any case be possible to achieve the self-imposed goals for 2024.”

QUOTE



Board, Managing Board and in second and third level management at RBI AG for 2024 was changed to 30 percent in the spring of 2017 because of organizational changes in the corporate structure due to the merger and the reduction in business in Asia. At the same time, an overall target quota of women on the Supervisory Board, Managing Board and in second level management of the RBI Group was set at 35 percent for 2024.



The ability to reconcile work and family life is an important topic for the RZB Group. That's why RZB AG has been a partner of the "Companies for Family" initiative of the Austrian Federal Ministry of Economy, Family and Youth since 2014.

We have a clear commitment to family friendliness because it represents a win-win situation for employers and employees and satisfies the values of Raiffeisen. We would particularly like to mention the company kindergartens with employee-friendly opening times at the two head office sites in Vienna.

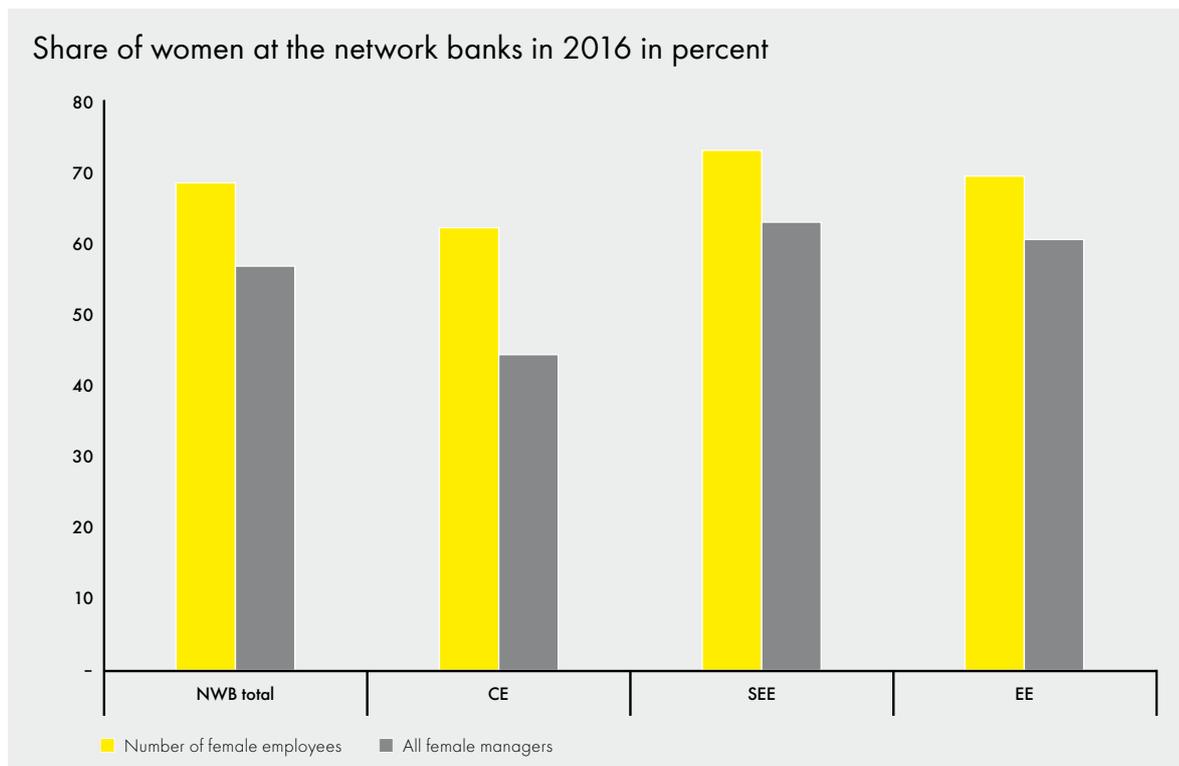
Improving the ability to reconcile family and work is also a very important consideration for Raiffeisen-Leasing GmbH in Austria. The relevant measures include flexible working hours, part-time models or tele-work, all of which meet statutory requirements, as well as active parental leave management. The "berufundfamily" (work and family) audit has been conducted since 2013.



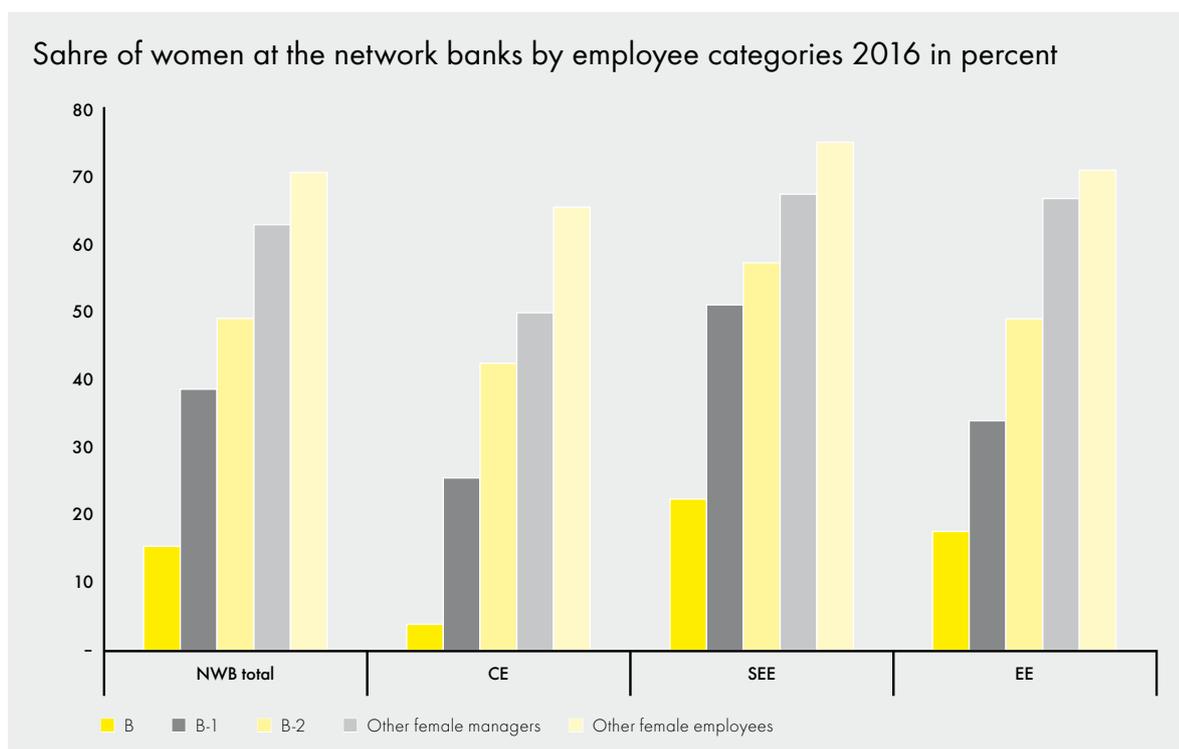
RZB AG and RBI AG heavily revised the existing sabbatical program in 2016. Several sabbatical versions are offered, providing various timeframes and thus an attractive recreational and relaxation model for differing needs, ready for individuals to take advantage of.

Diversity initiatives at the network banks

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



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



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Very different labor laws as well as family policies and health systems can be found in the various countries in which the RBI Group 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 their employees with a range of supplemental offers tailored to local needs and possibilities. The initiatives shown below also demonstrate that we contribute to the support of SDG goals 5 and 8 (for SDGs, see also pages 25 and 26).

Central Europe (CE)

The program "The family is important to us" has been in place at Raiffeisen Polbank for several 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 be in 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 feel assured of 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 holiday within the calendar year, instead of accumulating it, in order to have a longer break and thereby guarantee a period of 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.



© Rudolf Vogl

Rudolf Vogl, Head of Group Human Resources, RBI AG

"McKinsey has been conducting a study called 'Women Matter' since 2007, and found that companies with three or more women in executive positions achieve better results in their financial performance. Nevertheless, the number of women in executive management positions in Europe has not changed significantly. Many companies have already put in place measures that set a target quota of female employees. The RBI Group is committed to a target whereby women will make up a total of 35 percent of Managing Boards, Supervisory Boards and the second management level within the next eight years. We are currently on 28 percent, with significant differences among the countries. These are due to structural conditions (size of the branch network) or to a much higher proportion of working women in Eastern Europe due to historical reasons. The latter also has to do with the economic situation and the much weaker incentive system for leaving employment to have children. I think our target is ambitious but achievable if we continue the measures we started for broadening the base of women in management positions on all levels with the active support of our Managing Board. As McKinsey points out, there is no 'glass ceiling', but women are being lost on all levels of management."

QUOTE





Raiffeisenbank a.s. in Prague became the first Czech company to establish a company kindergarten, called ŽIRAIFKA. This has been operating successfully for eight years now and had 68 employee children enrolled in 2016. It 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.



Helena Horská,
Participant of
"Odyssey Leadership"
diversity program,
© Helena Horská

Viktória Kapušanská,
Participant of
"Odyssey Leadership"
diversity program,
© Viktória Kapušanská

Kamila Šťastná,
Participant of
"Odyssey Leadership"
diversity program,
© Raiffeisenbank a.s.

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 2016, 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. Three female managers were nominated for the basic program and two for the advanced module by Raiffeisenbank a.s. in Prague in 2016. The goal is to support female managers at Raiffeisenbank in the Czech Republic within multiple

areas: effective management style, increased self-confidence and courage as well as expanding the network to include other women with similar interests in the Czech business community. The program is very well received and found to be very useful and supportive in change processes by the majority of participants. The overriding goal of Odyssey is to increase the number of female managers at the top of the company.

The project for creating tele-work jobs at Raiffeisen Bank Zrt. in Hungary was continued in 2016 by putting additional infrastructure in place. This should allow a larger number of employees to be given the option of teleworking in 2017. 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 the line manager). 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 can receive upon the birth of a child. The bank also makes childcare available to employees who work on Saturday. In order to support women, female employees with management potential are offered mentoring programs.

Southeastern Europe (SEE)

Raiffeisen BANK dd Bosna i Hercegovina offers an incentive to those parents who voluntarily chooses to return early from parental leave (before the first birthday of the child) The bank supports this by offering a refund of the costs of childcare for toddlers. Additionally, when it comes to physically disabled persons. the contract from the agency "USPON" for the employment of people with disabilities in the call center, in place since 2010, was renewed last year. This gives people with disabilities the possibility to become integrated into a work environment and gather professional experience. 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.

In order to improve the ability to reconcile work and family, Raiffeisen Bank Kosovo J.S.C. in Prishtina 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 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. The RZB Group offers something by way of provision and support with a range of offers and facilities. In addition to the legally prescribed measures in the area of healthcare, we offer numerous additional options. 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 absence rate for the RZB Group was four percent in 2016 (in 2015 it was also four percent, and for 2014 and 2013 it was three percent). There was one death. The injury rate according to ILO is 0.24 (0.23 in 2015; 0.18 in 2014; 0.23 in 2013).

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 is available at no charge at the head office sites in Vienna every year, in cooperation with "Health+Life Gesundheitsmanagement GmbH". Participation in optional supplemental modules (e.g. thyroid gland screening, arterial disease prevention) is financially supported. Employees can 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.

Further initiatives are also available to employees for maintaining and promoting fitness and health. In addition to the many courses (e.g. yoga, self-defense) and other in-house sports initiatives, employees are also encouraged to be active during their free time by making use of the discounts they are given, e.g. for fitness club memberships. For the third time, the company participated in the global corporate challenge "10,000 steps a day to health". Many employees enthusiastically pursued and successfully met the team goals over a period of 100 days. During the annual health and fitness week, trial sessions and presentations are offered. Additional specialist presentations (e.g. Fit4Brain, "Gesundes Gehirn - Fördern und Erhalten" (Supporting and maintaining a healthy brain) take place regularly throughout the year. Interested employees can drop by the UNIQA Vital Truck for a professional appraisal of their fitness levels and to obtain advice on training. In the fourth quarter of 2016, a UNIQA Vital Coach also visited all employees at their workplace to show them easy exercises using TheraBand-resistance bands that the employees received as a gift afterwards.



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 without informing the employer and at no charge. Furthermore, each employee has the possibility to use five therapy units at an institute specialized in burnout and stress management. The bulk of the costs associated with these are covered by the company.

The specialized subsidiaries have 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.

Raiffeisen Centrobank AG also supports a series of sports events. This includes a variety of runs (Vienna Business Run, Vienna Night Run, Vienna City Marathon, Wings for Life) as well as the sponsorship of a beach volleyball group and the Soccer Cup. The latter included four teams and many viewers from among the employees and was once again a very successful interdepartmental sporting event in 2016.

Sporting activities have been very popular among employees for many years. For this reason, the RZB Group supports and funds solo and team sports such as soccer, badminton, tennis, 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.

Health initiatives at our network banks

Healthcare is also a central issue at the network banks of the RBI Group 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 can vary greatly, depending on what is needed and can be provided locally in the individual countries.

Central Europe (CE)

For the past three years, Raiffeisen Polbank has been providing 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, which can be extended to up to two additional family members, in order to ensure better health. The bank even pays its employees with unlimited employment contracts up to half the cost of further insurances, 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 and health and sports for employees to choose from. Contracts were concluded with medical care centers to provide additional health and preventative services to executive managers.

Raiffeisenbank a.s. in the Czech Republic organizes an annual flu vaccination for any employees who wish to participate. In 2016, this offer was taken up by 218 employees.

All employees at Raiffeisen Bank Zrt. in Hungary have the option of attending regular medical screenings and consulting programs. A company physician is available on site for medical advice once a week. 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. An annual budget is set aside to make various options available for maintaining mental health; these cover, for example, the following topics: “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 canteen 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.

At Raiffeisen BANK dd Bosna i Hercegovina, a special assistance package for employees who were affected by a bank robbery was set up two years ago. The measures are intended to support the recovery process and range from psychological support to stress reduction training as well as the offer to change departments. To highlight its support for sports and team spirit, Raiffeisen BANK dd Bosna i Hercegovina participated in the banking association's sports competition.

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. A new stress management training course was developed and added to the internal training catalog in 2016. 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 completed with a supplemental health insurance scheme and routine medical examinations, which are also made available to all employees.

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 terms for sports and cultural activities. Special courses on stress management and positive thinking are available.

The "Back to Balance" program by Raiffeisenbank Austria d.d. in Croatia was successfully continued in 2016 with 174 participants (about ten percent of all employees). The program aims at promoting the health and work-life balance of employees with regular offerings such as training and stress management. The employees were able to learn about simple and practical ways of dealing with stressful situations and to increase their feeling of well-being. It is planned to continue the "Back to Balance" program due to the clear demand for and interest in the topic within the company.

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.



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" since 2013.

The bank was given the "Corporate Social Responsibility Romanian Award" in the "Supporting the employees" category for this program.



Rstyle, © Raiffeisen Bank S.A.

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 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 2016 in total, approx. 2,600 bank employees, which is approximately half of the bank's workforce, took advantage of the RStyle offers at almost 112 events.



RStyle, © Raiffeisen Bank S.A.

The RStyle program includes many offers which are 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 on stress management was developed within the scope of RStyle which comprises advice and methods of stress prevention. A total of 108 employees participated in this program, which was based on a diagnosis of personal habits and stress factors. Supporting workshops and personal consultations were held in parallel 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.



© Irina Kubinschi

Irina Kubinschi, Executive Director Human Resources, Raiffeisen Bank S.A.

"Health is not everything, but without health, everything is nothing." (Schopenhauer). This is not a simple adage. As a company, we acted to help improve the lifestyles of our employees. Our objective was to encourage humor and good health in the workplace as well as a positive team environment and a balance between work and private life. In order to meet our target, we launched an extensive program: RStyle - 'Live a balanced life' - with the main pillars of physical health, mentalemotional balance and healthy interpersonal relationships. The key aspects aimed at promoting good health were identified in an internal study: RSport, RNutrition, RParenting, DevelopmentR, TravelR and TogetherR. A dashboard of facts and figures collected by us is available and serves as a GPS. Obviously, a project of this type cannot completely eliminate the imbalance in the lives of thousands of people - that would be unrealistic. Nevertheless, we have managed to ensure that more attention is paid to the aspects that have a positive effect on people's health. On this basis, all employees can independently access their own personalized offer, tailored and suited to enhance the sense of balance in their lives."

QUOTE



An annual preventive health examination has been offered by Raiffeisen banka a.d. in Serbia for several years. The system was changed in 2016 to extend participation from certain employee groups to all employees, regardless of their age or function in the company. With regard to health, the bank also organizes annual flu vaccinations and two blood donation campaigns for all employees. 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. The sports options also include the annual sports day, which is organized for all employees and their children. Prevention for old age is approached through the supplemental pension insurance (Raiffeisen Future). The bank doubled the premium payments in 2016 again for all employees who make their own payments into the pension scheme. In the event of severe illness, employees are offered financial assistance from the social fund "Boško Kostić Stiftung". In 2016, Raiffeisen banka a.d. in Serbia continued its free monthly workshops and presentations on a wide range of health and social topics, such as "How can music 'heal'?", "When and how should one say 'no'?" or, for the children of employees, "Does growing up hurt?".

Eastern Europe (EE)

Priorbank JSC in Belarus began offering an annual medical examination to all employees to support good health in 2015; this was very well received and was also made available in 2016. As part of its efforts to promote good health, the bank offers free memberships at fitness centers. Participating in sports competitions such as beach volleyball, table tennis, ice fishing, bowling, swimming and soccer is financially supported. As part of this, a team of finance and IT specialists from Priorbank JSC won the "Military sports patriotic games" organized by the defense ministry in 2016. To give employees easy access to training on the topic of prevention, three online courses were organized: "Effective conflict management", "Stress management", and "How to deal with dissatisfied customers". In order 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 canteen food.

AO Raiffeisenbank in Russia attaches great importance to the mental health of its employees and has offered training courses on stress prevention since 2015. The training offer has been continuously expanded and enables employees to learn different techniques for dealing with stress and how to control their personal stress level through full-day, on-site courses as well as in the form of e-learning.

Human resources marketing

Recruitment & Employer Branding at the Vienna sites



Career Calling, © RBI AG

The focus of recruitment and personnel marketing in 2016 was again on the area of IT and technology. An important component of our Employer Branding strategy is the dialog and direct interaction with students and graduates. These take place at job fairs or directly on location, for example, at colleges of higher education in Wiener Neustadt and Hagenberg as well as in the form of discussions with the top students on technology courses. Raiffeisen was also able to present itself with R-IT as an attractive IT employer to students of TU Wien at TUday16. Raiffeisen was represented at "Career Calling 16", Austria's largest jobs fair, for the twentieth time. At the Raiffeisen trade show booth, employees and managers from

RZB AG, together with specialized subsidiaries and RBI AG as well as seven other companies of the Raiffeisen Banking Group, answered numerous questions asked by business and technology students and graduates on the possibilities for starting work at the company, working part time and internships.

The online presence was also increased to ensure that all means of communication with young talents and applicants are exploited. This was done by using the company profile and a new possibility of reaching out to people through social media and innovative job portals. It involved intensifying or establishing cooperations, partnerships and sponsorships with technical universities. New job profiles and diverse possibilities for joining

the IT environment of a digital bank were presented to students and graduates on technology courses within the scope of guest presentations and lectures at universities (e.g. FH Krems, FH Wiener Neustadt, WU Vienna) and at diverse networking events (e.g. JOSZEF Assessment Center, "profil High Potential Day", TU "Cross table" dinner).

Furthermore, active support for bachelor and master theses and mentoring for seminar works creates important points of contact with students and offers them the possibility of establishing a link with the company. The sustainable time investment in technology/IT students was rewarded: RBI AG moved up 25 places in the "Universum-Studie 2016" ranking of Austria's most attractive employers. According to technology and IT students, RBI AG belongs to the 50 most attractive employers. (Source: <http://universumglobal.com/rankings/austria/student/2016/engineering-it/>)

RBI AG was able to secure seventh place in the ranking of most attractive employers in Austria among business students. (Source: <http://universumglobal.com/rankings/austria/student/2016/businesscommerce/>)

RBI AG stands out as the most favored employer among students of banking in Austria according to the "Deloitte Talent in Banking Survey 2015". (Source: <https://www2.deloitte.com/content/dam/Deloitte/uk/Documents/financial-services/talent-in-banking-austria.pdf>)

In another survey of students in Austria, the "Graduate Barometer 2016" of trendence, a research institute for employer branding, RZB AG was the only financial institute to secure a place among the "Top 10 Employers" in the business ranking. <http://www.trendence.com/unternehmen/rankings/austria.html>



Lived sustainability by promoting young talents through training and development pays off. The trainee program "Corporate Finance" awarded RBI AG the TraineeNet Award in the "Echtes und faires Traineeprogramm 2016" for the first time. This 15-month program has been preparing a total of 58 university graduates for a career in corporate banking since the year 2000. Two-thirds of them are still employed by the Raiffeisen family as specialist and management staff.

Employer branding and awards at the network banks

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

Central Europe (CE)

Raiffeisen Polbank received the “Top Employer” award in 2016 for the third time.

In Hungary, a new recruitment campaign called “Faces of the Bank” was launched, in which employees describe why they appreciate their job and Raiffeisen as employer and. The statements were used for newly designed job advertisements and for two employer branding videos. The career page on the website was also revised and modified to appeal to Generation Y in particular.

Raiffeisen Bank Zrt. in Hungary won second place in two categories in the “Colibri Internship Award Competition” as the best employer for interns from a total of 50 mostly international companies: once in the category for “Business and Finance” and once in “Audience Award”.

Southeastern Europe (SEE)

Raiffeisen BANK dd Bosna i Hercegovina achieved a place among the “Top 10 most attractive employers” on Posao.ba out of 740 participating companies.

To strengthen its position as a sought-after employer on the jobs market and to carve out its competitive advantages, Raiffeisenbank (Bulgaria) EAD and Raiffeisenbank a.s. in the Czech Republic worked on defining the Employee Value Proposition. This employer branding measure is not only directed outwardly but is also intended to help internally to motivate employees and increase loyalty toward the company.

Eastern Europe (EE)



AO Raiffeisenbank in Russia greatly increased its presence in the social networks on the most frequently local portal and exploited completely new options for presenting the company by posting the video series “Raiffeisen Zoom” on YouTube. A very large employer branding initiative was implemented with a series of events for students and university graduates with over 3,000 participants and included the holding of competitions with case studies. In addition, the bank hosted conferences with presentation topics that were particularly aimed at IT graduates. The new program “Raiffeisen Involve Internship” was started with the goal of offering the top graduates a career entry at one of the leading banks. In 2016, 22 apprentices were given contracts for the program lasting twelve months. Of these, 18 received a permanent employment contract. For 2017, a total of 33 new apprentices are expected to be accepted into the program.



Raiffeisen Involve Internship, © AO Raiffeisenbank



Raiffeisen Involve Internship, © AO Raiffeisenbank

AO Raiffeisenbank was voted the seventh “Best Employer in Russia” by one of the largest job portals in Russia (<http://rating.hh.ru/rating2016/>). In the Challenge.com survey, Raiffeisen ranked number 18 among all employers in Russia. Within the financial services sector, the bank even landed in first place (<http://changellenge.com>).

Other awards

Many factors contribute to the company’s success. Some selected achievements at the network banks of the RZB Group which have received awards are mentioned here.

Central Europe (CE)

Raiffeisenbank a.s. in the Czech Republic won the “HREA Excellence Award” awarded by the People Management Forum for the HR project of the year, based on the design of the strategic roles and their implementation in HR processes.

Southeastern Europe (SEE)

Raiffeisenbank (Bulgaria) EAD was awarded for having the best project in a large organization for modernizing and transforming human resources management by the Bulgarian Human Resources Association.

Raiffeisenbank Austria d.d. in Croatia received the “Employer Partner Certificate” for its outstanding work in human resources management for the second time in a row last year.

Raiffeisen Bank S.A, Romania received an award for its project “Wakanda Challenge” (Inspire to Aspire) at the HR Excellence Award Gala, where it beat 18 other project entries in the “People Development” category (see also page 93). The bank was given another award, the “Corporate Social Responsibility Romanian Award” for the RStyle program in the “Supporting the employees” category (see also page 107).

Overview of key ratios

	RBI Group					Central institute and specialized subsidiaries					RZB Group (total)				
	2016	2015	2014	2013	2012	2016	2015	2014	2013	2012	2016	2015	2014	2013	2012
Employees by gender, type of occupation and employment contract															
Employees	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
of which male	33%	33%	33%	33%	35%	47%	47%	46%	56%	53%	33%	33%	33%	33%	35%
of which female	67%	67%	67%	67%	65%	53%	53%	54%	44%	47%	67%	67%	67%	67%	65%
Full-time employees	97%	97%	98%	97%	97%	75%	78%	80%	89%	88%	96%	97%	97%	97%	97%
of which male	33%	33%	33%	n.a.	n.a.	57%	56%	55%	n.a.	n.a.	34%	33%	33%	n.a.	n.a.
of which female	67%	67%	67%	n.a.	n.a.	43%	44%	45%	n.a.	n.a.	66%	67%	67%	n.a.	n.a.
Part-time employees	3%	3%	2%	3%	3%	25%	22%	20%	11%	12%	4%	3%	3%	3%	3%
of which male	25%	21%	19%	n.a.	n.a.	18%	14%	13%	n.a.	n.a.	24%	20%	18%	n.a.	n.a.
of which female	75%	79%	81%	n.a.	n.a.	82%	86%	88%	n.a.	n.a.	76%	80%	82%	n.a.	n.a.
With fixed contracts	85%	85%	86%	86%	88%	88%	92%	98%	100%	100%	85%	85%	86%	86%	88%
of which male	34%	34%	34%	n.a.	n.a.	47%	46%	46%	n.a.	n.a.	34%	34%	34%	n.a.	n.a.
of which female	66%	66%	66%	n.a.	n.a.	53%	54%	54%	n.a.	n.a.	66%	66%	66%	n.a.	n.a.
With limited contracts	15%	15%	14%	14%	12%	12%	9%	2%	0%	0%	15%	15%	14%	14%	12%
of which male	26%	25%	25%	n.a.	n.a.	53%	51%	45%	n.a.	n.a.	26%	26%	25%	n.a.	n.a.
of which female	74%	75%	75%	n.a.	n.a.	47%	49%	55%	n.a.	n.a.	74%	74%	75%	n.a.	n.a.
Employees by region															
Central Europe	28%	27%	26%	27%	23%	0%	0%	0%	0%	0%	27%	26%	26%	27%	23%
of which male	38%	38%	37%	38%	44%	0%	0%	0%	0%	0%	38%	38%	37%	38%	44%
of which female	62%	62%	63%	62%	56%	0%	0%	0%	0%	0%	62%	62%	63%	62%	56%
Southeastern Europe	30%	30%	28%	27%	29%	0%	0%	0%	0%	0%	30%	29%	28%	27%	29%
of which male	27%	27%	27%	28%	28%	0%	0%	0%	0%	0%	27%	27%	27%	28%	28%
of which female	73%	73%	73%	72%	72%	0%	0%	0%	0%	0%	73%	73%	73%	72%	72%
Eastern Europe	37%	39%	41%	42%	45%	0%	0%	0%	0%	0%	36%	38%	40%	42%	45%
of which male	31%	31%	31%	31%	32%	0%	0%	0%	0%	0%	31%	31%	31%	31%	32%
of which female	69%	69%	69%	69%	68%	0%	0%	0%	0%	0%	69%	69%	69%	69%	68%
Austria	5%	4%	4%	3%	3%	100%	100%	100%	100%	100%	7%	6%	5%	4%	3%
of which male	55%	55%	55%	55%	54%	47%	47%	46%	56%	53%	53%	52%	52%	55%	54%
of which female	45%	45%	45%	45%	46%	53%	53%	54%	44%	47%	47%	48%	48%	45%	46%
New hires															
Total	8,793	8,913	8,646	n.a.	n.a.	168	122	159	n.a.	n.a.	8,961	9,035	8,805	n.a.	n.a.
Share in percent of total headcount for:															
Employees total	18%	18%	17%	n.a.	n.a.	15%	11%	17%	n.a.	n.a.	18%	18%	17%	n.a.	n.a.
Employees under 30 years of age	12%	13%	12%	n.a.	n.a.	9%	3%	7%	n.a.	n.a.	12%	12%	12%	n.a.	n.a.
Employees between 30 and 50 years of age	6%	5%	5%	n.a.	n.a.	4%	7%	10%	n.a.	n.a.	6%	5%	5%	n.a.	n.a.
Employees over 50 years of age	0%	0%	0%	n.a.	n.a.	1%	1%	0%	n.a.	n.a.	0%	0%	0%	n.a.	n.a.
Men	6%	6%	5%	n.a.	n.a.	7%	7%	7%	n.a.	n.a.	6%	6%	5%	n.a.	n.a.
Women	12%	12%	12%	n.a.	n.a.	7%	4%	10%	n.a.	n.a.	12%	12%	12%	n.a.	n.a.
Central Europe	5%	6%	6%	n.a.	n.a.	0%	0%	0%	n.a.	n.a.	5%	6%	6%	n.a.	n.a.
Southeastern Europe	4%	3%	3%	n.a.	n.a.	0%	0%	0%	n.a.	n.a.	4%	3%	2%	n.a.	n.a.
Eastern Europe	8%	9%	8%	n.a.	n.a.	0%	0%	0%	n.a.	n.a.	8%	9%	8%	n.a.	n.a.
Austria	1%	0%	0%	n.a.	n.a.	15%	11%	17%	n.a.	n.a.	1%	1%	1%	n.a.	n.a.
Fluctuation¹															
Total	10,907	12,402	11,259	10,789	10,629	126	156	212	5	11	11,033	12,558	11,471	10,794	10,640
Share in percent of total headcount for:															
Employees total	23%	25%	22%	20%	20%	11%	14%	22%	4%	10%	23%	25%	22%	20%	20%
Employees under 30 years of age	10%	12%	9%	8%	9%	3%	3%	5%	0%	1%	10%	12%	9%	8%	9%
Employees between 30 and 50 years of age	11%	12%	11%	10%	9%	6%	8%	12%	3%	8%	11%	12%	11%	10%	9%
Employees over 50 years of age	2%	2%	2%	2%	2%	2%	3%	6%	1%	1%	2%	2%	2%	1%	2%
Men	7%	8%	7%	7%	7%	5%	7%	12%	2%	5%	7%	8%	7%	7%	7%
Women	16%	17%	15%	13%	13%	6%	7%	10%	2%	6%	15%	17%	15%	13%	13%
Central Europe	6%	7%	6%	6%	4%	0%	0%	0%	0%	0%	6%	6%	6%	6%	4%
Southeastern Europe	4%	4%	3%	4%	3%	0%	0%	0%	0%	0%	4%	4%	3%	4%	3%
Eastern Europe	12%	15%	12%	11%	12%	0%	0%	0%	0%	0%	12%	14%	12%	11%	12%
Austria	0%	0%	0%	0%	1%	11%	14%	22%	4%	10%	1%	1%	1%	0%	1%
¹ Figures also include internal transfers, which were above average in the central institute and the specialized subsidiaries in 2014 and 2015 due to the structural program "ZUKUNFTplus".															
Average number of training hours for employees, by position															
B-1	57	64	54	71	41	28	37	27	10	n.a.	54	61	52	70	40
B-2	50	60	53	57	40	40	31	13	47	n.a.	50	59	51	57	40
Other managers ²	59	77	49			23	19	11		n.a.	58	76	49		
Other employees	52	51	55	57	46	18	17	12	24	n.a.	51	50	55	57	46
² Other managers are included in the line 'Other employees' in the years prior to 2014.															

	RBI Group					Central institute and specialized subsidiaries					RZB Group (total)				
	2016	2015	2014	2013	2012	2016	2015	2014	2013	2012	2016	2015	2014	2013	2012
Share of employees with Performance Management															
Total	69%	67%	59%	57%	56%	96%	100%	100%	100%	94%	69%	67%	60%	57%	56%
Men	74%	72%	63%	n.a.	n.a.	96%	100%	100%	n.a.	n.a.	75%	72%	64%	n.a.	n.a.
Women	66%	64%	57%	n.a.	n.a.	95%	100%	100%	n.a.	n.a.	67%	65%	58%	n.a.	n.a.
B-1	99%	99%	96%	n.a.	n.a.	100%	100%	100%	n.a.	n.a.	99%	99%	97%	n.a.	n.a.
B-2	99%	97%	94%	n.a.	n.a.	100%	100%	100%	n.a.	n.a.	99%	97%	94%	n.a.	n.a.
Other managers	84%	85%	73%	n.a.	n.a.	100%	100%	100%	n.a.	n.a.	84%	85%	73%	n.a.	n.a.
Other employees	66%	63%	56%	n.a.	n.a.	95%	100%	100%	n.a.	n.a.	66%	64%	56%	n.a.	n.a.
Diversity															
Share of women															
Board	16%	15%	12%	16%	16%	0%	0%	0%	0%	0%	14%	14%	11%	16%	16%
B-1	36%	37%	36%	39%	41%	27%	22%	20%	8%	8%	36%	36%	35%	38%	40%
B-2	47%	48%	47%	48%	48%	28%	30%	35%	27%	25%	46%	47%	46%	48%	48%
Other managers	61%	61%	60%	58%	60%	32%	36%	28%	0%	0%	61%	61%	60%	58%	61%
Managers total	55%	56%	55%	55%	56%	29%	29%	28%	14%	12%	54%	55%	54%	55%	56%
Employees total	67%	67%	67%	67%	65%	53%	53%	54%	44%	47%	67%	67%	67%	67%	65%
Share of minority groups															
Employees with disabilities															
Board	0%	0%	0%			0%	0%	0%			0%	0%	0%		
B-1	0%	0%	0%			0%	0%	0%			0%	0%	0%		
B-2	1%	0%	0%			1%	1%	0%			1%	1%	0%		
Other managers	1%	1%	1%			0%	0%	0%			1%	1%	0%		
Other employees ³	1%	1%	1%	1%	2%	2%	2%	3%	0%	0%	1%	1%	1%	1%	2%
³ Includes all employees in the years 2012 - 2013															
Employees with foreign citizenship															
Board	37%	35%	40%			0%	0%	0%			32%	30%	36%		
B-1	5%	4%	4%			2%	2%	0%			4%	4%	4%		
B-2	2%	2%	2%			4%	5%	2%			2%	2%	2%		
Other managers ⁴	1%	1%	1%	0.2%	0.2%	3%	5%	0%	0.8%	0.9%	1%	1%	1%	0.2%	0.2%
Other employees	2%	1%	1%	1%	1%	8%	6%	4%	11%	9%	2%	2%	1%	1%	1%
⁴ Includes all managers in the years 2012 - 2013															
Age groups															
Board															
Board under 30 years of age	0%	0%	0%	n.a.	n.a.	0%	0%	0%	n.a.	n.a.	0%	0%	0%	n.a.	n.a.
Board between 30 and 50 years of age	61%	63%	67%	n.a.	n.a.	54%	58%	64%	n.a.	n.a.	60%	63%	66%	n.a.	n.a.
Board over 50 years of age	39%	37%	33%	n.a.	n.a.	46%	42%	36%	n.a.	n.a.	40%	38%	34%	n.a.	n.a.
B-1															
Employees under 30 years of age	0%	1%	1%	n.a.	n.a.	0%	0%	32%	n.a.	n.a.	0%	1%	3%	n.a.	n.a.
Employees between 30 and 50 of age	83%	86%	85%	n.a.	n.a.	76%	74%	50%	n.a.	n.a.	83%	85%	83%	n.a.	n.a.
Employees over 50 years of age	16%	13%	13%	n.a.	n.a.	24%	24%	18%	n.a.	n.a.	17%	14%	14%	n.a.	n.a.
B-2															
Employees under 30 years of age	2%	2%	4%	n.a.	n.a.	0%	0%	29%	n.a.	n.a.	2%	2%	5%	n.a.	n.a.
Employees between 30 and 50 of age	86%	87%	85%	n.a.	n.a.	71%	74%	51%	n.a.	n.a.	86%	86%	83%	n.a.	n.a.
Employees over 50 years of age	12%	11%	11%	n.a.	n.a.	29%	26%	20%	n.a.	n.a.	12%	12%	12%	n.a.	n.a.
Other management staff															
Employees under 30 years of age	5%	6%	9%	n.a.	n.a.	3%	0%	16%	n.a.	n.a.	5%	6%	9%	n.a.	n.a.
Employees between 30 and 50 of age	80%	80%	77%	n.a.	n.a.	76%	86%	64%	n.a.	n.a.	80%	80%	77%	n.a.	n.a.
Employees over 50 years of age	15%	14%	14%	n.a.	n.a.	22%	14%	20%	n.a.	n.a.	15%	14%	14%	n.a.	n.a.
Other employees															
Employees under 30 years of age	29%	31%	33%	n.a.	n.a.	19%	15%	32%	n.a.	n.a.	29%	30%	33%	n.a.	n.a.
Employees between 30 and 50 of age	62%	61%	59%	n.a.	n.a.	67%	72%	55%	n.a.	n.a.	62%	61%	59%	n.a.	n.a.
Employees over 50 years of age	9%	9%	8%	n.a.	n.a.	14%	13%	13%	n.a.	n.a.	9%	9%	8%	n.a.	n.a.

Inhouse ecology

In the RZB Group, we are committed to environmental and climate protection, with the goal of keeping environmental impacts to a minimum. We therefore work continuously to improve our sustainability standards and 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.

For the current reporting year, we switched to the new factors of ecoinvent v3.3 (instead of the previous v2.2) in the emissions analysis, which resulted in a deterioration in Scope 1 emissions of around twelve percent, an improvement in Scope 2 values of around 13 percent and Scope 3 values of around four percent (with constant factors and values). The values for 2012 to 2015 were not converted to the new factor for the sake of better comparability with previous years' reports.

The Sustainable Development Goals (SDGs) were designed based on the development process for the Millennium Development Goals (MDG) and took effect on 1 January 2016. With 17 goals and 169 subgoals, climate change was described in goal number 13 of Agenda 2030 as one of the greatest challenges of our time. This will have an adverse effect on the natural environment, as well as on countries and society as a whole. It is therefore important in this context for all protagonists to consider measures for counteracting climate change - primarily by means of a reduction in direct and indirect greenhouse gas emissions. The RZB Group's corporate activity has a direct impact on the environment which is caused by the energy and material consumption (electricity, heating and mobility or the indirect IT sector), water consumption and waste production. These areas are also reflected in the Sustainable Development Goals. They include SDG no. 6 (water), no. 7 (energy and share of green electricity), no. 8 (energy efficiency), no. 12 (consumption and production/waste) and no. 13 (climate), which is particularly relevant for the RZB Group. Energy consumption (primarily no. 8), followed by business travel (primarily no. 13) cause the most greenhouse gas emissions in the RZB Group and therefore take top priority. Water consumption has a relatively small footprint, which is why SDG no. 6 is not listed separately.

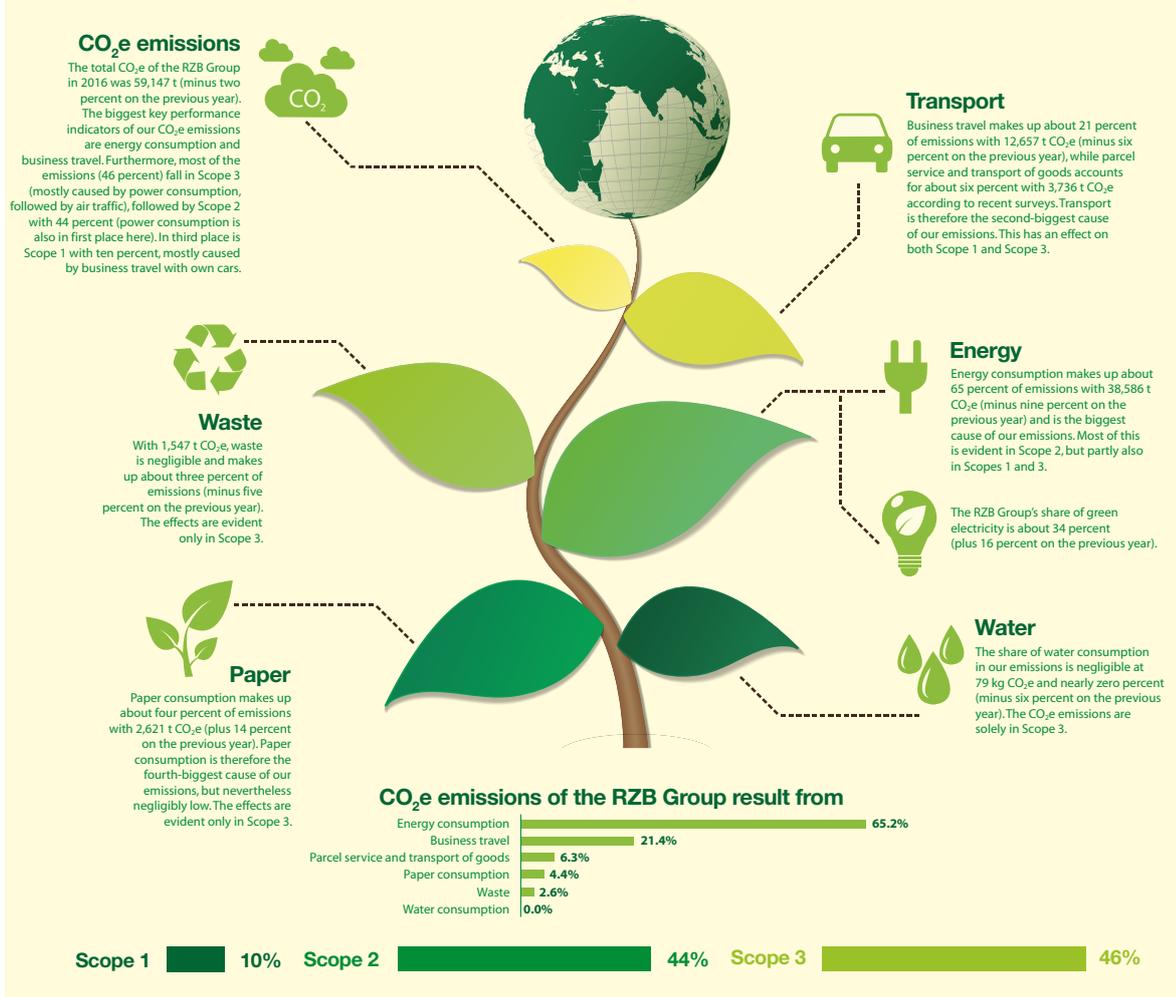
Energy was also defined in the Paris Climate Agreement of December 2015 as being a significant source of greenhouse gas emissions. The share of renewable energy and the increase in energy efficiency fall primarily within our own sphere of influence and above all have an impact on SDG no. 8 and 13. The RZB Group has therefore set a benchmark of a 60 percent reduction in CO₂ in Scope 1-2 by 2050, to be achieved by means such as energy efficiency and a higher share of green electricity. The RZB Group's share of green electricity increased by 16 percentage points compared to the previous year to reach a pleasing 34 percent in 2016 - in other words, considerably above the EU target, which stipulates that the share of renewable energy should increase to 27 percent by 2030.

This goal also includes a description of the emissions caused by our core business. Further information on this core business can be found in the "Responsible Banker" chapter starting on page 45. As a cost factor, the area of energy has a direct impact on the company.

In order to ensure comparability, the environmental indicators contain only the head office data of the network banks. The key figures ratios of the network banks have been summarized by segments 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 are presented for the RZB Group, which consists of the RBI Group as well as the central institute (RZB AG) and the specialized subsidiaries. The RBI Group comprises the network banks (NWB) and RBI AG. The graphic below shows the environmentally-relevant areas of the RZB Group and their impact on CO₂e emissions.¹

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

CO₂e EMISSIONS OF THE RZB GROUP IN 2016



The graphic above shows that the biggest items of CO₂e emissions in the RZB Group (total of 59,147 tonnes (t) or down two percent compared to the previous year or down 14 percent on 2011) relate to energy consumption and business travel (taking the new ecoinvent data for 2015 into account, the emissions value would have increased by four percent on the previous year). 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), the combustion of mobile sources (such as from the company's own fleet), from the production processes and transient emissions.
- Scope 2 comprises indirect emissions which arise when supplying the company with energy, when an energy supplier makes power or heat available to this company.
- Scope 3 comprises all other emissions caused within the limits of the system, e.g. mobility using planes, trains and external car fleets, as well as office supplies (such as paper).

Most emissions, 46 percent, can be found in Scope 3 (mainly caused by power consumption), followed by Scope 2 with 44 percent (power consumption is also in first place here). Scope 1 is in third place with ten percent and is mainly caused by business travel in cars. Detailed assessments of paper, waste and water consumption are exclusively published on our website (www.rbinternational.com/sustainabilitymanagement) due to the low level of CO₂e emissions.

Compliance with legal regulations

Compliance with legal regulations is subjected to a stringent procedure defined in the management system. There were no convictions in due to violations of environmental protection regulations in 2016 at the Vienna sites or the network banks.

Environmental policy

The RZB Group has had an environmental policy since 2014. 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 the RZB Group in the areas of product ecology, inhouse ecology and environmentally friendly society, as published on the website at www.rbinternational.com. With respect to the area of inhouse ecology, for example, the guiding principles state that the RZB Group is committed to continuously improving its services for the environment beyond regulatory requirements, where possible and reasonable. The RZB Group works continuously to improve its sustainability standards and the main environmental parameters in the most relevant areas.

Present-state assessment and weak point analysis

Two studies carried out in 2009 and 2014 in cooperation with the Sustainable Europe Research Institute (SERI) formed the quantitative base for all target definitions and measures pertaining to environmental policy. The principles of data collection were building infrastructure, energy use, mobility data (traffic, logistics), materials used (resources, consumables) and waste flows. The system boundaries for this analysis were set in accordance with the Greenhouse Gas Protocol (WRI/WBCSD, 2009), which makes a distinction between emissions in Scopes 1-3. This protocol, as well as results from the "mona" reporting tool, allowed us to derive additional measures for the whole group. These are reflected in the environmental targets of the RZB Group (see also "Environmental targets" chapter).

Travel policy



The travel policy of the RZB Group 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. Economic aspects as well as aspects that protect the environment should be considered when selecting the means of transport.

This applies to the Austrian units including the specialized 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 the journey time into consideration. Furthermore, environmentally friendly means of transport (e.g. public transportation) are to be preferred.

Environmental measures

The central measures in the environmental areas of greatest importance for the RZB Group 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/RZB	RBSK	RKAG	RL	Valida	Kathrein	RCB	RBPL	TBSK	RBCZ	RBHU	RBAL	RBBH	RBBG	RBKO	RBHR	RBRO	RBRS	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	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓
Mobility survey	Measures have been implemented	✓	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	✓		✓		✓	✓	✓							✓
Fleet	Environmental measures in the fleet	✓	✓	✓	✓	✓			✓	✓		✓		✓	✓	✓	✓	✓	✓	n.a.		✓
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

Environmental targets



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. Measures and goals for improving the environmental balance sheet were defined for the first time on behalf of the RZB Group in 2014 based on the environmental audit and consumption data. Following the UN climate conference in Paris (COP21), these measures were further developed in 2016 and ambitious goals were set for reducing CO₂ by 2050. By 2050, Scope 1-2 and Scope 3 emissions should be reduced by 60 percent. These encompass the following areas:

- Emissions
- Energy
- Mobility
- Information technology
- Waste and cleaning
- Employees
- Procurement

The base year for the various environmental and CO₂e reduction targets is 2011. 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 targets. Details on the targets can be found on our website at www.rbinternational.com.

Supplier evaluation and purchasing

In 2015, the Code of Conduct was revised with respect to stricter requirements for suppliers. These include compliance with laws, the ban on corruption and fraud, attention to employees' basic rights and environmental regulations. All suppliers of the RZB Group must therefore abide by the CoC and its principles.

RBI AG is partly responsible for the purchasing activities of the RZB Group. All purchasing activities are carried out on behalf of RZB AG and in part for RBI AG and the specialized subsidiaries by ZHS Office- & Facilitymanagement GmbH (ZHS), which performs the following tasks: Building & property administration, building management, energy management, space & relocation management, event support, purchasing of office supplies, waste management and environmental protection.

ZHS revised the supplier conditions in 2013 out of its responsibility for society and the environment. Criteria taken into consideration include quality and costs as well as inquiries on supplier distance, compliance with industry standards, agreements and guidelines on the environment and sustainability (e.g. UNGC) and maintained 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. The goal of Raiffeisen Informatik is to shape the use of information technology in an environmentally friendly and resource-efficient manner across its entire life cycle.

In addition, the leading suppliers of the RZB Group, where purchasing is performed centrally, have been surveyed on the following topics since 2015:

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

55 percent of suppliers responded to ZHS, while the figure for the RBI Group was 89 percent of the leading 57 suppliers (based on turnover). The results of the surveys show that:

- 55 percent of suppliers have environment-related certificates for their company and products and 16 percent of companies hold certificates related to social aspects.
- three quarters of suppliers publish their environmental and social data in various ways – mostly in the form of their own sustainability report.
- nine suppliers provided data on the tkm² traveled for us.
- one third of suppliers have entered into a commitment with respect to sustainable aspects (e.g. Work & Family audit, UNGC, Diversity Charter).
- one supplier is in proceedings due to the infringement of environmental regulations, but there was no environmental pollution in this case.

We see the survey as an important step towards raising further awareness among our suppliers and will continue to conduct it.

CDP



Since 2011, RBI AG has participated annually in the Carbon Disclosure Project, in which the CO₂ emissions of listed companies are surveyed in 60 countries on behalf of investors. This is a non-profit organization (NPO) with the goal of promoting transparency at companies in terms of their goals and strategies and consequently of reducing CO₂ emissions. The CDP now administers the world's largest database of environmental data for listed companies.

Of 145 participating companies in the "Germany, Austria and Switzerland (DACH)" region, the RBI Group is one of 19 companies to have been included on the A-List again in 2016. In order to be added to this list, it is necessary for CO₂ reporting (Scope 1 and Scope 2) 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 (either in accordance with the science-based target method or the CDP A-List requirements). The RBI Group has been rewarded by CDP for the fourth time in a row for high quality in answering the questionnaire, which reflects a profound understanding of the risks and opportunities associated with climate change (see also page 35).

² Tonne kilometers or tkm are calculated from the transported mass in tonnes and the distance covered in kilometers.

Inhouse ecology at the Vienna sites



The head office sites in Vienna are operated in accordance with the standards of environmental management systems (ISO 14001) (first certification 1998). The revision of ISO 14001 was published in September 2015. Auditing was conducted in accordance with this new version for the first time in 2016.

The implementation of environmental measures was bundled through the relocation of the specialized subsidiaries to their new shared "R19" location in 2015, given that operational management of all buildings is performed centrally by ZHS Office- & Facilitymanagement GmbH. This improvement in inhouse ecology for the specialized subsidiaries concerns not only the building itself but also supporting processes, such as purchasing. All these processes are embedded in the environmental management system. The key figures for 2016 contain values for a complete year of operation at this site for the first time.

The following measures were implemented in recent years:

- Increase in the proportion of energy-efficient office space:
One goal is to increase the energy efficiency of the office space. This concerns both the buildings themselves as well as the business and employee commuting to the sites. The "R19" site was constructed in Vienna with these considerations in mind. The building is located right by the express train/subway station, making it ideally connected to the public transportation system. The site consists of five interconnected buildings with a total of 46,000 m² of lowest-energy office space (Class A - 20 kWh/m² and year). The air conditioning system - powered by district cooling - is particularly innovative. This reduces CO₂ emissions by around 70 percent compared to conventional air conditioning systems.
- Use of the server landscape supply infrastructure:
An increase in the energy efficiency of the data centers was achieved through the creation of appropriate infrastructure in 2014 as a result of the relocation of components to the new site, which resulted in significant improvements:
 - Heat recovery: The waste heat produced in a data center by the servers, storage systems, etc. is discharged via heat exchangers installed on the roof. A heat pump is also used in the new data center and uses a portion of this energy for heating/cooling the building. The heat pump is located in the return cooling circuit of the overall cooling system. This is equivalent to a reduction in primary energy use of around 200,000 kWh/year.
 - Free cooling: A cooling system consists of a chiller and heat exchangers which extract excess heat from an object. To minimize the runtime of the chiller - and thus to reduce its energy consumption - only outdoor air is used for cooling purposes for as long as possible. The higher the share of free cooling hours, the greater the energy saving due to the non-use of the chillers. Based on the design data, approx. 4,900 hours per year of pure free cooling operation are anticipated.
- Energy efficiency:
In 2014, the Energy Efficiency Act was enacted in Austria in implementation of the Energy Efficiency Directive 2012/27/EU. The law aims at achieving the 20-20-20 targets by 2020 (i.e. 20 percent fewer greenhouse gases, 20 percent share of renewable energies, and 20 percent more energy efficiency than in 2005). Large companies are therefore required either to have an external energy audit performed every four years as required by the Energy Efficiency Act or to introduce a certified energy and environmental management system. The central institute and the specialized subsidiaries, as well as RBI AG, decided to have an external energy audit. As stipulated in the Act, all majority participations were included.
- Fleet and business travel:
A new communication tool ("Skype for Business") was introduced for electronic cooperation and online meetings in 2015. The main goals were to reduce the number of business trips and printed documents. A conscious effort has been underway in recent years to build up a fleet of low-emission vehicles. This has

allowed the specific CO₂ emissions of the head office fleet in Vienna to be reduced by over four percent.

Environmental Committee

In terms of their responsibility for environmental measures, the Managing Boards of RZB AG and RBI AG appointed an Environmental Officer and an inhouse Environmental Committee in 1994. The Environmental Committee is the advisory and decision-making committee. Permanent members are the Environmental Officers of RZB AG as well as representatives of Group Sustainability Management and of the Staff Council. Depending on the field of expertise, further representatives of the departments, such as Purchasing, Marketing or IT, will be involved in the meetings. The Environmental Committee is convened at least twice a year by the Environmental Officer. Tasks of the Environmental Committee include developing decision-making principles for the Managing 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, analysis of the environmental balance sheet, drafting of a climate policy, as well as support for awareness-raising events, such as the bicycle repair days. These events are held annually to support environmentally conscious mobility. The increased use of electronic media and tools was also covered in order to save resources and shorten business journeys.

Environmental aspects in the staff restaurants

SV (Österreich) GmbH services the staff restaurants at the head office sites in Vienna. It has had an environmental management system certified to DIN EN ISO 14001:2004 at its disposal since 2010. The environmental management system of SV (Österreich) GmbH is closely linked with the quality management system in accordance with ISO 9001:2008 and focuses on the areas of waste disposal and separation of recyclable materials, consumption of energy and cleaning agents, purchasing and continual improvement of environmental services through ongoing employee training and awareness raising.

Environmental targets for the SV restaurant at the two head office sites include, among others, increased attention to the purchasing of regional and seasonal products, as well as the use of take-away cups produced made of corn starch for freshly made health shakes, etc. Another aspect is the continual development of the vegetarian and vegan offering. In 2016, SV chefs graduated as qualified vegan and vegetarian chefs from the WIFI degree program, which is offered in cooperation with the Austrian Vegan Society. The reconditioning of disposed waste cooking oils into environmentally sustainable biodiesel achieved a reduction in CO₂ of 4,982 kg CO₂e in 2016.

Inhouse ecology at the network banks

The applicable, group-wide, environmental requirements are already being implemented at all network banks. In addition to the Code of Conduct, this applies in particular to reporting through "mona" (a groupwide, web-based monitoring tool for sustainability) and the supplier survey. Special environmental measures of individual network banks are listed below.

Central Europe (CE)

Raiffeisenbank a.s. in the Czech Republic assesses its products and suppliers according to ecological criteria when making purchases.

Southeastern Europe (SEE)

Raiffeisen BANK dd Bosna i Hercegovina is planning to have its buildings certified in the next few years. Suppliers have also been selected from the perspective of ISO certification since 2016.

Since 2013, Raiffeisenbank (Bulgaria) EAD has required its suppliers to furnish certificates with respect to environmental and social standards as required by ISO 9001:2008, ISO 14001:2004 and ISO 18001:2008 as part of its selection procedure. Companies with these certificates are preferred. 50 percent of the largest suppliers have at least one of these certificates. Additional measures were taken to make purchasing more sustainable, e.g. by reducing the frequency of deliveries. Raiffeisenbank (Bulgaria) EAD also has its own CSR policy.

Raiffeisen Bank S.A. in Romania ensures that suppliers who offer products with environmental risks have an environmental policy and recycling contracts with specialized providers.



© Paula Winkler

Susan Dreyer, Director Corporate Engagement Europe, CDP

"CDP has set itself the task of counteracting the global challenges of climate change, impending water poverty and deforestation. Today, 5,800 companies around the world use our transparency platform to report to their main stakeholders and the public about their strategies, risks, opportunities, goals and measures in these three areas. Based on these data and the CDP scores, investors and companies are able to take decisions in respect of material climate risks by using an improved information base which helps them select suppliers. Raiffeisen Bank International AG has achieved very good results in our evaluations for a number of years. Last year, Raiffeisen Bank International AG was included on our Climate A List for the fourth time in succession, making it one of the most environmentally friendly financial companies in the world. The RBI Group is one of only two companies in Austria to have achieved this status in 2016. The RBI Group is therefore a pioneer in the management of its impact on the climate and shows how and to what extent financial institutions can take their role seriously in the face of this global challenge."

QUOTE



Inhouse environmental key ratios

The individual environment-related Key Performance Indicators (KPIs) of the entire RZB Group are broken down by region and ranked by relevance below.

Energy consumption

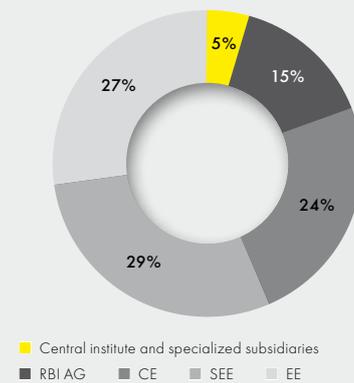


At approx. 65 percent, indirect energy consumption is the largest source of CO₂ emissions in the RZB Group: Electricity consumption accounts for

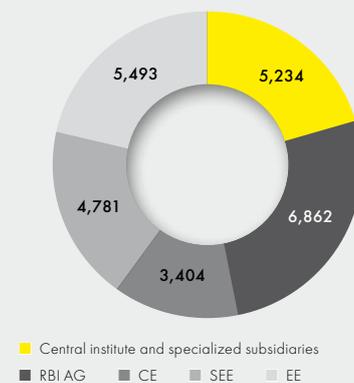
95 percent of this, while heating demand accounts for approx. five percent. Direct energy consumption (emergency power generator) accounts for a negligible share of total consumption and emissions and is shown only in the table on page 134 and 135. The share of green power in the RZB Group is about 34 percent (up 16 percentage points compared to 2015). One hundred percent green power is procured in Austria. The share of green power at a company is also highly relevant to SDG no. 7. However, given that this SDG is closely linked with SDG no. 13 and is included here, it is no longer indicated separately.

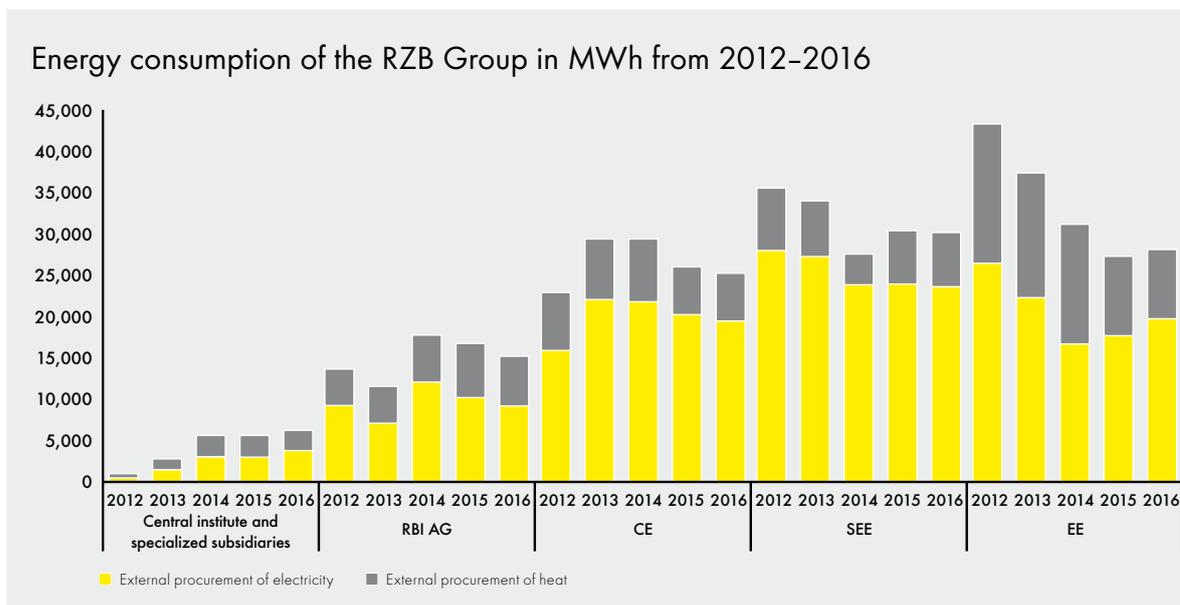
Total indirect energy consumption of the RZB Group was around 103 GWh in 2016 (down three percent compared to the previous year). Of this, about 76 GWh was needed for electricity and almost 27 GWh for heating. Southeastern Europe has the largest share of electricity consumption of approx. 31 percent (because electricity is used for heating purposes in some parts of Southeastern Europe); in terms of heat consumption, Eastern Europe is the biggest consumer with approx. 30 percent. The lowest share of energy consumption was accounted for by the central institute and the specialized subsidiaries with five percent of power consumption and seven percent of heating consumption. In terms of employee and year, the average energy consumption for electricity and heating amounts to a total of 4,719 kWh. RBI AG has the highest energy consumption of 6,862 kWh/employee (the reason being that the majority of RBI AG employees are still located at a non energy-efficient site), while Central Europe has the lowest energy consumption of 3,404 kWh/employee.

Energy consumption of the RZB Group in 2016



Energy consumption of the RZB Group in 2016 in kWh per employee





Energy consumption in 2016	Central institute and specialized subsidiaries	RBI AG	CE	SEE	EE
External procurement of electricity in MWh	3,796	9,391	19,712	23,765	19,863
External procurement of heat in MWh	2,014	5,768	5,242	6,172	8,093
Energy consumption total in MWh	5,908	15,158	24,953	29,937	27,956

Energy consumption at the Vienna sites

The energy consumption figures at the Vienna sites (primarily for RBI AG) must be viewed in a differentiated manner. At the site in 1030 Vienna, the main building of which was opened in 1989, apart from being used as an office location, large areas are also available and used intensively for internal and external events (max. capacity of about 800 people, including hospitality). These areas are fully incorporated into the energy balance sheet and significantly increase both the absolute and the relative figures. The measures taken at this site in recent years focused on the reduction in power consumption by improving the heat exchangers (free cooling), the relocation of servers and measures relating to the IT terminal equipment (replacement with low-energy devices, sleep mode when not in use). Some of the lighting in the main building was converted to LEDs, while the energy supply for the refrigerated counters in the staff restaurant was optimized.

The "R19" site in 1190 Vienna, which is a lowest-energy building, has significantly greater energy efficiency than the headquarters. Systems such as the air conditioning – powered by district cooling – are innovative. This reduces CO₂ emissions by around 70 percent compared to conventional air conditioning systems. Gold standard LEED (Leadership in Energy and Environmental Design) awards were achieved for the newly purchased components at the new site. The first phase (buildings A&B) achieved a score of 60 out of a possible 110 points. For the second phase (building C), improvements in the planning resulted in a score of 67 out of 110 points.

Overall, after the first full year of operation of the "R19" site, falling energy consumption can be seen at the Vienna sites compared to the previous year, both in terms of absolute power consumption (down 18 percent) and in terms of thermal energy (down 15 percent).

Since January 2013, both sites (1030 and 1190) have been supplied solely with green electricity from small hydroelectric plants, wind power, biomass, geothermal energy and photovoltaics.

Energy consumption at the network banks

Central Europe (CE)

The GoGreen! program for electricity savings was introduced at Raiffeisen Bank Polska S.A. in Poland in the year 2013. In addition, the air-conditioning is switched off and the heating turned down at night. Trainings in the area of energy conservation were provided for new employees.

One of the buildings of Tatra banka, a.s. in Slovakia is a low-energy building that is heated with waste heat from the data center. Another building requires less energy thanks to its double-glazed façade. The heating is turned down in the evening and on weekends with a timer. Old heating and cooling systems are continuously being replaced with new equipment with lower energy consumption. Motion-controlled light switches were installed at the head office to save electricity. At several branches of Tatra banka, a.s., energy-saving lamps have been in use since 2014. Additionally, the IT department replaced old PCs and monitors at the head office with more energy-efficient equipment. About ten percent of the purchased electrical energy comes from renewable energy sources, such as hydroelectric and wind power. Due to statutory requirements, energy audits have been conducted in both head office buildings since 2016.

An energy-saving program continued at Raiffeisenbank a.s. in the Czech Republic for the fifth year in a row. Since 2013, LED lights have been used both at the head office and the branch locations. A central control system (HVAC system) for measuring and controlling heating, air-conditioning and electricity was introduced at head office and the branch offices with the goal of reducing energy consumption.

In 2016, the ISO 50001 energy management system was introduced and audited at Raiffeisen Bank Zrt. in Hungary. In recent years, the main focus of attention at Raiffeisen Bank Zrt. in Hungary has been on improving technical equipment and installations in order to reduce energy consumption. A low-energy mode is activated on nights and weekends. The number of gas boilers at the head office was also reduced by 50 percent in 2014. Motion-controlled light switches were also installed at head office. Conventional light fittings were replaced with LED lamps in the branches in 2015; replacement at head office began in 2016. A new branch office has been illuminated solely by LED lamps since March 2016. The office building in Budapest is heated with geothermal heat, and the back office cooled in this way. Various measures are planned in the branches and at head office in 2017 to further reduce energy consumption, including in the building envelope, server rooms, in IT and heating, air conditioning and ventilation systems.

Southeastern Europe (SEE)

Raiffeisen Bank Sh.a. in Albania replaced all bulbs at head office and the branches with LED lighting and also improved thermal insulation at head office in 2013. About 98 percent of electricity in Albania is obtained from hydroelectric power.

For energy-saving reasons, the head office building of Raiffeisen BANK dd Bosnia i Hercegovina had a glass façade fitted that led to less electricity consumption due to much better lighting levels. A building management system was also implemented with special software that automatically regulates the air-conditioning and heating. The server room and technical areas are cooled with external air in winter. In 2014, all office rooms, hallways and illuminated advertisements were switched to LED lights; motion-controlled light switches were installed in the stairwells. The branches should also be converted to LED lighting in the next three years. Solar panels have been used for hot water production since 2013; solar panels should also be installed in the roof of the central archive.

At the start of 2014, Raiffeisenbank (Bulgaria) EAD moved out of two of the four head office buildings and into a new office building with LEED certification. Additional measures to reduce electricity and heat consumption are planned for the coming years, including central heating control in the business areas and the use of LEDs. The property has a modern building control system that monitors and reduces energy consumption. All illuminated advertisements at head office are controlled by sensors. The information technology and office equipment satisfy the ENERGY STAR environmental and energy standard. In 2015, the first air conditioning units were also replaced by more energy-efficient systems. This should also be implemented across the branch network.

To reduce electricity consumption, LED light panels have been used by Raiffeisen Bank Kosovo J.S.C. since 2013. The bank strives to meet high environmental standards in the maintenance of electronic equipment. In addition, initiatives are being prepared to raise employee awareness about the need to reduce electricity consumption. Raiffeisen Bank Kosovo J.S.C. has commenced construction of a building that meets the latest energy standards. Completion is planned for 2017. Employees at the four current head office sites should therefore be pooled in one location, which is intended to reduce frequency of travel as well as electricity and heating consumption.

Raiffeisenbank Austria d.d. in Croatia continues to invest in an energy-efficient infrastructure. In 2013, a central management system was introduced in the Magazinska building with “intelligent system control” for cooling and heating. Outside of office hours, these systems operate with minimum consumption. Energy audits are carried out at all locations to determine the level of energy efficiency. Furthermore, low-energy computers which consume 70 percent less electricity have been in use since 2013. Conventional lighting was replaced with LED lights at three branches in Dubrovnik, Središće and Siget in 2014. The replacement of a heating and air-conditioning system in Dubrovnik also lowered energy consumption by 20 percent in 2015. All buildings at the head office of Raiffeisenbank Austria d.d. in Croatia have an energy certificate.

Since 2014, LED lights have been used on illuminated signs at Raiffeisen Bank S.A. in Romania. Publicly accessible areas in the branches have motion-controlled lighting; timers have been installed in the heating systems. A building control system was also introduced in both head office buildings in 2014. The new system allows for central control and optimization of lighting and cooling. Investment in a more energy-efficient air conditioning system was made in 2015. Typical heat pumps were replaced by an inverter technology.

Environmental protection was an important consideration in the construction of the head office of Raiffeisen banka a.d. in Serbia during 2012 and 2013. Special emphasis was paid to the insulation of the building envelope. The general lighting is controlled by the building management system and can be switched off once everyone has gone home in the evening. Raiffeisen banka a.d. in Serbia converted to LED lighting in 2013; conversion work in the branches began in 2016. The bank has equipped the air cooler system in the data center with a free cooling mode. The careful selection of technical solutions for cooling and heating has resulted in a reduction in electricity consumption. In 2015, the data center was moved to a specially designed building to save further energy. The use of solar energy is currently being assessed.

Eastern Europe (EE)

The lighting at Priorbank JSC in Belarus has been partially converted to luminescent lights with electricity savings of approx. 75 percent and to LED lighting with electricity savings of about 85 percent. Control sensors for the lighting were also introduced. For energy-intensive systems, such as the hot water supply, an automatic timer was installed. The server rooms, which consume large amounts of electricity, as well as the heating system were modernized. In addition, thermal insulation measures such as new façade insulation and window replacements in the building were implemented, and computers were switched to LCD monitors. These measures revealed a significant reduction in electricity consumption in 2014. Since 2015, further measures have been implemented at the head office in Minsk and in five branches to control heating and hot water and for thermal insulation. Additional improvements in the automation of the air-conditioning system are planned at head office and in the branches. Improvements were made to the thermal insulation in 2016; further measures will be implemented in 2017. Informational material on the topic of saving energy has been distributed to employees since 2015.

In 2014, AO Raiffeisenbank in Russia moved into a new, 26,000 m² office building. During construction of the building, attention was paid to energy and resource conservation through high-quality thermal insulation of the exterior façade, motion-controlled lighting systems, low-energy office lights, sensor-controlled faucets in the sanitary area and efficient ventilation. Moreover, energy-saving thin-client technology has been used in the head office computer since 2014.

Raiffeisen Bank Aval JSC in Ukraine managed to reduce electricity consumption by over 30 percent in 2013 through a variety of measures, such as the “Enterprise Server Consolidation” project, virtualization of the servers and a switch to LED lighting. In addition, the cooling system was modernized and replaced with an energy-saving inventory system. LED lamps have also been in use at five branches since 2014. It is planned to replace gas heaters as far as possible with electrically powered heaters.

Transport



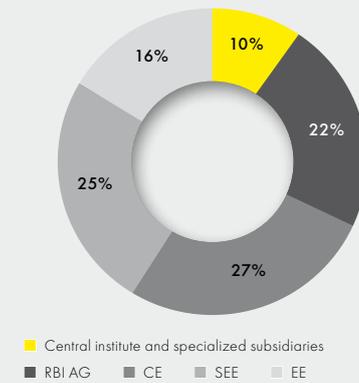
Business travel is the second-biggest causer of carbon emissions in the RZB Group. For this reason, improvement measures in this area are constantly being evaluated. For example, the travel policy for business trips was revised in 2013 in accordance with environmental factors (see page 116) and a mobility survey (see 2014 Sustainability Report of the RZB Group, page 112) was conducted at the end of 2014. In order to reduce business travel, the video conference system was upgraded in Austria and at almost all network banks (and will therefore no longer be listed as a separate measure).

Business travel of the RZB Group amounts to around 58 million pkm (passenger kilometers; pkm are calculated from the number of persons carried and the distance covered). Of this, Central Europe has the biggest share of 27 percent or about 16 million pkm. The lowest share is accounted for by the central institute and the specialized subsidiaries with ten percent or approx. six million pkm.

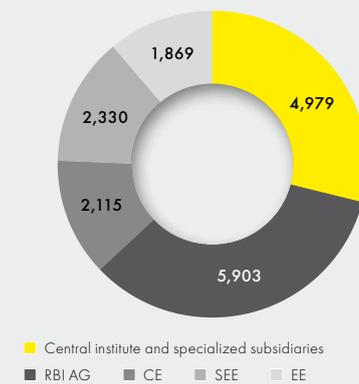
Business travel throughout the group in terms of employee and year averages 2,644 pkm. RBI AG records the strongest travel activity of 5,903 pkm/employee and year. This can be explained by the fact that many trips to international stakeholder representations etc. are conducted from head office. Eastern Europe has the fewest business trips per employee of 1,869 pkm.

If the means of transport are compared, then air travel makes up the biggest share with 43 percent, followed by business travel in a company car with 39 percent and business travel in a rented car with 17 percent. Trips by train make up the lowest share, at around one percent. The RZB Group fleet is particularly friendly to the environment with an average of 130 g CO₂ emissions/km.

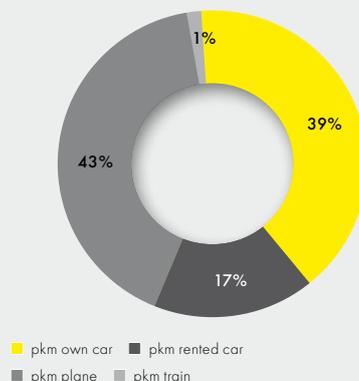
Business travel of the RZB Group in 2016

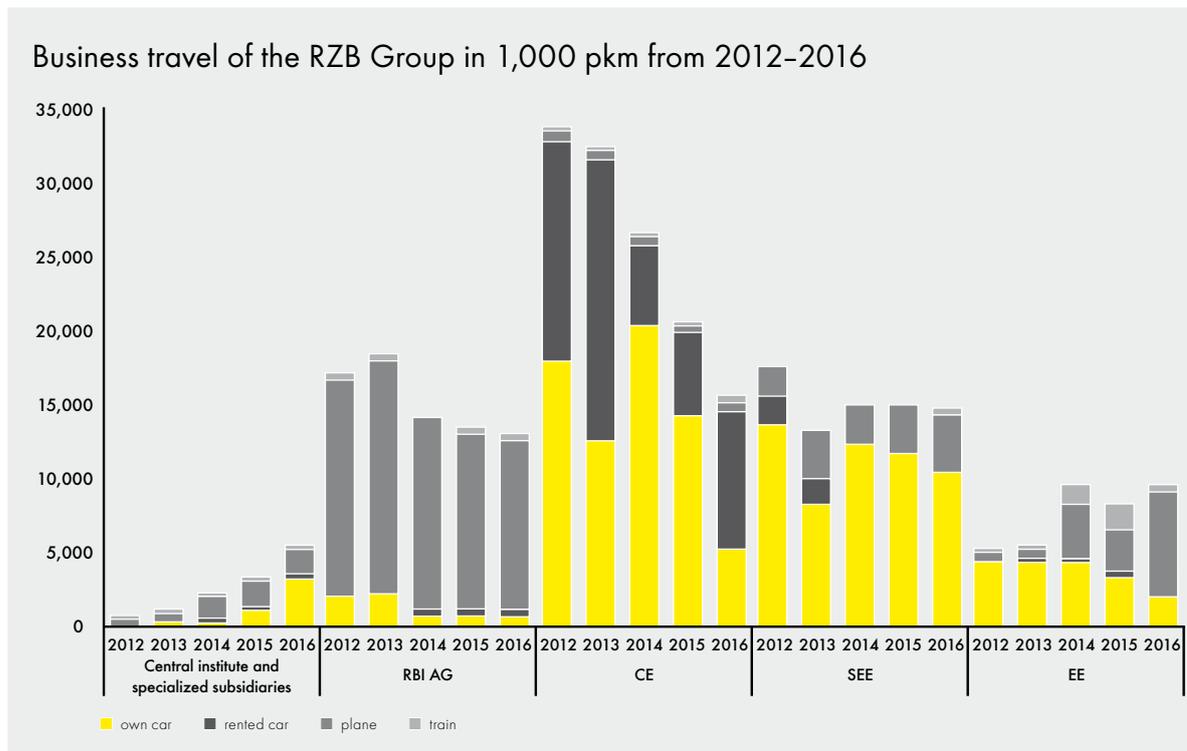


Business travel of the RZB Group in 2016 in pkm per employee



Transport modes of the RZB Group in 2016





Business travel in 2016	Central institute and specialized subsidiaries	RBI AG	CE	SEE	EE
1,000 pkm own car	3,572	1,038	5,470	10,534	2,231
1,000 pkm rented car	210	389	9,183	2	61
1,000 pkm plane	1,638	11,439	608	4,052	7,126
1,000 pkm train	107	173	244	1	94
1,000 pkm total	5,527	13,040	15,505	14,588	9,512

Transport at the Vienna sites

Business trips have increased in number in recent years partly because new companies have been added to the scope of reporting and the basis for data collection has improved overall.

In order to reduce CO₂ emissions, the costs incurred by employees for annual public transportation tickets in Vienna have been covered in full since 2014. In addition, employees are given their own bicycle rooms and bicycle parking space in front of the head office. A special bicycle repair service is also offered every year. Company bikes are available for our employees to use for business trips within Vienna.

RBI AG and Raiffeisen-Leasing GmbH have three e-cars in their own fleet, which employees can use for business trips. CO₂ emissions in the fleet of the central institute and specialized subsidiaries amount to 141 g CO₂/km and at RBI AG to 144 g CO₂/km.



The RZB Group in Austria has participated in the “Green Points” project of ÖBB (Austrian Federal Railways) since 2015. Green Points are allocated for each kilometer traveled by train. Ultimately, these can be used to benefit a selected nature project in Austria. The decision fell on support for the project “Grasende Landschaftspfleger” (Grazing Countryside Conservationists). Within the scope of this project, railway embankments and land along the tracks of ÖBB should be turned into new grazing land. This will contribute to increasing biological diversity and at the same time to preventing the invasion of alien plant species, the invasive neophytes. These in particular have spread dramatically in recent years and pose a threat to the domestic ecosystem. As “conservationists”, various grazing animals, where possible old breeds of domestic animals, will be used depending on the location and quality of the area. In 2016, a total of 192,679 Green Points were collected in the RZB Group in Austria, which is equivalent to a saving of about 31 tonnes of CO₂.



Travel at the network banks

Central Europe (CE)

Raiffeisen Bank Polska S.A. in Poland has an internal travel policy aimed at reducing business travel and ensuring it is friendly to the environment.

Tatra banka, a.s. in Slovakia provides its employees with shuttle transport between the two head office buildings.

The employees of Raiffeisenbank a.s. in the Czech Republic again participated in the “Bike 2 work” competition in 2016 and commuted to work by bicycle almost every day for a month. The bank paid the participation fee and provided appropriate infrastructure. A total of 180 tonnes of CO₂ were saved again. The initiative is expected to be supported again in 2017.

Raiffeisen Bank Zrt. in Hungary offers its employees the use of a free shuttle bus service, with the aim of reducing the need for individual transport. Employees also receive a public transportation allowance. The fleet was reduced in 2016. The purchase of an electric or hybrid vehicle is planned for 2017.

Southeastern Europe (SEE)

Since 2015, Raiffeisen BANK dd Bosna i Hercegovina has been aiming to improve coordination between departments with regard to business trips with the same destination, in order to save on journeys where possible. Company cars are filled with the biofuel available in Bosnia & Herzegovina.

Raiffeisenbank (Bulgaria) EAD pursues a strict travel policy and introduced a guideline on "carpooling" in 2013. At the same time, the bank reduced the number of company vehicles by about 20 percent.

Bicycles are provided to employees at the head office of Raiffeisen Bank S.A. in Romania. The vehicle fleet was also replaced in 2014 with more environmentally friendly vehicles. Three hybrid vehicles were purchased in 2016; one e-car should be added in 2017. As in previous years, the bank continued to support the bicycle sharing program in cooperation with Green Revolution (www.greenrevolution.ro), which is available in nine Romanian cities.

Eastern Europe (EE)

In 2014, Priobank JSC in Belarus established the program "Fit for Future 2016" with measures to reduce business travel.

AO Raiffeisenbank in Russia updated its internal business travel policy in 2015, which is still applicable.

Raiffeisen Bank Aval JSC in Ukraine is taking measures to reduce business trips. If such trips cannot be avoided, then public transportation is used for them whenever possible. We began purchasing more environmentally friendly vehicles for the fleet in 2016.

Parcel service and transport of goods

The parcel service and transport of goods has been included in the report since 2015 as a result of the improved data situation. This indicator has an effect on Scope 1 and 3 emissions and accounts for a share of approx. six percent of all emissions of the RZB Group. Purchasing is partly centrally controlled for the whole RBI Group by RBI AG, which is why kilometers traveled (including the resultant emissions) were equally distributed among the regions (a more exact allocation was not possible due to the data situation).

According to the latest data, parcel service and transport of goods amounts to a total of around 1,227,230 tkm (tonne kilometers; tkm are calculated from the transported mass in tonnes and the distance covered in kilometers).

Waste

The quantity of waste produced by the RZB Group amounts to about 2,947 tonnes per year or 133 kg/employee and consists of 94 percent non-hazardous waste. Fortunately, the "Waste" sector has a share of just three percent of total emissions of the RZB Group, which is why no further details will be presented here. You can find further details on our website at www.rbinternational.com.

37 percent of waste is brought to landfill sites, approx. 31 percent is incinerated and 26 percent recycled. Electrical devices have a share of about six percent. Hazardous waste, like electrical devices, is correctly disposed of. Central Europe has the biggest share in total waste produced with 33 percent or 956 tonnes. The lowest amount of waste is produced by the central institute and specialized subsidiaries with five percent or 151 tonnes of total waste/year. RBI AG also has the largest amount of waste in terms of the number of employees, with 158 kg/employee. Southeastern Europe reported the lowest waste per employee of 124 kg/employee.

Material consumption



In the area of material use, paper is the most important office material for financial service providers, but has a very low share of CO₂e emissions. Efforts have been made to further reduce levels of paper consumption for years. Double-sided printing is a default setting both in Austria and at most of the network banks.

In total, 2016, approx. 922 tonnes of paper, or eight percent less than in the previous year, were used in the RZB Group in 2016, with Central Europe accounting for the biggest share of 33 percent or 301 tonnes/year. The lowest share of total consumption was accounted for by the central institute and specialized subsidiaries at four percent, or 33 tonnes/year.

In terms of paper consumption per employee and year, which averages 8,401 sheets, Eastern Europe is the biggest consumer with 10,125 sheets per employee. RBI AG has the lowest consumption of 4,628 sheets per employee. The share of recycled paper used in the RZB Group is 70 percent. RBI AG and the central institute and specialized subsidiaries have the highest share of 100 percent recycled paper.

Water consumption

Water consumption of the RZB Group (exclusively tap water) is comparatively low and hardly has any effect on the CO₂ footprint (almost zero percent). Total water consumption for 2016 was 248,041 m³ or 11 m³/employee and year. Southeastern Europe has the biggest share of water consumption of over 78,169 m³ or 32 percent, while the central institute and specialized subsidiaries reported the lowest share of 10,348 m³ or four percent. RBI AG consumes the most water per employee of 16 m³/year (due to the company canteen and green space), while Central Europe has the lowest share of seven m³/year.

CO₂e emissions

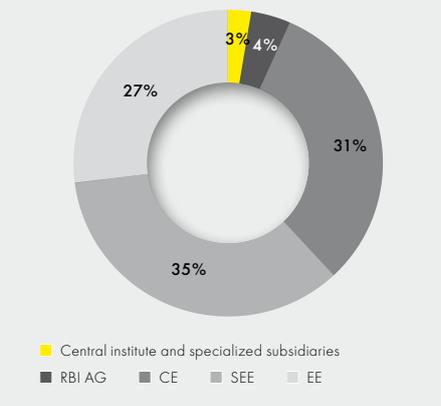


CO₂ emissions for 2016 were calculated using new emission factors (ecoinvent v3.3). However, this recalculation of all emission values is not shown in the tables for the sake of comparability with previous years' reports. Average CO₂e emissions came to 59,147 tonnes (t) in 2016, a reduction of 19 percent compared to 2011 (date of first reporting). A minimal adjustment to emissions was arrived at in all three scopes through the factor conversion. The Scope 2 reduction compared to the previous year is the result of the factor conversion, the increase in Scope 3 emissions results from additional data collection, and the reduction in Scope 1 emissions is independent of the factor conversion. You can find more details on the scopes in the introduction to the chapter "Inhouse ecology".

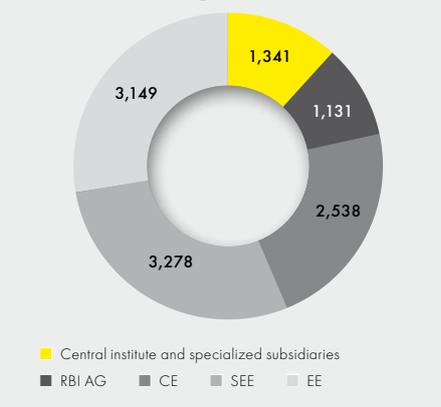
In 2016, 6,027 tonnes of CO₂e were allocated to Scope 1 (ten percent), 25,801 tonnes (44 percent) to Scope 2 and 27,319 tonnes (46 percent) to Scope 3 in the RZB Group.

- Energy consumption accounts for about 65 percent of emissions (down nine percent compared to the previous year) with 38,586 t CO₂e, making it the largest source of emissions in the RZB Group. Most of these fall under Scope 2, but partly also under Scopes 1 and 3. The share of green power share in the RZB Group is about 34 percent.
- Business travel generates approx. 21 percent of emissions (down six percent compared to the previous year) with 12,657 t CO₂e. Travel is therefore the second-biggest source of emissions in the RZB Group. This has an effect on both Scope 1 and Scope 3.
- The parcel service and transport of goods amounts to around six percent of emissions with 3,736 t CO₂e (about five times as high as in the previous year due to an improved data situation). This area is therefore the third-biggest source of emissions in the RZB Group. The impacts are felt solely in Scope 3.
- Paper consumption accounts for around four percent of emissions (up 14 percent compared to the previous year), or 2,621 t CO₂e. Paper consumption is therefore the fourth-biggest source of emissions in the RZB Group. The impacts are felt solely in Scope 3. The recycled share of materials purchasing is 70 percent.
- Waste, with 1,547 t CO₂e, is also negligible and accounts for approx. three percent of emissions (down five percent compared to the previous year). The impacts are felt solely in Scope 3. Water consumption is in last place as a source of emissions, at almost zero percent.

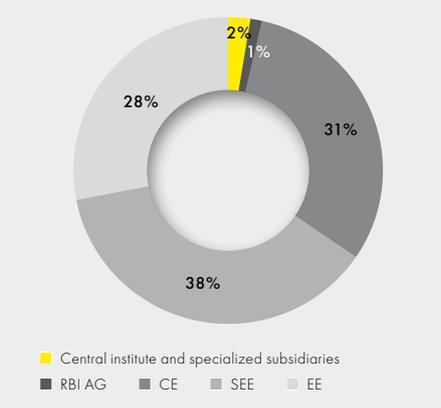
Scope 1-3 emissions of the RZB Group 2016



Scope 1-3 emissions of the RZB Group in 2016 in kg CO₂e per employee



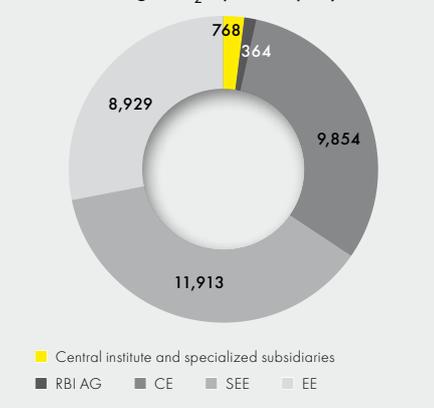
Scope 1-2 emissions of the RZB Group 2016



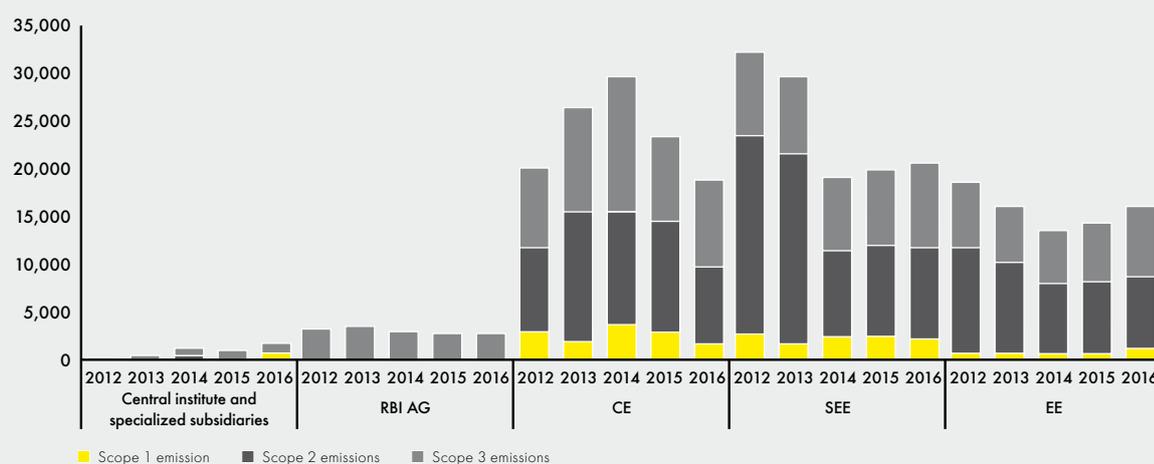
Southeastern Europe has the biggest share in total emissions of 35 percent or 20,523 tonnes CO₂e. The lowest share was accounted for by the central institute and specialized subsidiaries, with three percent or 1,489 tonnes CO₂e. CO₂e emissions of the RZB Group per employee and year amount to approx. 2,688 kg. Southeastern Europe has the biggest share per employee of approx. 3,096 kg CO₂e/employee and year. The lowest share is recorded by the central institute and specialized subsidiaries with 1,341 kg CO₂e/employee.

In the area of emissions, the main goal is to reduce electricity and heating consumption and prevent emissions in mobility. The RZB Group set appropriate environmental targets for this in 2015 (see also page 118) and improved them in 2016.

Scope 1-2 emissions of the RZB Group in 2016 in kg CO₂e per employee



Emissions of the RZB Group in tonnes CO₂e from 2012-2016



CO ₂ emissions in 2016	Central institute and specialized subsidiaries	RBI AG	CE	SEE	EE
Scope 1 emissions in t	669	197	1,780	2,181	1,200
Scope 2 emissions in t	99	167	8,073	9,733	7,728
Scope 3 emissions in t	721	2,135	8,755	8,609	7,098
Scope 1+2 emissions in t	768	364	9,854	11,913	8,929
Scope 1+2+3 emissions in t	1,489	2,499	18,609	20,523	16,027

Overview of key ratios

The following overview presents the key ratios of the RBI Group, the central institute and specialized subsidiaries and of the RZB Group as the total of these two key performance indicators. Details on the indicators of the individual regions can be found on our website at www.rbinternational.com. Emissions for 2016 are calculated on the basis of the new ecoinvent v3.3 factors (instead of ecoinvent v2.2 for 2012–2015).

	RBI Group					Central institute and specialized subsidiaries					RZB Group (total)				
	2016	2015	2014	2013	2012	2016	2015	2014	2013	2012	2016	2015	2014	2013	2012
Material															
Non-recycled paper in t	269	263	258	310	316	6	7	12	6	0	275	270	270	315	316
Recycled paper in t	620	699	618	636	665	27	28	32	11	2	647	728	650	647	667
Total paper in t	889	962	876	946	981	33	35	44	17	2	922	997	920	963	983
Paper consumption in sheets/employee	8,531	8,695	8,139	9,611	10,243	5,961	6,292	8,874	7,081	4,443	8,401	8,580	8,176	10,530	11,281
Direct energy consumption															
Emergency power generator in MWh	293	176	192	260	274	8	6	4	2	1	301	182	196	262	275
Direct energy consumption in kWh/employee	14	8	9	13	14	7	0.3	4	4	5	14	8	9	14	16
Indirect energy consumption															
External procurement of electricity in GWh	73	73	76	79	80	4	4	4	2	1	76	78	79	81	81
External procurement of heat in GWh	25	27	30	33	35	2	2	3	1	0.2	27	30	33	34	35
Total energy consumption in GWh	98	100	106	112	115	6	7	6	3	1	103	107	112	114	116
Electricity consumption in kWh/employee	3,481	3,306	3,516	4,015	4,190	3,420	3,973	3,514	3,182	5,242	3,478	3,338	3,516	4,405	4,636
Heat consumption in kWh/employee	1,210	1,225	1,389	1,653	1,799	1,814	2,124	2,549	2,363	2,216	1,234	1,268	1,440	1,841	1,990
Energy consumption in kWh/employee	4,691	4,531	4,905	5,668	5,990	5,234	6,097	6,063	5,545	7,458	4,719	4,606	4,956	6,246	6,627
Water															
Water consumption in 1,000 m ³	238	249	285	249	250	10	14	16	2	2	248	264	300	251	252
Water consumption in m ³ /employee	11	11	13	13	13	9	13	16	4	16	11	11	13	14	14
Waste															
Hazardous waste for incineration in t	0.3	0.3	0.8	0.0	0.2	0.1	0.0	0.1	0.0	0.0	0.4	0.3	1	0.0	0.3
Hazardous waste for landfill in t	4	5	5	6	8	0.0	0.0	0.2	0.0	0.2	4	5	5	6	8
Hazardous waste for recycling in t	9	11	11	5	7	0.2	0.1	0.4	0.1	0.0	10	11	12	6	7
Non-hazardous waste for incineration in t	869	981	1,233	1,223	1,773	44	34	77	19	6	913	1,015	1,309	1,242	1,779
Non-hazardous waste for landfill in t	1,087	793	859	946	1,211	0.0	0.0	0.0	1	0.0	1,087	793	859	947	1,211
Non-hazardous waste for recycling in t	665	737	788	788	923	106	156	115	23	14	771	893	902	810	937
Old-electronic devices for recycling in t	161	163	74	91	49	0.5	2	0.4	1	0.1	162	165	75	92	49
Total hazardous waste in t	13	16	17	12	15	0.3	0.1	1	0.2	0.2	14	16	17	12	15
Total non-hazardous waste in t	2,621	2,511	2,879	2,957	3,907	151	190	191	43	21	2,771	2,701	3,070	3,000	3,928
Waste in kg/employee	133	121	138	155	207	136	173	193	91	194	133	124	140	169	229
Business travel															
1,000 pkm by own car	19,273	31,093	38,592	28,231	38,827	3,572	1,414	608	446	402	22,845	32,506	39,200	28,677	39,229
1,000 pkm by rented car	9,634	6,323	6,212	20,993	16,877	210	135	216	0.0	0.0	9,844	6,458	6,428	20,993	16,877
1,000 pkm by plane	23,226	18,298	19,164	19,924	17,568	1,638	1,767	1,377	692	290	24,864	20,065	20,541	20,615	17,858
1,000 pkm by train	513	1,541	1,179	220	208	107	70	52	17	14	619	1,610	1,231	237	222
1,000 pkm total	52,646	57,254	65,147	69,368	73,480	5,527	3,386	2,252	1,155	706	58,173	60,640	67,399	70,523	74,186
Business travel in pkm/employee	2,520	2,582	3,021	3,518	3,830	4,979	3,034	2,259	2,396	6,538	2,644	2,603	2,988	3,849	4,248
1,000 tkm for parcel service	1,227	696	1,052	795	790	n.a.	n.a.	4	n.a.	n.a.	1,227	696	1,056	795	790
CO₂ emissions															
Scope 1 emissions in t	5,358	6,501	7,434	5,161	6,988	669	267	113	53	48	6,027	6,767	7,538	5,214	7,036
Scope 2 emissions in t	25,702	29,123	28,298	43,060	40,953	99	103	376	22	7	25,801	29,226	28,691	43,082	40,960
Scope 3 emissions in t	26,598	24,104	28,925	26,786	25,755	721	504	564	175	73	27,319	24,608	29,643	26,961	25,829
Scope 1+2 emissions in t	31,060	35,624	35,732	48,221	47,941	768	370	489	75	55	31,828	35,993	36,229	48,296	47,996
Scope 1+2+3 emissions in t	57,658	59,728	64,657	75,007	73,697	1,489	874	1,053	250	128	59,147	60,601	65,872	75,257	73,824
Scope 1+2 emissions in kg/employee	1,487	1,606	1,654	2,445	2,499	89	331	491	155	505	1,447	1,545	1,606	2,636	2,748
Scope 1+2+3 emissions in kg/employee	2,760	2,693	2,994	3,804	3,841	1,341	783	1,056	518	1,184	2,688	2,602	2,920	4,107	4,228
Fleet															
CO ₂ emissions of the fleet in g/km	128	131	160	n.a.	n.a.	141	153	n.a.	n.a.	n.a.	130	136	n.a.	n.a.	n.a.
Purchasing															
Procurement from local suppliers	79%	76%	65%	n.a.	n.a.	100%	100%	87%	n.a.	n.a.	79%	76%	65%	n.a.	n.a.

	Network banks (total)					RBI AG					RBI Group (total)				
	2016	2015	2014	2013	2012	2016	2015	2014	2013	2012	2016	2015	2014	2013	2012
Material															
Non-recycled paper in t	259	252	246	303	308	10	11	12	7	8	269	263	258	310	316
Recycled paper in t	579	651	566	607	633	41	48	52	29	32	620	699	618	636	665
Total paper in t	838	902	812	910	941	51	60	64	36	40	889	962	876	946	981
Paper consumption in sheets/employee	8,933	8,950	8,289	10,224	10,863	4,628	6,153	6,624	3,794	4,362	8,531	8,695	8,139	9,611	10,243
Direct energy consumption															
Emergency power generator in MWh	272	140	164	234	265	21	36	28	25	9	293	176	192	260	274
Direct energy consumption in kWh/employee	15	7	8	13	15	10	19	14	14	5	14	8	9	13	14
Indirect energy consumption															
External procurement of electricity in GWh	63	62	63	72	71	9	11	12	7	9	73	73	76	79	80
External procurement of heat in GWh	20	21	25	28	31	6	6	5	4	4	25	27	30	33	35
Total energy consumption in GWh	83	83	88	100	102	15	17	18	11	13	98	100	106	112	115
Electricity consumption in kWh/employee	3,390	3,087	3,208	4,032	4,090	4,251	5,618	6,278	3,857	5,147	3,481	3,306	3,516	4,015	4,190
Heat consumption in kWh/employee	1,044	1,034	1,252	1,596	1,759	2,611	3,224	2,762	2,193	2,175	1,210	1,225	1,389	1,653	1,799
Energy consumption in kWh/employee	4,435	4,121	4,460	5,628	5,849	6,862	8,842	9,040	6,050	7,322	4,691	4,531	4,905	5,668	5,990
Water															
Water consumption in 1,000 m ³	202	210	246	227	221	36	39	38	22	29	238	249	285	249	250
Water consumption in m ³ /employee	11	10	13	13	13	16	20	20	12	16	11	11	13	13	13
Waste															
Hazardous waste for incineration in t	0.0	0.0	0.0	0.0	0.0	0.3	0.3	1	0.0	0.2	0.3	0.3	0.3	0.0	0.2
Hazardous waste for landfill in t	4	5	5	6	5	0.0	0.0	0.0	0.1	3	4	5	5	6	8
Hazardous waste for recycling in t	9	10	9	5	6	0.4	1	2	1	1	9	11	11	5	7
Non-hazardous waste for incineration in t	767	873	1,102	1,115	1,666	102	108	130	109	107	869	981	1,233	1,223	1,773
Non-hazardous waste for landfill in t	1,087	793	859	946	1,211	0.0	0.0	0.0	0.0	0.0	1,086	793	859	946	1,211
Non-hazardous waste for recycling in t	420	483	543	634	686	245	254	245	153	236	665	737	788	788	923
Old-electronic devices for recycling in t	160	161	73	89	47	1	2	1	2	2	161	163	74	91	49
Total hazardous waste in t	13	15	14	11	12	1	1	3	1	4	13	16	17	12	15
Total non-hazardous waste in t	2,274	2,149	2,504	2,695	3,564	347	362	375	262	343	2,621	2,511	2,879	2,957	3,907
Waste in kg/employee	130	115	132	157	209	158	188	195	141	191	133	121	138	155	207
Business travel															
1,000 pkm by own car	18,235	30,063	37,601	25,841	36,510	1,038	1,030	991	2,391	2,317	19,273	31,093	38,592	28,231	38,827
1,000 pkm by rented car	9,246	5,899	5,747	20,993	16,877	389	424	465	0.0	0.0	9,634	6,323	6,212	20,993	16,877
1,000 pkm by plane	11,787	6,472	6,572	4,123	3,065	11,439	11,826	12,592	15,801	14,502	23,226	18,298	19,164	19,924	17,568
1,000 pkm by train	339	1,368	1,179	22	14	173	172	0.0	199	194	513	1,541	1,179	220	208
1,000 pkm total	39,606	43,802	51,099	50,978	56,466	13,040	13,452	14,048	18,390	17,014	52,646	57,254	65,147	69,368	73,480
Business travel in pkm/employee	2,603	2,167	2,603	2,858	3,254	5,903	6,920	7,226	9,782	9,292	2,520	2,582	3,021	3,518	3,830
1,000 tkm for parcel service	1,222	687	1,052	795	790	5	9	0.0	0.0	0.0	1,227	696	1,052	795	790
CO₂ emissions															
Scope 1 emissions in t	5,162	6,292	7,226	4,870	6,709	197	208	199	291	279	5,358	6,501	7,434	5,161	6,988
Scope 2 emissions in t	25,534	28,959	28,134	42,965	40,838	167	164	181	95	115	25,702	29,123	28,298	43,060	40,953
Scope 3 emissions in t	24,463	21,919	26,740	23,921	23,096	2,135	2,185	2,340	2,865	2,660	26,598	24,104	28,925	26,786	25,755
Scope 1+2 emissions in t	30,696	35,251	35,360	47,835	47,547	364	372	380	386	394	31,060	35,624	35,732	48,221	47,941
Scope 1+2+3 emissions in t	55,159	57,170	62,099	71,756	70,642	2,499	2,557	2,720	3,251	3,054	57,658	59,728	64,657	75,007	73,697
Scope 1+2 emissions in kg/employee	1,634	1,744	1,801	2,681	2,740	165	192	196	205	216	1,479	1,606	1,654	2,455	2,499
Scope 1+2+3 emissions in kg/employee	2,953	2,829	3,163	4,022	4,070	1,131	1,316	1,933	1,729	1,668	2,760	2,693	2,994	3,804	3,841
Fleet															
CO ₂ emissions of the fleet in g/km	127	128	n.a.	n.a.	n.a.	146	160	n.a.	n.a.	n.a.	129	131	160	n.a.	n.a.
Purchasing															
Procurement from local suppliers	76%	73%	64%	n.a.	n.a.	88%	91%	87%	n.a.	n.a.	79%	76%	65%	n.a.	n.a.

Future outlook and Sustainability Program

Human Resources

Having conducted most of the group-wide employee survey in 2016, work on the analysis and implementation of the package of measures resulting from the survey results will continue in 2017. Some of the network banks plan to follow up with local employee surveys to track the effectiveness and success of changes from the package of measures in 2017.

Having developed and partially implemented a new approach in the previous year in close collaboration with the entire network, the changes in Performance Management will continue to be rolled out comprehensively during 2017 and 2018.

At RBI AG, the measures for the "Diversity 2020" initiative will be continued. The vision and strategy will be finished and published and implementation of the strategy will begin. In particular, the diversity measures for the empowerment of women will be continued.

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 working world. Furthermore, the in-house HR processes and IT systems will be examined in 2017 in order to adequately meet the developments of advancing digitization.

RBI AG will offer 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). As from 2017, the service partner is "Health Consult", the same company as for the Employee Assistance program.

Tatra banka, a.s. in Slovakia will start an upgrade of its work-life balance program in 2017 and hopes to stimulate an additional revitalization of this topic.

Raiffeisen BANK dd Bosna i Hercegovina will seek a new cooperation with universities. In the future, a defined number of graduates in business, law and computer sciences will have the opportunity to complete a six-month trainee program. The goal is to offer them permanent employment after they successfully complete the trainee program.

At AO Raiffeisenbank Russia, the offer of medical services for employees will be expanded after the tender for a new insurance scheme is concluded.

Inhouse ecology

Environmental protection, along with conservation of resources and mobility, is one of the megatrends 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, which was agreed at the Paris Climate Agreement of December 2015 and took effect in October 2016, is to limit 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 for the management of environmental trends involves identifying strategically important areas for companies. These have already been surveyed and presented on behalf of the RZB Group; the key areas are energy consumption and mobility. In times of dynamic, regulatory and physical environmental development, the main environmental opportunities for and risks to companies must also be reviewed in the strategic analysis. For

the RZB Group, these include economic, political and social changes, changes to the market and change at suppliers. A review of the probability of climate change and its consequences for companies reveals that these areas are currently undergoing rapid change, requiring great flexibility in terms of environmental objectives and measures. Priorities in the EU are on innovation programs to reduce carbon dioxide emissions as well as on renewable energy and energy efficiency. These issues are naturally also very important to the RZB Group. They will be the key to achieving both the RZB Group's inhouse environmental targets and global environmental targets. The RZB Group takes its responsibility to society and the environment seriously in terms of climate issues and therefore set environmental goals for the entire group a few 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. According to scientific consensus, a reduction in the greenhouse gas emissions of industrialized nations of around 80 percent is deemed necessary over this timeframe. The RZB Group has set itself the goal of reducing its Scope 1-2 emissions by 60 percent by 2050. This is all the more important given that the fact that many companies have set hardly any long-term objectives beyond 2030, which is seen as a major obstacle to achieving the objectives.

In December 2016, the National Assembly enacted the Sustainability and Diversity Improvement Act (NaDiVeG) in the Austrian Commercial Code, the Companies Act and the Limited Liability Company Act, which comes into effect for the first time in financial year 2017. EU Directive 2014/95/EU was thereby implemented in national law. Based on internal analyses, no changes are required for the environmental sector, given that the RZB Group already reports several environmental indicators in accordance with the GRI guideline recognized in the EU Directive and in NaDiVeG. Nevertheless, we will continue to review whether a more detailed presentation of individual contents makes sense.

Excerpt from the Sustainability Program

Fair partner				
General objectives: Comprehensive stakeholder involvement; high employer attractiveness; reduction in environmental impacts				
Strategy area	Objectives	Measures	Status	
Fair partner (Employees)	Publication of a vision, mission and strategy "Diversity 2020"	Development and publication of the vision, mission, and "Diversity 2020" strategy for all relevant aspects of diversity	Implementation in the first half of 2017	
Fair partner (Employees)	Increase in the share 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	Ongoing	
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)	Ongoing	
Fair partner (Employees)	Improvement of employee enablement and commitment	Development of a package of measures and their implementation on the basis of the employee surveys in 2016	Ongoing	
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	Ongoing	
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	Ongoing	
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	Ongoing	
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 Federal Environment Agency	Ongoing	
Fair partner (Inhouse ecology)	Use of green power at the RZB Group sites in Vienna	Certified green energy without large-scale hydropower	In place since 2013	
Fair partner (Suppliers)	Determination of the status of the RZB Group's top suppliers with regard to the environmental and social aspects of their business management	Conducting of a supplier survey, in which the suppliers of the RZB Group receive an annual questionnaire on environmental and social aspects	Ongoing	
Fair partner (Inhouse ecology)	Participation in the CDP (former Carbon Disclosure Project)	Participation of the RBI Group in the CDP and derivation of suitable measures	Implementation in the first half of 2017	
Fair partner (Inhouse ecology)	Implementation of environmental targets such as: CO ₂ reduction of Scope 1-3 emissions by 60 percent by 2050	Derivation of measures aimed at implementing the defined objectives of the environmental program	Ongoing	
From the Sustainability Program 2016	Fair partner (Employees)	Creation of a Human Capacity Report for the Raiffeisen Austria (incl. the RZB Group Austria)	Determination 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 share of women in executive management to 35 percent in four to nine years	Detailed elaboration for the defined package of measures and commencement of implementation	Ongoing
	Fair partner (Employees)	Use of the materiality analysis update	Analysis of the results of the materiality survey and adjustment of the sustainability program	Implemented in 2016

From the Sustainability Program 2016	Fair partner (Employees)	Raising awareness of sustainability among employees	Expansion of the online training already in place at RZB AG and RBI AG for employees to the network banks in an English-language version	Planned for the second half of 2016; postponed to the second half of 2017
	Fair partner (Employees)	Realignment of the performance 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 power at the RZB Group sites in Vienna	Conversion to certified green energy without large-scale hydropower	In place since 2013
	Fair partner (Suppliers)	Determination of the status of the top 30 suppliers of the RZB Group with regard to environmental and social aspects in their business management	Conducting of a supplier survey, in which the suppliers of the RZB Group receive an annual questionnaire on environmental and social aspects	Ongoing
	Fair partner (Inhouse ecology)	Participation in the CDP (former Carbon Disclosure Project)	Participation of the RBI Group in the CDP and derivation of suitable measures	Implemented in the 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 (http://www.rzb.at/under: About us/Sustainability management/Guiding Principles/ Environmental measures and objectives).	Ongoing
From the Sustainability Program 2015	Fair partner (Stakeholder inclusion)	Ensuring future viability for 2025 in the area of sustainability/employees	Ensuring a meaningful work environment	Ongoing development and communication of the sustainability activities to the employees and developing a corporate volunteering program (see page 153)
	Fair partner (Employees, Stakeholder inclusion)	Update of the materiality analysis	Conducting an online survey with the goal of updating the existing materiality matrix. The topics presented in the materiality analysis should be the basis for this. An expansion of the survey to include stakeholders of the network banks is planned.	Implemented in the second half of 2015 and in the first quarter of 2016
	Fair partner (Employees)	Increase in the share of women in executive management to 35 percent in five to ten years	Achievement of a share of women of 35 percent on the Supervisory Board, Managing Board and in higher management of RZB AG and RBI AG through the advancement of appropriate measures such as direct address or supporting measures	Conducting of a workshop with management staff and talents; defining a comprehensive package of measures
	Fair partner (Inhouse ecology)	Participation in the Carbon Disclosure Project (CDP) for increasing the transparency of our carbon emissions	Participation of the RBI Group in the CDP and derivation of suitable measures	Implemented in the first half of 2015
	Fair partner (Inhouse ecology)	Reduction in Scope 3 emissions related to mobility by 10 percent by 2030	The mobility survey conducted in the RBI Group and at RZB AG at the end of 2014 will be analyzed in detail; appropriate measures for reducing the Scope 3 emissions were analyzed	Implemented in the first half of 2015
	Fair partner (Inhouse ecology)	Specification and communication of the environmental strategy and its implementation in the form of environmental guiding principles	Creation of environmental guiding principles for the RZB Group and their corresponding publication	Implemented in the first half of 2015
	Fair partner (Suppliers)	Determination of the status of the top 30 suppliers of the RZB Group with regard to environmental and social aspects in their business management	Conducting of a supplier survey, in which the suppliers of the RZB Group receive an annual questionnaire on environmental and social aspects starting in 2015	Ongoing
	Fair partner (Inhouse ecology)	Determination of the environmental footprint for the Raiffeisen Banking Group in Austria (incl. the RZB Group Austria)	Creation of an environmental balance sheet by an external partner for the Raiffeisen Banking Group in Austria (incl. the RZB Group in Austria)	Implemented in the second half of 2015 Publication in Dec. 2015
	Fair partner (Inhouse ecology)	Implementation of environmental targets such as: Reduction in power and heat consumption by ten percent by 2020	Derivation of measures aimed at implementing the defined objectives of the environmental program (http://www.rzb.at/under: About us/Sustainability management/Guiding Principles/ Environmental measures and objectives).	Ongoing
	Fair partner (Inhouse ecology)	Depicting our environmental footprint	Evaluation of the environmental footprint on a scientific basis by SERI (for RZB AG and RBI AG).	Implemented in the second half of 2014

ABCD
MNOP

FIELD OF ACTION
ENGAGED
CITIZEN: AS
DESIGNERS
OF A FUTURE-
PROOFED
SOCIETY AND
ENVIRONMENT

ABC
MNO
PQR

by Gerry Stuey

ABCDEFG
MNOPQ

Engaged citizen

We consider ourselves to be an engaged corporate citizen who actively champions sustainable development in our society. Our commitment as a corporate citizen goes beyond the core business with 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 forward-thinking developments in society.

In our role as engaged citizen, we champion aspects that are essential for the transformation into a sustainable society. Sustainability is not just restricted to environmental protection here, but also combines this protection with economic progress and social justice.

As a company in the financial sector, 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.

On the whole, 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.

Our declared goal is to establish responsible corporate management and promote sustainable innovations – including by strengthening the business locations in which we operate. By doing this, we are creating and securing jobs in these regions.

RZB Group champions an active civil society and social well-being. We support an open society and consider ourselves to be promoters of integration, awareness and openness. Social awareness is a driving force for sustainability. This means that we need to demonstrate the consequences of social action and make the discussion of sustainable solutions public.

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

Of course, as a company in the financial sector, we think that improving knowledge about how to handle money is very important and we actively support these types of initiatives.

We contribute to society by initiating corporate volunteering programs, supporting various social projects and entering into partnerships with NPOs and NGOs.

At Raiffeisen, protecting the environment and the climate has been incorporated into the “Raiffeisen Klimaschutz-Initiative” (Raiffeisen Climate Protection Initiative, RKI) for approximately nine years and is implemented through a multitude of projects and measures. Environmental sustainability includes topics such as reducing greenhouse gas emissions, increasing resource efficiency, isolating growth and the material consumption, and of course, protecting nature and our living environment.

Our workgroups for activities under the Raiffeisen Climate Protection Initiative focus on the areas of sustainable corporate management, including inhouse ecology, sustainable mobility and sustainable financial products. A separate group focuses on communication issues because raising awareness of environmental and climate protection is the basis for necessary changes.

Supported projects and initiatives

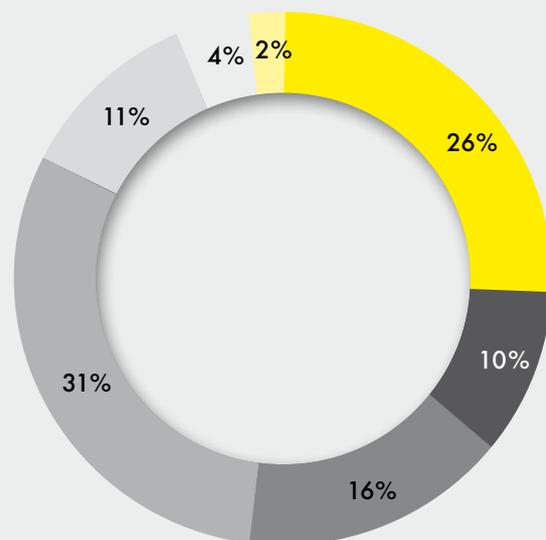


In 2016, the RZB Group's investments in the community amounted to a total of € 4,010,047. This supported projects in those communities in which the group is operationally active. The topics and projects we promote are as diverse as life itself.

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

Percentages of monetary donations by the RZB Group in 2016, by topic¹

	in €	in %
 (Financial) Education	825,118	26
 Culture and art	309,077	10
 Other	508,005	16
 Social	975,081	31
 Sports and health	352,263	11
 Environmental protection	144,147	4
 Science and research	57,909	2

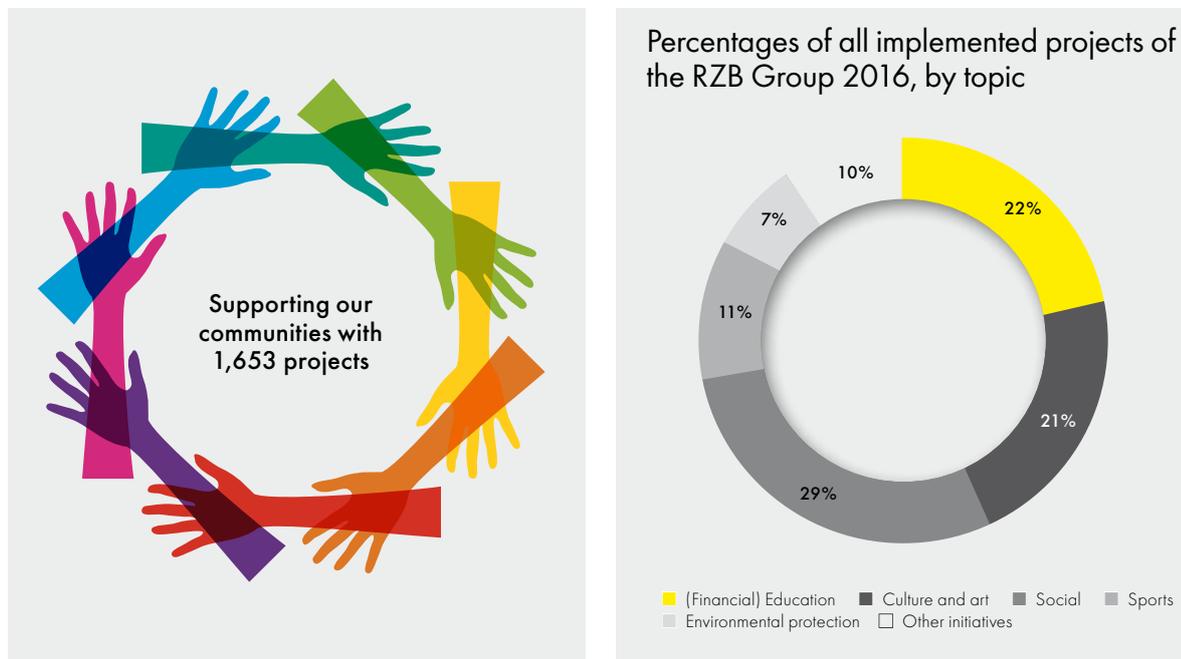


¹ Breakdown as recorded in the "mona" monitoring tool

The total charitable expenditures shown above do not include any sponsoring and therefore do not include all the projects and activities that are carried out within the framework of the RZB Group's social and cultural commitment.

As part of our social responsibility, we decided years ago not to restrict ourselves only to a few major aid projects but instead to place factors such as personal commitment and regional societal challenges at the forefront of our decisions. The RZB Group and its employees are involved in a wide range of projects and initiatives by providing financial support or by fostering contacts. We support international humanitarian aid projects along with partner organizations.

This results in the total number of projects supported in 2016:



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

Overview of engaged citizen measures																						
Measure	Austria						CE				SEE				EE							
	RBI/RZB	RBSK	RKAG	RL	Valida	Kathrein	RCB	RBPL	TBSK	RBCZ	RBHU	RBAL	RBBH	RBBG	RBKO	RBHR	RBRO	RBRB	RBBY	RBRU	AVAL	
Financial education/ financial literacy	✓		✓				✓		✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Other educational initiatives	✓					✓			✓				✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Cultural initiatives	✓							✓	✓				✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Social initiatives	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Corporate volunteering	✓				✓		✓		part.*		✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Sports initiatives	✓							✓	✓	✓	✓		✓	✓		✓	✓	✓	✓	✓	✓	✓
Environmental initiatives	✓								✓				✓	✓	✓	✓	✓					

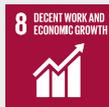
Please see the list of abbreviations for the complete company designations.
 * Tatra banka, a.s.: Yes; in the branches of Raiffeisen Banka Slovensko: No

The procedure for dealing with sponsorship and donation requests is clearly defined at RZB AG and RBI AG. Within the context of our desire to help others to help themselves, we offer support in a variety of ways: The RZB Group provides financial resources for education, art and culture, and sport as well as for charitable initiatives.

The reported examples represent just some of our many projects in Austria and abroad. We are particularly proud of the fact that many of our employees not only make the projects supported by the RZB Group 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 and 26). 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 a part of the sustainable change required for reaching the goal through activities such as corporate volunteering.

Priorbank JSC showed its support for the SDGs: To mark the introduction of the Sustainable Development Goals, the United Nations held a large number of events in Belarus. In addition to creating awareness, the goal of these events is to actively involve the many stakeholders required for the actual implementation of the SDGs in the country. Priorbank JSC supported the “#InclusiveBelarus” events, which included an exhibition about the SDGs as well as an #InclusiveBelarus concert. The exhibition in the foyer of the Small Hall at the Palace of the Republic included the screening of short films on currently urgent social problems and possible solutions (www.un.by).



The many measures implemented by the RZB Group in 2016 in its role as Engaged citizen supported multiple SDG objectives such as, for example, SDG 1 (ending poverty in all its form everywhere). Our focus in the area of (financial) education gives us the possibility of counteracting another urgent social challenge. In this way, we take account of SDG 4 (assuring inclusive and equitable quality education and promoting 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 to reduce the number of young people without jobs or academic or occupational training considerably by 2020. We are convinced that our corporate volunteering projects can always support several goals at the same time. Another topic is our commitment in the area of culture, through which we support efforts to protect and safeguard the world’s cultural and natural heritage (SDG 11).

Financial education (financial literacy) and other educational initiatives

Education is one of the most important issues of the 21st century. The RZB Group contributes to the improvement of education, which is an important aspect 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. The RZB Group 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 general public via a variety of channels. A lot of effort goes into improving the everyday life of each individual and to laying the foundations for the future responsible handling of money through financial education.

Financial literacy at the Vienna sites



For many years, the Raiffeisen Club in Austria has offered a fun way to learn how to handle money and investment products responsibly through its online stock exchange game “Raiffeisen School Investor”. The goal is for participants to become familiar with the options on the capital market and with instruments such as shares, funds and certificates. With a mobile solution for



© Raiffeisen Club

smartphones, the participants can link up with each other and exchange tips on dealing with shares and funds. Teams of at least five students of grade level eight or higher can play School Investor. In 2016, it was also possible for youths to participate with individual ratings for the first time. In addition to monetary prizes, the best class in Austria won a visit to RBI AG in Vienna and a meet-and-greet with Chief Executive Officer Karl Sevelda. Numerous trips to other publicly traded Austrian companies could also be won.

As in previous years, Raiffeisen Centrobank AG participated in the stock exchange games at Raiffeisen Zentralbank AG and Raiffeisen Landesbank Oberösterreich AG again in 2016. These are aimed at school children and young people. From the perspective of Raiffeisen Centrobank AG, the goal is to acquaint this target group with the topic of “Investing in Certificates” and to raise the level of knowledge with this investment category.

Raiffeisen Kapitalanlage-Gesellschaft m.b.H. has been inviting students of higher schools in and around Vienna to talks and workshops since 2006. At the two events held in 2016, the topic was the responsible use of money and capital market instruments.

Financial Literacy at the network banks

Central Europe (CE)



© Junior Achievement

The Junior Achievement Foundation, established in the Czech Republic in 1992, is a charitable organization specialized in teaching at primary and secondary schools. It 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. The partnership with Raiffeisenbank a.s. has existed since 2005. The foundation prepares students to be successful in international 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. As part of this competition, the bank introduced the “Raiffeisen Students Leadership Award” for the first time in the 2014/15 school year.

Bank employees voluntarily collaborated with post-secondary schools and universities in several regions. The “RBCZ Ambassador” project has existed since 2010. Raiffeisenbank a.s. employees make themselves available to provide students and teachers with lectures, presentations and discussions on banking products, principles for handling money responsibly as well as small student competitions. Fifteen volunteers participated in this initiative in 2016.

The initiative “Penz7” of the Hungarian bank association seeks to remedy the lack of financial education offered in schools. The target group for this project consists of students at primary school and lower secondary school. The program was conducted a second time in 2016 and again supported by Raiffeisen Bank Zrt. Many employees held voluntary presentations in schools across the entire country as part of corporate volunteering. The aim of this initiative is to establish early awareness of financial matters among children.

Southeastern Europe (SEE)



© Source d.o.o. for Marketing and Video Production

As part of the initiative “Financial News”, started by Raiffeisen BANK dd Bosna i Hercegovina in 2007, news on financial topics has been reported on prime time television every evening. The program offers viewers a chance to update their knowledge of various banking topics and to have common financial concepts explained. Each broadcast also provides information about stock markets and the ‘ABC of Business’. “Finance News” episodes are also available on the official YouTube channel and posted on the Facebook page of the Raiffeisen Bank. Since 2015, it has also been possible to communicate with bank employees around the clock via web chat.

The free “financial profile”, which is a service of Raiffeisenbank (Bulgaria) EAD, offers the evaluation of one’s personal financial situation based on the four primary factors of an income and expenses balance sheet, thriftiness, loan debt and covering risks. This personal profile provides an overview of one’s financial situation and helps identify those areas that one should pay attention to. This service is not restricted to bank customers or bound to the use or purchase of bank products of Raiffeisenbank in Bulgaria.

Raiffeisenbank (Bulgaria) EAD continued the digital initiative “Ask the Experts” – a series of videos containing interviews with experts – in 2016. The goal is to advise customers on the use of credit cards by means of this online medium. Consumers receive professional advice concerning the bank’s products including credit cards and store cards, consumer credit, mortgages and bank insurance. In five short videos, experts answer the most frequently asked questions on the subject of credit cards with lots of practical examples that avoid the use of complicated jargon. The videos can be watched on YouTube, the Facebook page of the bank and via the communication channels of Twitter, Vbox7.com and the media center of the bank’s website.

In mid-2014, Raiffeisen Bank Kosovo J.S.C. began a financial education initiative in cooperation with the IMF (International Monetary Fund) and held many workshops and training courses in coordination with its branches.

The adventure camp “GoOut Junior” combines sport and education. This multilateral approach at a stage of development in which children acquire basic skills is intended to help them later in their development and everyday activities. The various daily activities carried out with the seven to ten year-olds aim at positively influencing the functional and motor development of the children, preventing illnesses and avoiding the development of undesired behaviors. As part of the financial education program, Raiffeisenbank Austria d.d. in Croatia supported the educational program with a finance quiz, which the children answered in teams, as a way of teaching basic knowledge.

It also jointly organized a contest for World Savings Day with Croatia’s most popular radio station, which involved listeners having to answer some financial questions. This was an attempt to communicate financial education to the greatest number of people possible. Every participant who knew the right answer to the financial topics received a clue about the location of a small money box. The participants then had one more week to give the right answer again.

In 2005, Raiffeisenbank Austria d.d. in Croatia established the web portal “www.limun.hr”. With useful information about the economy and a focus on financial services, the portal contributes to advancing the topic of financial education. In 2016, the portal recorded approx. 3.06 million visits, of which 28.2 percent were new visitors.

Since 2010, Raiffeisen Bank S.A. in Romania has carried out various age-appropriate financial education programs as an optional subject within the framework of corporate volunteering and in cooperation with Junior Achievement Romania such as:

- For 6 to 7 year-olds (pre-school): "Noi Insiine" ("We ourselves")
- For 7 to 8 year-olds (1st grade): "Familia Mea" ("My family")
- For 8 to 9 year-olds (2nd grade): "Comunitatea Mea" ("My community")
- For 9 to 10 year-olds (3rd grade): "Orasul nostru" ("Our city")
- For 10 to 11 year-olds (4th grade): "Proiectul nostru economic" ("Our business project")
- For 15 to 18 year-olds (9th to 12th grade): "ABCdar Bancar" ("The ABC of Banking")

These programs on financial education aim at meeting the need to provide financial education early on in order to teach basic financial concepts to children at this stage of development. It also helps them learn to plan and save, for example, while developing the skills that are essential for developing a responsible and financially independent individual. Between 2010 and 2016, more than 21,000 students registered for this program. In 2016, the educational group succeeded in having the entire primary school level included.

In addition, Raiffeisen Bank S.A. promotes corporate volunteering with this project: More than 60 employees assisted classes and shared their knowledge with students in 2016. A separate set of materials has been assembled for each of these financial education programs, and these materials are continuously being updated. This includes a guide for teachers, workbooks for the students and other teaching materials. For the primary school programs, Raiffeisen Bank S.A. supplemented the standard literature with some helpful self-learning activities.

Eastern Europe (EE)



© Priorbank JSC

Belarus established a regional financial education competition many years ago, called the Financial Olympics. This annual competition offers high school pupils the opportunity to test their knowledge. In 2016, Priorbank JSC supported the Financial Olympics not only with prizes for the winners but also by holding classes, including a master class.

Above and beyond that, Priorbank JSC created a Facebook campaign for financial education. Through a series of informational graphics, it explained how to use customer bank cards (debit cards, credit cards), insurance programs as well as information about online

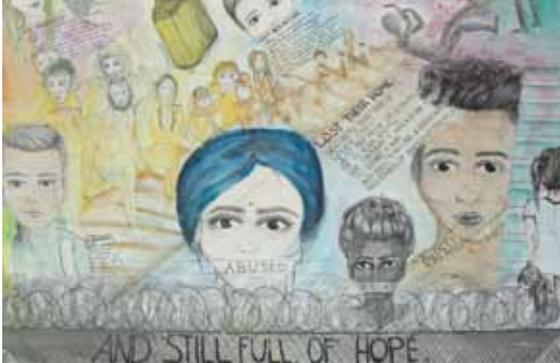
banking and private loans. Top managers were also available to offer suggestions for financial questions or problems. The postings reached about 4,000 Facebook users.

Twice a year, voluntary employees of Priorbank JSC are available to offer a financial education course at schools; in 2016, it was represented at 64 different high schools.

In addition, Priorbank JSC again supported 'FinTech Hackathons' in 2016 as part of a partnership. A FinTech Hackathon is about developing an innovative idea (e.g. an app or software) and implementing it within a short period of time. Top managers at the bank work as mentors and help the teams develop the projects. They organize master classes for this, in which they share their experience. The hackathons help develop financial technology knowledge and an understanding of basic financial topics. Priorbank JSC awarded the winner of the event with a trip to an international hackathon.

Employees at Raiffeisen Bank Aval JSC in Ukraine offered school children a free financial education course with the motto "Smart Financial Means for Young Adults". The lectures usually take place at the financial academy "FARBA". The course was held nine times in 2016, with almost 200 young people between the ages of 13 and 18 years taking part.

Further educational initiatives at the Vienna sites



© Zentrale Raiffeisenwerbung

Raiffeisen has been supporting and promoting creativity among children and teenagers for 46 years with its International Raiffeisen Youth Competition. In 2016, the competition was entitled "Fantastic Heroes and True Models! Who inspires you?". Participating countries included Austria, Germany, Switzerland, France, Luxembourg, Italy and Finland. Altogether there were 820,000 submissions with more than 132,000 students participating in the quiz, 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 judged by an international jury in Luxembourg.

In addition, RZB AG has supported the Language Resource Center at the Vienna University of Economics and Business (WU Wien) since 2004. This is a modern facility that offers an ideal environment for independent language learning with a rich selection of learning materials and electronic resources. This facility consists of a self-learning area, two multimedia language labs and a seminar room. Overall, it offers materials in 38 different languages. A program for tandem language learning also enjoys great popularity. This is a form of independent learning in which people with different native languages work together in pairs to learn each other's languages or improve existing language skills. The partnership between RZB AG and the Vienna University of Economics and Business is about supporting students and the university infrastructure. In this way, RZB AG makes an important contribution to the language education of future managers since language competence is ever more important in a globalized world.

"Universities Austria" sees itself as the voice of Austria's public universities and collectively strengthens their role and purpose in the economy and society. RBI AG has jointly supported this organization together with RZB AG, which has been a partner since 2013. "Universities Austria" formulates demands on business and government and creates stimuli for all areas of society. It supports universities in meeting their duties and strengthens the coordination and expansion of teaching, research and development of arts.

Further educational initiatives at the network banks

Central Europe (CE)



© Tatra Banka Foundation

In order to contribute towards improving the educational situation in Slovakia, Tatra banka, a.s. created a foundation in Bratislava in 2004. Alongside the focus on education, projects in the area of art and design are also carried out here. As part of the program "Personalities in Person", seven Nobel Prize winners and six Pulitzer Prize winners, dozens of renowned professors from abroad and over 80 Slovakian and Czech economists have so far given talks hosted at Slovakian universities. In 2016, Pulitzer Prize winner Deborah Nelson accepted the invitation and spoke to approx. 600 students.

Southeastern Europe (SEE)



© Raiffeisen Bank Sh.A.

Raiffeisen Bank Sh.A. supports the initiative “The City of Readers” in three cities in Albania by giving new books to the libraries. The bank was especially concerned with familiarizing the young inhabitants of whole neighborhoods with reading as a method for increasing creativity, particularly in Tirana and Fier. However, it is not only the young readers who benefit from the project. As the libraries are open to anyone, they can also be used by other age groups.

Raiffeisen banka a.d. in Serbia has been supporting the initiative “Travel to Europe”, which was established more than eleven years ago. The project, which was organized by “European Movement in Serbia”, helps 50 of the best students at Belgrade University to travel around Europe on an InterRail pass for one month in the summer. Most of these top students are in the final stage of their bachelor’s degree or completing a master’s degree. Many of these young people come from socially disadvantaged families and have outstanding academic achievement, but have never traveled outside of Serbia before. This initiative gives them the opportunity to learn about Europe first hand and to become ambassadors of European values in their future activities. So far, 1,410 students have participated in the project.

Osteuropa (EE)



© State educational institution “Regional Ecological-Biological Children’s Center” in Kemerovo

AO Raiffeisenbank in Russia held a joint public competition from October to December 2016 with the community foundation Samarska Gubernia that focuses 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 the acquisition of knowledge about computers, finance and legal matters, psychology and pedagogy, culture, art and professional training. In total, 30 projects were selected for implementation throughout Russia in 2017. This also includes a project to strengthen personal skills in dealing with finances.

Raiffeisen Bank Aval JSC in Ukraine jointly supported a series of business educational forums in Mykolaiv and Lviv in cooperation with the company Syngenta at the end of January 2016. This networking is very important, especially during economically challenging times. The forums were attended by more than 200 people – top managers and owners of agricultural businesses. The topics presented at the forums included trends in banking, legal regulations and taxation. Participants had the opportunity to talk to each other and with the experts and received substantial, practical tips.

Cultural initiatives

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

Cultural initiatives at the Vienna sites



© Peter Kitzbichler

The Tiroler Festspiele Erl have been held annually since 1998 – since 2012, at a remodeled, extremely modern performance venue – and thrills audiences with an extraordinary program every summer. Also sponsored by RBI AG in 2016, the festival proved it is more than Wagner’s “Ring of the Nibelung”, for which it is so internationally renowned, by presenting nine opera performances, six concerts, three orchestras and eight evenings of chamber music. A new production of Rossini’s opera “William Tell” and Mozart’s “Magic Flute” were also part of the varied program, which included an additional family performance for the first time. However, the performance of Wagner’s Ring was

still the focus for many visitors and Wagner fans. The four-part opera comprising “Rheingold”, “The Valkyrie”, “Siegfried” and “Twilight of the Gods” was presented on the stage of the Passionsspielhaus in Erl over four consecutive days.

RZB AG supported the exhibition “Goldene Zeiten” (Golden Times) by the Austrian National Library from 20 November 2015 to 21 February 2016. Over 80 unique exhibits from more than 200 years of book culture were shown.

In addition, RBI AG and RZB AG sponsored an exhibit entitled “Pointillism” at the Albertina art museum in Vienna in 2016. The exhibit presented 120 selected works illustrating the pioneering dot-based method of Pointillism employed between 1886 and 1930. One hundred selected masterpieces by Seurat and Signac, who are credited with inventing the style, as well as impressive paintings, watercolors and drawings by modern masters such as Van Gogh, Matisse and Picasso, who were fascinated by the pointillism, illustrated the breathtaking visual intensity and influence of this genre.

RZB AG has been a patron of the Young Ensemble of Theater an der Wien (JET) – comprising three female and four male singers – through its cooperation with the Theater an der Wien/Chamber Opera which commenced in the 2012/2013 season. In the spring of 2016, RZB AG sponsored its fourth new production: “Carmen”, the world famous comic opera in three acts by Georges Bizet. In the autumn of 2016, RZB AG supported the new production of Verdi’s “La Traviata”, one of the most successful operas ever, which is based on the novel “Lady of the Camellias” by Alexandre Dumas, fils.

In 2016, RZB AG supported many musical offerings. For example, it sponsored a new production of Giacomo Puccini’s “Turandot”, which premiered at the Vienna State Opera on 28 April. “Turandot”, which is based on a play with the same name by Carlo Gozzi, is one of the most magnificent operas ever presented and is a good example of the burgeoning interest in the ‘exotic’ which flourished during the first decade of the twentieth century. The opera was performed for the first time in the Austrian capital in October 1926.

The bank’s sponsorship of a concert at the Wiener Musikverein made possible a performance of Gustav Mahler’s Ninth Symphony by the Boston Symphony Orchestra under the direction of Andris Nelsons on 10 May.

In addition, RZB AG was a sponsoring partner for the project “RESOUND Beethoven” during the 2014/2015 and 2015/2016 seasons and will be again for the 2016/2017 season. This project of the Wiener Akademie (Vienna Academy), under the direction of Martin Haselböck, has brought performances of Beethoven’s nine symphonies on instruments of the period back to the magnificent theaters and concert halls of their premieres for the first time.

Finally, RZB AG is a partner to the "Israelitische Kultusgemeinde (IKG)" (Jewish Community), which hosts the annual event "Offene Türen in der IKG" (Open Doors at the Jewish Community). This partnership, which has existed for a number of years, has already been extended for the coming years.

Cultural initiatives at the network banks

Central Europe (CE)



© Tatra banka Foundation

In 2016, as for the past 21 years, the Tatra banka Foundation of Tatra banka, a.s. in Slovakia recognized artists who made outstanding contributions over the past year to the development of Slovakian art in the categories of film, literature, music, theater and the fine arts. In addition to honoring artists for the contribution to Slovakian culture, the aim is to support them in creating even more first-class works of art. Since 2008, one up-and-coming artist in each of the listed categories has also received an award. Over the history of these awards, the Tatra banka foundation has awarded 91 art prizes to established artists and 47 to young artists. In addition, seven fashion designers were given

the opportunity to demonstrate their skills by designing an item of clothing for the presenter at the award ceremony.

Southeastern Europe (SEE)



© Vienna Club Association - Sofia

For the last eight years, Raiffeisenbank (Bulgaria) EAD has been supporting the performances of the "Österreichische Musikwochen" (Austrian Music Weeks), which last one month, in various towns and cities in Bulgaria as a way of presenting Austrian music culture. The Österreichische Musikwochen are organized by the Wiener Club in Sofia, together with the Austrian embassy in Bulgaria.

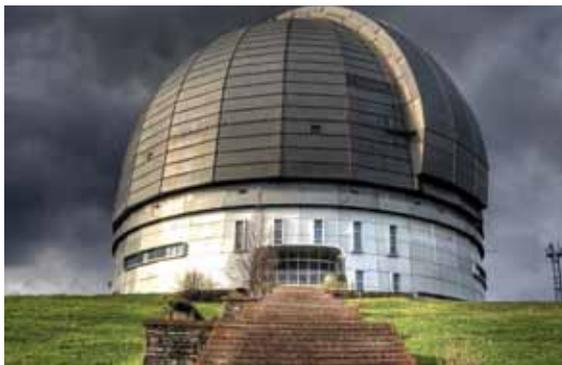
Raiffeisen Bank Kosovo J.S.C. has been supporting cultural projects since its inception. In 2016, an innovative project was implemented that specifically helps young artists and promotes them in their careers.

The selection of the artists is coordinated in collaboration with Ms. Zake Prelvukaj, a famous artist and professor at the Faculty of Fine Arts at the University of Priština. Young artists were also able to exhibit their works in a less than convention setting: the Albi Mall, a large shopping center in Kosovo. The "Raiffeisen Gallery" was opened in October and provides visitors with the opportunity to become acquainted with twelve young artists over a period of twelve months.

On the occasion of its 15th anniversary in 2016, Raiffeisen banka a.d. in Serbia organized a unique exhibit entitled "Tesla and Pupin - Companions". Two years earlier, the 160th birthday of the Serbian scientist Mihajlo Pupin had been celebrated with an exhibition. In 2016, on the 160th birthday of Serbia's best-known inventor, Nikola Tesla, Raiffeisenbank organized a new exhibition project in collaboration with the curator of the exhibit, the History Museum in Serbia and the Nikola Tesla Museum in order to offer society a role model by presenting the life's work of the two scientists. The broad interest in this exhibition was evidenced by the fact that more than 2,000 people waited patiently in line on the first weekend alone to learn about the life's work of the two greatest Serbian scientists. The interactive exhibit "Tesla and Pupin - Companions" will be traveling to six other cities in Serbia, accompanied by workshops for children, lectures and professionally guided tours. It will end in Mihajlo Pupin's city of birth, Idvor, where the exhibition pieces will become part of a permanent exhibition in the house he was born in.

This highly regarded project motivated Raiffeisen banka a.d. to create the internet portal symbolically entitled "Great People", which is dedicated to special persons in Serbian history, science, art and popular culture and which will go online when the "Tesla and Pupin - Companions" exhibition closes. The site has interesting texts, anecdotes, audio and visual material, photographs and multimedia content for providing absorbing and to some extent unknown details about the work and lives of great Serbian figures.

Eastern Europe (EE)



© A.V. Pilipas

2016 marked the 55th anniversary of the first manned space flight and the 50th anniversary of the Nizhny-Arkhyz observatory. For the occasion, the observatory, which houses the largest telescope in Russia, opened its doors to the first-ever international exhibition project of its kind, supported by AO Raiffeisenbank in Russia.

The observatory is located in the lonely mountains of the Karachay-Cherkess Republic in the Northern Caucasus region. The facility is currently home to 850 scientists and their families who live and work in the community, although many scientists have left in recent years. The participating artists were fascinated by the

fact that everything is secondary to the work done in this "scientific village". Russian and Austrian artists created artworks specifically for this exhibition that illustrated the universe through the eyes of an artist and considered the questions of territorial expansion as well as the dreamer's longing when gazing at the night sky.

In 2016, Raiffeisen Bank Aval JSC supported the music and literature festival "En route in the East" in the Ukrainian cities of Novo Pskov, Svatove and Starobilsk in the Luhansk region, near the military zone. The festival was initiated by renowned Ukrainian author, poet and musician Serhiy Zhadan. There were 30 musicians and writers from Kiev and Kharkov as well as local bands from surrounding cities and volunteers who made it possible to hold literary readings in local libraries and schools, concerts for Ukrainian soldiers and evening concerts for the inhabitants of the three cities.

Corporate volunteering in the RZB Group

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 and to proactively live up to our social responsibility together and within society.



The involvement of the employees of RZB AG and RBI AG with "Haus Roshan" takes place within the framework of corporate volunteering, but also to a large extent during the employees' free time, and deserves our high regard. The cooperation with Caritas aims at successfully integrating unaccompanied minor refugees in Austria through a personal mentoring program. This partner-like involvement was honored with a nomination at TRIGOS 2016.

The H. Stepic CEE Charity also makes an essential contribution to improving the livelihoods of people in the CEE region.

In order to prove the success of their initiatives in figures, network bank Raiffeisen Bank S.A. in Romania has for some time now been tracking its corporate volunteering measures in accordance with the London Benchmarking Group Standard.

Corporate volunteering at the Vienna sites

The corporate volunteering program was expanded in 2016 with two new financial education programs and now encompasses five projects altogether. The dramatic refugee situation in the middle of 2015 also served as impetus for further promoting the social commitment of RZB AG and RBI AG with a comprehensive corporate volunteering policy. This will hopefully remove the hurdles employees face and at the same time encourage them to use their skills and commitment in the selected areas. The sense of meaning fostered in this way among individuals strengthens society as a whole over the long term. Since the publication of the Corporate Volunteering Guidelines in the autumn of 2015, the employees can use up to two special vacation days per year for social commitment within the framework of the offered projects.

While developing the corporate volunteering approach, both activities and competence projects were included in the program and the underlying conditions were defined. The projects offered focus on the one hand on migration/integration into Austria, along with the opportunity of becoming involved in the H. Stepic CEE Charity in order to support those people in whose countries we are also commercially involved, and on the other – with regard to our business activities – to focus on financial education as well.



© RBI AG

In the area of integration, close cooperation is maintained with Caritas at "Haus Roshan" in Breitenfurt (Lower Austria), which was home to 48 refugees in 2015, including 24 unaccompanied minors. The financing of the living containers for the children was initially provided via contributions by RZB AG and RBI AG as well as their management board members and employees. The goal of all of the measures is to support young people with their integration into Austria. From the very beginning, these included help with learning the language, providing a wide range of activities as well as teaching local values. Contact began with regular activities in order to get to know each other better while playing a sport, painting

or cooking. The support is continuously being adapted according to needs, especially since the majority of the young people started school in September 2016. An important criterion for success is having employees act as learning mentors, which involves the youths having the possibility to come to RBI AG twice a week. In September, 26 youths from the Haus Roshan received the Austrian German Language Diploma (ÖSD) certificates A1 and A2 (the exams are conducted and evaluated according to a standardized examination system). Many of the employees

have since become confidants of the youths and mostly get involved during their free time.

In addition, celebrations such as the New Year's celebration "Eyd-e Nowruz", "Eid al-Fitr" (the breaking of the fast), or Christmas are a welcome change and an important occasion for becoming familiar with the various cultures.

The TRIGOS 2016 nomination (an Austrian CSR award) in the "Best Partnership: National and international commitment" category was a special recognition for the corporate volunteering project "Haus Roshan". An important criterion for the TRIGOS award is the effect achieved for the company, but also for society and the environment.



© Raiffeisen Centrobank AG (RCB)

minors and families. Raiffeisen Centrobank AG (RCB) decided to support this new home for refugees and the creation of a self-sufficient life in Austria, both financially and with contributions of time and materials. In addition to monetary contributions by the RCB Managing Board and employees, a campaign entitled "Book from the Christ Child" was organized in which every resident could wish for a book, which was then personalized and given as a Christmas gift by RCB.



© RBI AG

volunteering program to spread some Christmas joy to deserving children of asylum seekers and those already entitled to asylum. This now traditional Christmas initiative took place for the ninth time. Employees (of RZB AG and some specialized subsidiaries, RBI AG and Raiffeisen-Informatik) donated lots of used or new toys, books or stuffed animals, which were then packed into shoe boxes and wrapped with Christmas decorations. Cinema coupons were also

"Haus Arjan" was established at the beginning of 2016 in Mistelbach and houses 90 refugees, in particular unaccompanied

In November and December 2016, the "Surprise in a Box" activities were held within the framework of the corporate



© Stephan Beiter

Stephan Beiter, Head of Austrian Corporate Customers I, RBI AG, project leader "Haus Roshan"

"While we were putting together furniture for future residents of Haus Roshan at the height of the refugee crisis in the autumn of 2015, we quickly realized that the Roshan project needed to be about more than just financing the containers: 'More' in the sense of supporting the 40 adolescents during their arrival and integration into Austria. Since then, many corporate volunteers have been very active at Haus Roshan: At the beginning, the 'arrival' was the focus of activities: Cooking together, hanging out and playing sports helped the young men find a meaningful occupation and relationship to people in Austria. At the start of 2016, we shifted the focus to learning German. Our volunteers now fulfill an important role acting as mentors for learning and school. As project leader, it is particularly important to me that this project enables many 'helping hands' for refugees in their personal encounters with the social challenges of being a 'refugee'. For me, the many beautiful and also sad moments, the successes and failures, the small and large steps made by the residents are very valuable experiences. I am convinced that the encounter creates a different awareness and understanding for people from other cultures and is the basis for living together in solidarity."

QUOTE



collected in order to offer suitable gifts to older children as well. The success of this corporate volunteering campaign speaks for itself: About 500 Christmas packages were made up and 172 cinema coupons collected. About 50 busy helpers in the background helped put the gifts together and pack them. The employees of Caritas distributed the gifts in December to the needy children of asylum-seekers and people already entitled to asylum at the three locations of the Caritas asylum centers. In addition, under-age mothers and their children also received some of these gifts as part of the project "Sure Beginning" organized by the H. Stepic CEE Charity in Hungary.

In October 2016, a large number of replies were received from colleagues who wanted to become involved in a new project, the "Deloitte/RBI Finance & Accounting School". A financial education project was thus added to the corporate volunteering offering for recognized refugees. The goal of the project is to make it easier for refugees to find work through a standardized educational concept. In cooperation with the management consulting firm Deloitte, not only were suitable candidates with relevant training in accounting or business sought and selected in the autumn of 2016 but a goal-oriented training program was fine-tuned as well. By way of support, each participant was assigned their own "buddy". Since 2 February 2017, the 15 refugees - 14 Syrians and one Iraqi - have visited the Business improvement institute (WIFI) Vienna three times a week to bring their German skills up to Matura (university entrance qualification) level before they learn German as a business language and the fundamentals of business administration. This is accompanied by two modules on accounting practices, which will be supplemented with technical presentations by RBI colleagues. Many colleagues have already declared their interest in being a presenter. The accounting practices exam to be held at WIFI in November 2017 completes the program.

Starting in the 2016/17 school year, RBI AG is planning to cooperate 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 goal of this high school is to challenge young people as individuals and to train them to become self-aware, independent and socially committed persons who are capable of actively shaping the 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 suitable for raising awareness of financial issues. Assisting teachers in the selected financial topics is envisioned. In three fourth grade classes, workshops on "Money and its function in the economy", "The monetary economy", "Overview of payment methods" and "Forms of savings/investments" were elaborated by the RBI employees in coordination with the teachers. In mid-March 2017, the colleagues were on duty with the pupils for the first time.



The H. Stepic CEE Charity has been philanthropically active under the patronage of RBI AG in the core CEE countries of the RBI Group for ten years and is current one of the three pillars of the company's corporate volunteering program in Austria. Altogether, about 70 projects have been implemented or initiated in 15 countries in Central and Eastern Europe (CEE) since its founding. In 2016, eight new projects were started, including one in Poland for the first time. The total volume of project investments in 2016 was about € 505,000.

Employees volunteer to work closely with local colleagues from the network banks to guarantee the success of the initiatives. The charity supports people who are economically disadvantaged, especially children, young people and women, to become independent through a large number of emergency aid and especially educational programs.

Empowerment through education



The charity focused particularly on the topic of the advancement of girls and women in 2016. As part of this effort, a personal meeting was held with the president of the UN Women

National Committee Austria, Lilly Sucharipa, at the beginning of the year. Together, it was discussed how the charity could better contribute to the advancement of girls and women through its projects and activities. International Women's Day, which was celebrated for the first time with CEE colleagues on 8 March, was an incentive for this focus. It symbolized everything that women have achieved over the generations and still want to achieve. The charity supports girls and women by expanding existing projects and initiating ones.

As part of International Women's Day, representatives of Raiffeisen BANK dd Bosna i Hercegovina visited the single mothers who are living in the H. Stepic CEE Charity Ilijaš House near Sarajevo, all of whom are the victims of domestic violence. The house comprises six living units which were built with funding from the H. Stepic CEE Charity in 2008. In addition to providing financial support, the employees of Raiffeisen BANK dd Bosna i Hercegovina volunteer to help at the Ilijaš House on a regular basis.



© Thomas Meyer

Lilly Sucharipa, Vice-President,
UN Women National
Committee Austria

"In the principle of 'helping people to help themselves', the objectives of the H. Stepic CEE Charity are the same as those of UN Women. Strengthening women and girls, who are often the weakest members of society, is the main task of UN Women. And women who are fleeing are especially in need of help. The UN Women National Committee Austria supports the UN Women program for Syrian women and girls in the Za'atari refugee camp in Jordan. This program not only offers protection and humanitarian help but also links this with educational programs and efforts to strengthen women in business, political and societal areas. The 'Cash for work' program offers women the possibility to work for low wages. For many of these women, paid work and having a voice in the community is something new. The UN Women program gives them a position, reinforces their confidence and teaches them the needed basics to be able to lead a self-determined life both in the camp as well as later upon their return to their home country. Sustainability is the most essential aspect of these programs. We share this goal with H. Stepic CEE Charity and Raiffeisen Bank International. We are pleased to have found a strong partner for our cause in RBI."

QUOTE



“Ways out of the ghetto for girls”



© Centre for Youth Integration

“Ways out of the ghetto” has been one of the charity’s largest projects in Romania for several years. In 2016, it was decided to expand the chosen focus on promoting education to girls as well. “Ways out of the ghetto for girls” gives them and young women, primarily members of minority groups, the assistance they so desperately need. The girls participate in health and personal hygiene classes where they learn much needed knowledge, while their mothers are also included in the project by attending literacy classes. In addition to school materials and psychological counseling, it is a part of the project that will help girls and young women to lead more independent lives

in the future, have access to better health care and to become self-reliant, productive members of society. “Ways out of the ghetto for girls” represents a small sample of the many educational projects that were realized and continued in 2016.

Patronage and cooperation with our network banks



© Asociația Hercules

RBI AG’s support and the personal commitment of the managing boards have once again decisively influenced the projects in 2016 as well. Andreas Gschwenter has been supporting the project “A Chance for Education” in Romania as patron ever since he started at RBI AG. In spring 2016, he went there personally to talk to the children and their parents in order to get comprehensive insight into life at the Hercules after-school center. “I am pleased to be a patron of ‘A Chance for Education’. As a father of three, I cannot understand how children can grow up without any perspectives for the future. That is why I want to draw attention to these people and help them

improve their life situation as far as I can. My visit brought that goal into sharper focus for me,” said Gschwenter.

International Children’s Day



© Raiffeisen Bank Zrt.

The cooperation with the network banks and the personal support of their Managing Boards guarantee the sustainable success of our projects in CEE. For instance, the charity also celebrated International Children’s Day with its charges in 2016. Every year, on 1 June, over 140 countries around the world bring attention to the fact that many children are still living in poverty and violence.

Together with colleagues from CEE, the association used the opportunity to bring a couple of worry-free moments to their lives on this day as well. The approach of the charity is reflected here: To offer help, not only with respect to education, food and housing but also with regard to care, play and joy.

Focus country Ukraine



© Raiffeisen Bank Aval JSC

Ukraine is one of the first countries in which the charity was represented with its projects. Since the outbreak of the violent conflict in 2015, the situation there has slowly worsened. The charity initiated a series of tailored projects for children, youths and women – in 2016, these included the “Medical Care Centre” in Fastiv and the orphanage “Green Grove” (in cooperation with the METRO GROUP). Laughter as therapy is the approach of RED NOSES, the international clown doctors, which the charity deployed at its four facilities in its focus country Ukraine.

First project in Poland



© Habitat for Humanity Poland

The charity started its first project in Poland in the autumn: “Trampoline – Assisted living for young adults”, which helps young orphans to find their way to a self-sufficient life. When young people have to leave the orphanage at the age of 18, it can be a special challenge finding their way in society without support or help. Only a few succeed in finding an orderly flow and secure work – for many, it is the beginning of a future of poverty with no perspectives. A comprehensive education program prepares the orphans for a life with limited income but paddling their own canoes.

Christmas 2016



© RBI AG

In Croatia, children looked forward to enjoyable Christmas stories; in Romania, to “Letters from Santa”. In Bulgaria, employees donated to the “Surprise in a Box” campaign again. Employees in Vienna supported children in Bódvalenke, Hungary, with “Surprise in a Box” for the second time; the children were also particularly happy about the learning corner provided by RBI board member and patron Johann Strobl for “Sure Beginning”. It not only contributes to the short-term happiness of the children but also hopefully helps them to perform well at school. The care in the center is also intended to relieve the under-age mothers who are the primary focus of the project.

“I thank everyone for their generosity. I am always astonished by everything that is possible here when it comes to helping children in need and giving them some happiness. I feel very close to our charges in Hungary and am always happy to hear about their success in the reports I receive from Bódvalenke,” said Strobl.

Corporate Volunteering at the network banks

Southeastern Europe (SEE)



© Raiffeisen BANK dd Bosna i Hercegovina

In 2015, the management of Raiffeisen BANK dd Bosna i Hercegovina began organizing the design of a front garden and planting some trees at a kindergarten. This set an example, and in 2016, colleagues from the five main branches (Sarajevo, Zenica, Tuzla, Mostar and Banja Luka) in Bosnia and Herzegovina followed suit. The goal was to support children in need and to do this, they performed various practical tasks at kindergartens, schools and clubs right across the country. Their activities included redesigning gardens, painting rooms and fences and planting trees. More than 120 colleagues participated in these team building activities as a way of contributing to the bank’s surroundings.

The employee program of Tatra banka, a.s., “Dobré srdce TB” (The Good Heart) in Slovakia attempts to improve the quality of life in society as well as the environment through a raft of measures. The basis for assistance is established via the Tatra banka foundation, which provides support for organizations proposed by the employees. Those employees who would like to actively help improve their environment can do so through volunteer work or contributions or with a monetary contribution in the amount of two percent of their income tax. A total of 130 projects were realized in this manner in 2016.

Raiffeisenbank Austria d.d in Croatia continued its partnership with the Croatian Paralympic Committee to help organize the paralympic school day. The project promotes paralympic sport activities among children, the inclusion of a larger number of children with disabilities, as well as the education of a new generation that no longer considers people with disabilities to be an isolated group. Since the founding of the committee five years ago, the project has reached more than 50,000 children in 125 schools in twelve districts. The project has

received many national and international awards. In 2016, employees of the bank supported the program in more than ten schools and took on management of the activities.

The "RED NOSE" organization provides psycho-social support for sick and suffering people. The organization uses humor as a therapeutic treatment to relieve the suffering of these people and to hopefully help the healing process. The specially trained clown doctors (actors, musicians and entertainers) help by applying a clown-based therapy aimed at enabling the sick children and their parents to deal with the stress that inevitably accompanies the illness and a stay in hospital. The contribution by Raiffeisenbank Austria d.d in Croatia facilitates regular visits by the clown doctors to the pediatric orthopedic surgical department in Zagreb, where the service was used for the first time. In addition, volunteers from the PR department participated in the clown doctor's visits to young patients and supported them with the program's implementation.

For more than two years, Raiffeisenbank Austria d.d has supported the "Dom Duga" house for women and children who have been victims of domestic violence in their search for a new home. The bank employees thought about useful gifts, such as underwear and hygiene articles, for the women and children who came to stay there. After the visit during which the gifts were distributed and the Christmas visit by board member Liana Keseric, it was decided to continue providing support for the project as much as possible.

Social initiatives

More than one quarter 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 women without family attachments were primarily offered aid.

Social initiatives at the Vienna sites



© fotolia

RZB AG has been supporting the Caritas Mobile Hospice of the Archdiocese of Vienna for 15 years. The basic pillars of Caritas are similar to the cooperative ideas of Friedrich Wilhelm Raiffeisen: Both are about helping people in different living situations at a time of need. Mobile Hospice makes it possible for full-time and volunteer employees to support and assist the seriously and terminally ill during the last phase of their lives in order to provide them with the highest quality of life possible.

Another project of RZB AG has involved supporting the aid campaign "A Spark of Warmth", which was conducted for the tenth time in 2016 by Caritas in collaboration with the daily paper Kronen Zeitung. This helped people who were no longer able to pay their winter heating and energy costs through no fault of their own.

In 2016, RZB AG also supported the Austrian Red Cross with a first aid campaign across Austria. The goal was to get as many people as possible to take a first aid course. The target groups were Red Cross employees as campaign ambassadors, 30 to 59 year-olds, who were addressed via TV and radio spots and large poster ads, as well as 18 to 30 year-olds, who were addressed via online ads and social media activities.

RZB AG has been a sponsor of the "I Dance company" for many years. The goal is to give members the opportunity to make dancing a career. In the meantime, the "I Dance company" has brought together numerous artists with and without Down Syndrome and regularly holds dance and art events that now figure as fixed events among Austrian art initiatives.

The non-profit organization Respekt.net conducted the "Place of respect 2016" campaign across Austria. RZB AG supported Respekt.net in this campaign as the main sponsor, providing PR and marketing services as well as money. The goal of the organization is to draw attention to places in Austria where people work for a better

society. As was already evident from the more than 800 submissions, small projects in particular can achieve great things in Austria. All of these initiatives, which fight against the marginalization of refugees, people with special needs, old and sick people, promote educational needs and strengthen civil society or advocate more respect and diversity in society, are worthy of recognition. In particular, the winning "Place of respect 2016" project from Lower Austria illustrated that small towns like Gross Gerungs and Langschlag often have a big heart.

The joint goal of RZB AG's collaboration with the Austrian Economic Chambers is to present the achievements of small and medium-sized enterprises in Austria to the public with greater impact. The transition in our economic system has arrived in business and trade. The best of the best are identified with the "Winner by passion" award, who brought their companies to the top with their great achievements. RZB AG is an exclusive sponsor for this event and supports the media cooperation with the publishing group NEWS, which is affiliated with the project.

CONCORDIA Social Projects is an internationally active, independent aid organization for children, adolescents and families in need. RBI AG supports the project "Casa Comunitara" in Tudora, Republic of Moldova. As part of facilitated living groups, children and youths who have been left behind and often traumatized and feel understandably lost are assisted around the clock socially and psychologically by qualified mentors. In the autumn of 2016, a suitable house with an area of 167 m² was finally purchased. However, it needed some minor remodeling. The first children and youths should be able to move in during the spring of 2017.

Raiffeisen Bausparkasse Gesellschaft m.b.H also supported CONCORDIA Social Projects within the scope of its Christmas benefit campaign in 2016. The contribution is for the benefit of children living in poverty in Bulgaria, Romania and the Republic of Moldova.

The money earned from selling Christmas punch and giving out cookies was rounded up by the Managing Board of Raiffeisen Bausparkasse and given to a good cause: It was donated to the association of Viennese Women's shelters, which supports women in emergency situations.

As part of a charity campaign, Valida Vorsorge Management donated one euro each for every employee of the participating corporate customers who switched from receiving their account information by mail to receiving it online. The total contribution check of more than € 5,000 was handed over to the Episcopal Unemployment Foundation in Upper Austria. The foundation started the JU-CAN youth project ("I can if someone trusts me") in response to the high youth unemployment in 2009. The target group is young people between 16 and 20 years old who receive support entering the world of work through a comprehensive approach to mentoring.

Kathrein Privatbank AG supported the Samaritan Association's Nikolauszug (St. Nicholas parade). This is an unforgettable Advent weekend for hundreds of children who have difficult lives, and was held for the 17th time. Accompanied by the Samaritan Association and many volunteers, the children visited the national park center at Mittersill and the Advent market in Zell am See. The main attraction was St. Nicholas's visit on Sunday, when each child was given an Advent sack full of goodies.

Central Europe (CE)



**Towarzystwo
Nasz Dom**

The collaboration with the association “Towarzystwo Nasz Dom” (“Our Social House”) was continued within the scope of the scholarship program “My Future” by Raiffeisen Polbank again in 2016. The scholarship offers support to youth so that they can begin an independent life when they have to leave the orphanage. They receive additional education such as compensatory courses, language courses, remedial classes and career training.

Raiffeisenbank a.s. in the Czech Republic is a partner to the organization “Dobry Andel” (Good Angels), which assists families with children suffering from cancer. The campaign “We’ll turn you at Raiffeisenbank into a good angel” is supported by all employees of the Raiffeisenbank branches (2016: 500 employees). In this campaign, employees strive to encourage customers to also take up the charitable cause.

As part of the corporate social responsibility program “Raiffeisen Közösen” (Raiffeisen Together), Raiffeisen Bank Zrt. in Hungary once again supported the project “Lunch for Everyone” by the “Child Feeding Foundation – GYEA” in 2016 with 16,200,000 Hungarian forints (approx. € 52,000). This amount goes to 360 children in twelve different towns (Veji, Siklósnagyfalu, Baranyahídvég, Pap, Sósvertike, Bolhó, Tiszatelek, Kisbajom, Szamosújlak, Tiszaigar, Hernádvécse and Katádfa).

The campaign begins with the semi-annual GYEA announcement, which the municipalities may then respond to. GYEA then selects those cities/towns which can be voted for on its Facebook page, where the winner of the vote and thus who receives a contribution is decided on. Raiffeisen Bank Zrt. in Hungary has made regular meals possible for more than 10,500 children with its contributions totaling more than 255 million Hungarian forints (about € 825,500) in the past eight years.

Southeastern Europe (SEE)



© Raiffeisen Bank Sh.A.

As part of the Christmas holidays, Raiffeisen Bank Sh.A. in Albania collaborated with the “Fundjave Ndryshe” initiative (Different Weekend) by organizing a contribution drive for needy families from Tirana. The bank employees actively participated in the campaign by donating food and entire food parcels: Two tons of solid foods were collected and were given, along with toys, to 15 families living in extreme poverty.

In 2016, Raiffeisenbank (Bulgaria) EAD supported the “Choose to Help” contribution campaign 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. Within the framework of the initiative, employees of Raiffeisenbank are actively involved in the charity initiatives – with the goal of promoting love for one’s neighbor as a moral human value.

Raiffeisenbank (Bulgaria) EAD has already received 17 corporate social responsibility awards for these efforts. Contributions are possible throughout the year via various channels: the websites www.izberi.rbb.bg and www.pay.dir.bg or by sending a text message. So far, the bank and its employees have donated over one million euros. The beginning of the ninth fundraising campaign with the announcement of the new projects and programs has been planned for the autumn of 2017.

Sports initiatives

We don't just consider sports to be a part of the brand self image; it is also about taking on social responsibility. We have therefore been promoting sports for many decades – from young talents to the stars.

Sports initiatives at the Vienna sites



© GEPA-pictures

As “the Austrian Bank”, Raiffeisen sees itself as the optimal sponsoring partner for Austrian skiing stars and the national soccer team. During the 2016/2017 World Cup season, the Gable Cross decorates the helmets of Austrian skiing stars, such as the four-time individual world champion and six-time overall World Cup victor Marcel Hirscher as well as speed specialist Max Franz and some upcoming drivers.

Bernd Wiesberger, Austria's top golfer for many years and Raiffeisen sponsoring partner since 2009, took part in many international and national tournaments in 2016 while bearing the Gable Cross.

Raiffeisen is the official partner of the “UGOTCHI – Points with class” project of Sportunion. This exercise initiative by 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 sustainable aspects (nutrition, promotion of the regional, trash separation, etc.). In the past ten years, an average of around 45,000 school children from more than 2,000 classes and 900 schools have participated in this program every year.

The cooperation for the Play Fair Code, which has existed for several years, was continued in 2016. The Play Fair Code is an initiative of the Ministry for Sport, the Austrian Soccer Association and the Austrian Soccer Bundesliga. The goal of the Play Fair Code is to jointly guarantee clean and manipulation-free competition along with Austrian sports associations, athletes, coaches and trainers and heads of associations. The three essential pillars of prevention (training, education and awareness building), monitoring and the central ombudsman office for those affected are covered by the Play Fair Code platform.

RBI AG was involved for the ninth time as an official sponsor of the ice hockey world championship, which took place in Moscow and St. Petersburg in May 2016. Its commitment is based on the wide popularity that this sport enjoys in countries in Central and Eastern Europe – for instance, in Russia or the Czech Republic. Altogether, 16 teams played 64 matches for the world champion title. Finland lost to Canada 0:2 in the final game held in Moscow.

Southeastern Europe (SEE)



© The Association Bucharest Running Club

The “Raiffeisen Bank Bukarest International Marathon” is the largest running event in Romania and has been organized by the “Bucharest Running Club Association” since 2008. The marathon is the first marathon recognized by AIMS (Association of International Marathons and Distance Races).

The Raiffeisen Bank Bukarest International Marathon was held for the ninth time in October 2016 with the following categories: Wheelchair race (distances: 42.195 km; 21.097 km; 10.548 km and 2.9 km), marathon (42.195 km), semi-marathon (21.097 km), relay race (four-person teams, 10.54 km/team member),

public run (2.9 km), children's run.

Facts and figures from the marathon that financially supported 20 NGOs: almost 14,000 runners (children and adults), over 15,000 spectators, 3,000 children, 12 street events with music, 12 beverage refreshment stands along the route, 700 volunteers from NGOs, and more than 1,000 police and firemen helping the good cause.

Environmental/city ecology

Southeastern Europe (SEE)



© Raiffeisenbank Austria d.d.

creates green jobs, and promotes (bicycle) tourism.

nextbike, a public bicycle loan system, is now available around the world in more than 100 cities in 23 countries. nextbike has existed in Croatia since 2013. It is available in Zagreb, Sibenik, Gospic, Karlovac, Slavonski Brod and Markaska and, since 2016, in Zagreb as well. Raiffeisenbank Austria d.d acted as the main sponsor for the city pilot project in this newly opened location. The concept is based on the short-term loan of a bicycle at one location with a return at another official site. It is suitable for city travel as well as for visiting tourists. As soon as one is registered in the system, the service can be used in all cities with nextbike locations. This initiative reduces emissions and traffic, develops 'smart cities',

Land mines in former war zones generally pose a problem for safety, business and the environment. In Croatia, the surface area covered by land mines was a total of 38,662 m². This prompted Raiffeisenbank Austria d.d. to get financially involved. Great progress has since been made to solve the problem of land mines and can be seen by everyone. Today, Croatia can be described as land-mine safe.

"I'Velo" ("I Love Cycling"), is the first bike-sharing project in Romania and has had approx. 1,160,000 users since 2010. The project is a cooperation of the "Green Revolution" and Raiffeisen Bank S.A. in Bucharest and includes three options: "I'Velo Relax", "I'Velo Urban" and "Student O'Bike". Use of a bike can be paid per trip or as part of a subscription. In 2016, "I'Velo Urban" became a real alternative for the citizens of Bucharest as a form of public transportation. "I'Velo" is now established in nine cities and has over 20 bike-sharing centers with a total of 1,255 bicycles in use. In 2016, more than 161,000 people made use of the service. The bike-sharing project has received multiple awards.

Sustainable entrepreneurship

Commitment to sustainable framework conditions

We maintain a culture of open dialog and focus on the future issues of a sustainable financial sector. In so doing, we are taking a stance against corruption and economic crime. With its knowledge and experience, the RZB Group would like to contribute to stabilizing the banking sector throughout Europe and seeks active dialog with political and administrative representatives (see page 165).

For example: The Vienna University of Economics and Business has its own research institute for cooperations and cooperative societies (RiCC). The institute is a research and university teaching institute in the field of Austrian cooperative societies. It is also involved in national and international scientific debate relating to cooperative societies. As part of the RiCC, management staff and employees of the RZB Group actively support a teaching event which gives students an insight into the cooperative society sectors with their special characteristics and economic relevance. Our public image stands 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 49) and exercising influence where topics such as sustainability and safeguarding the future are concerned. The RZB Group gets involved through selected memberships and activities in organizations that promote sustainable business and the relevant framework conditions for this.

In addition, beyond our Group, we also specifically seek to exchange knowledge and experiences in order to implement innovative ideas in the field of sustainable design for the financial sector and sustainable development of our companies. A further component of our commitment is the collaboration with governmental and non-governmental organizations.

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 within the RZB Group and 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 that act in a sustainable manner. This comes in the form of cooperations and events, among other things.
- We are constantly developing financing options for sustainable companies and innovations.
- We encourage long-term success, competitiveness and innovativeness in companies, which in turn boosts the regional economy.

Excerpt from the list of memberships

National	
Agenda Austria	www.agenda-austria.at
Akademikerhilfe	www.akademikerhilfe.at
BWG Österreichische Bankwissenschaftliche Gesellschaft	www.bwg.at
FOG Forschungsverein für Genossenschaftswesen	https://genos.univie.ac.at
Friends of the Austrian National Library	www.onb.ac.at
Kuratorium Sicheres Österreich	www.kuratorium-sicheres-oesterreich.at
Kuratorium zur Förderung der Wirtschaftsuniversität Wien	www.wu.ac.at/en/the-university/about-wu/history/
Ökosoziales Forum Österreich	www.oekosozial.at
Österreichische Gesellschaft der Denkmalfreunde	www.denkmalfreunde.com
Austrian League for Human Rights	www.liga.or.at
Pro Scientia	www.proscientia.at
respACT	www.respect.at
RiCC Research Institute for Cooperations and Cooperative Societies	www.wu.ac.at/ricc
Raiffeisen Klimaschutz-Initiative	www.raiffeisen-klimaschutz.at
Universities Austria (uniko)	www.uniko.ac.at
International	
ACFE Association of Certified Fraud Examiners	www.acfe.com
CDP Carbon Disclosure Project	www.cdp.net
CIRA Circle Investor Relations Austria	www.cira.at
ECLF Executive Corporate Learning Forum	www.eclf.org
EBA European Banking Association	www.abe-eba.eu
EACB European Association of Co-operative Banks	www.eacb.coop
IPFA International Payments Framework Association	www.ipf-a.org
IRU Internationale Raiffeisen Union	www.iru.de
Transparency International	www.ti-austria.at
UNEP FI United Nations Environment Programme Finance Initiative	www.unepfi.org
UNGC United Nations Global Compact	www.unglobalcompact.at
Unico Banking Group	www.unicobankinggroup.eu
VfU Verein für Umweltmanagement und Nachhaltigkeit in Finanzinstituten e.V. (Association for Environmental Management and Sustainability)	www.vfu.de
Network banks	
ASPEN (Romania)	www.aspeninstitute.ro
Bulgarian Business Leaders Forum (Bulgaria)	www.bblf.bg
Bulgarian Donors Forum (Bulgaria)	www.dfbulgaria.org
Business for Society (Czech Republic)	www.byznysprospolecnost.cz
Business Leaders Forum (Slovakia)	www.blf.sk
Coalition for Transparent Business (Czech Republic)	www.transparentnipodnikani.cz
Engage (Slovakia)	www.nadaciapontis.sk/engage-firmy-s-dobrovolnictvom
Junior Achievement Romania (Romania)	www.jaromania.org
Kosovo CSR Network (Kosovo)	www.csrkosovo.org
Renewable Energy Association (Belarus)	www.energy-aven.org

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

“Raiffeisen Klimaschutz-Initiative” (Raiffeisen Climate Protection Initiative)

The former Raiffeisen Chairman Christian Konrad initiated the “Raiffeisen Klimaschutz-Initiative” (Raiffeisen Climate Protection Initiative, RKI) back in 2007. The RKI advises and supports its current 23 member organizations (including RBI AG) when it comes to developing, implementing and communicating climate-related measures. It is dedicated specifically to the fields of action of “sustainable financial products”, “sustainable management” and “communications”. Selected projects are also being promoted that combine knowledge and experience and focus on raising greater awareness. The RKI supports responsible economic activity and a sustainable economic and social model.

The aim is ultimately to significantly enhance public awareness about sustainability, climate protection, energy efficiency, renewable resources and corporate responsibility. It is only possible to successfully combat climate change if everybody helps out. The RKI does not just pursue external measures and enter into cooperations. Its members have also set ambitious goals for the coming years. Examples of measures and projects implemented in 2016 are as follows:

“Raiffeisen Sustainability Award”



© aws, Voglhuber (VOGUS)

Since the RKI was founded, the Austrian “Jugend Innovativ” (Innovative Youth) competition has been actively supported. 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 RKI. The RKI 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 Education at the end of the school year. The

Raiffeisen Sustainability Award is presented by the RKI. The “RElectronics, HTL” project of the HTL Dornbirn in Vorarlberg won in 2016.

RKI Networking Event



© wdw4friends

The annual RKI networking event has been held since 2012 and has become an important contribution towards raising awareness about climate protection. This event gives RKI members the chance to exchange ideas, create stronger links, enhance their cooperation and gain new impetus from external speakers e.g. on issues such as resource efficiency, social justice, sustainability reporting and climate change. Member of the RZB Managing Board Johannes Schuster welcomed everyone to the event on 14 September 2016, which was hosted by Managing Director Andrea Sihn-Weber. The theme of the event was the Paris Climate Agreement and the consequences for politics, the economy and

society. Keynote speeches were given by Joeri Rogelj (IIASA) and Jürgen Schneider (Federal Environment Agency). The panel discussion was led by RKI Chairman Franz Fischler.

Cooperation with the “Genuss-Festival” (Good Food Festival) 2016



© Christian Jobst

The “Raiffeisen Klimaschutz-Initiative” (Raiffeisen Climate Protection Initiative, RKI) awarded the “RKI-Kulinarik-Preis” (RKI Culinary Award) at the “Genuss-Festival” (Good Food Festival) 2016 for the second time. The requirement for participation in the “RKI-Kulinarik-Preis” was a specific relationship between the product or business of the participating exhibitor and the issues of sustainability or climate protection. The opportunity was used extensively to submit diverse projects by the end of March 2016, which were then evaluated by an expert jury. The three winning Austrian companies demonstrated great commitment to sustainability as well as exceptional creativity. The awards went to ADAMAH Biohof, Wiesmayer Wild and Manufaktur Meismichl.

Cooperation with “Daphne Umwelttechnologiepreis 2016” (Daphne Environment Technology Award)



© Michael Hetzmanseder

The Austrian “Daphne Umwelttechnologiepreis” (Daphne Environment Technology Award) has been supported by the service magazine “Umweltschutz” since 1985 and is given out by the cooperation partner Austrian Economic Chambers (WKO). It is one of the most prestigious environmental technology awards in Austria. RKI presented this renowned award, which recognizes outstanding environmentally friendly projects, for the third time in 2016. The winner in the special RKI category was University Professor Paul Hans Brunner. He had an impact on and played a key role in waste and resource management Austria.

Cooperation with the student platform “oikos Vienna”



© oikos Vienna

to all attendees.

The cooperation with the student organization “oikos Vienna” was continued for the fifth time during the winter semester of 2016. A joint event focusing on the topic of “Sustainable Finance Day” was held on 11 October at the Vienna University of Economics and Business. The speakers were Tanja Daumann (RZB AG), Christophorus Lehmann (Valida) and Wolfgang Pinner (Raiffeisen KAG). The goal was to give the students an insight into the challenges of a sustainable financial sector. After listening to the speakers, the students participated in workshops in which they worked on solving three assigned tasks under the instruction of the presenters. The results were then presented

Implementation of the Sustainability Weeks



© wdw4friends

The Sustainability Weeks were held in the Raiffeisen employee restaurant in Vienna for the seventh time in June 2016. 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 campaign will also be implemented in 2017 due to the outstanding feedback and the high level of guest participation.

Vehicle fleet assessment

RKI members have assessed their own vehicle fleet every year in cooperation with Raiffeisen-Leasing GmbH. This gives the participating organizations an overview of their fleet's average CO₂ emissions as well as an appropriate benchmark. The current evaluation of the fleet survey shows that the CO₂ value has dropped by an average of four percent compared to the previous year. Sixteen out of twenty RKI companies are now below the target value of 150 g CO₂/km. Due to the average emission reductions in the fleets of RKI member companies, which have remained constant for years, and the development in the mobility sector, the decision was taken to reduce the recommended target value from 150 g CO₂/km to 130 g CO₂/km.

“Österreichischer Klimaschutzpreis Junior” (Austrian Junior Climate Protection Award)



© Christian Fühholzer

ORF and the Federal Ministry of Environment called for young people aged between six and fifteen to submit their projects for the “Austrian Junior Climate Protection Award 2016” for the fifth time. The submission deadline for projects aimed at improving the energy and CO₂ balance at school or in the children's living environment ended on 25 May 2016. The award ceremony was held on 29 June 2016. The award ceremony was sponsored by RKI for the first time and a check was handed over to the victorious class in Weissenbach in Styria.

“MUNESD” cooperation

The RKI sponsored the “Model United Nations on Environment and Sustainable Development” (MUNESD) conference for the first time. This conference was held by the association “Aegeer-Wien e.V.” and took place from 17 to 22 April 2016. The event was also supported by UNEP and UNIDO, which is why it was held at the Vienna International Center (VIC). The objective of the conference was to inform around 150 people from around world (including UN representatives and climate experts) about the issue of sustainable development and to elaborate a resolution for protecting unique habitats.

Future outlook and Sustainability Program

Corporate citizenship initiatives

The RBI Group will also continue to make a contribution to improving the living conditions of as many people as possible by supporting projects and initiatives. Our commitment is made in accordance with the group values in the areas of (financial) education, culture and sport as well as social affairs. Projects with longstanding cooperation partners will be continued, including at the network banks. In the coming year, the focus of corporate volunteering at head office in Vienna will be on the financial education projects "Deloitte/RBI Finance & Accounting School" and "ERG Donaustadt" (see page 155). The interest of employees in both projects should be maintained to the greatest extent possible. The first corporate volunteering deployments of Raiffeisen Centrobank AG for the Caritas House "Arja" will be carried out in 2017. The financial education projects, such as the cooperation with the Junior Achievement foundation, the "RBCZ Ambassadors" initiative or "Frag den Experten" (Ask the Expert), will also be continued (see page 145).

The RBI Group will generally pay more attention to recording the input/output of its projects in 2017 so that in future it can specify aspects such as the number of engaged employees and hours worked. 2017 is the anniversary year of the H. Stepic CEE Charity. Now in its tenth year, the charity is once again focusing its energy on people in need and on paying them attention, collecting contributions and using these entirely for the benefit of those in need. This has resulted, for example, in two new, large-scale projects being established in order to be able to help people seeking refuge in Bulgaria and Serbia as quickly as possible.

Numerous cultural projects are also being supported. 2017 marks the 300th birthday of Maria Theresia, who is having an exhibition dedicated to her personality in the Austrian National Library in Vienna. The Albertina in Vienna is showing the first monographic exhibition to present the work of the painter Raphael. The successful collaboration with the Theater an der Wien - the chamber opera - will be continued for the 2017/18 season. Tatra banka, a.s. plans to be the main sponsor of the Slovakian national gallery in 2017.

In sport, Raiffeisen has been the main sponsor of the Austrian national soccer team since 2003, which will be fighting in 2017 to qualify for the 2018 World Cup in Russia.

"Raiffeisen Klimaschutz-Initiative" (Raiffeisen Climate Protection Initiative)

The "Raiffeisen Klimaschutz-Initiative" celebrates its tenth anniversary in 2017. In order to prepare for this joyful occasion, the resources required to implement this event will be pooled in 2017. It will be accompanied by a major content-driven project, which will be presented during the event. This means that only selected cooperations will be implemented in 2017. Priority projects for 2017 include, for example, the "Sustainability Weeks" carried out in the SV staff restaurants at the Raiffeisen institutions together with the SV Group. A vehicle fleet assessment will also be conducted as in previous years and the personalized results will be sent to the members of the "Raiffeisen Klimaschutz-Initiative".

An essential selected cooperation in the interest of a long-term partnership is the "Raiffeisen Sustainability Award", which will also be continued and supervised this year in conjunction with "Jugend Innovativ" (Youth Innovative).

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
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 Austria, H. Stepic CEE Charity, financial education)	Ongoing
Engaged citizen (Active civil society and public interest)	Support from the H. Stepic CEE Charity for people seeking refuge in Bulgaria and Serbia	Implementation of two projects in Bulgaria and Serbia	Ongoing
Engaged citizen	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 Klimaschutz-Initiative"	Implementation in the second half of 2017
Engaged citizen (Active civil society and public interest)	Developing the collaboration with NGOs and scientific organizations	Hosting of an ICEP event and a cooperation event with PILGRIM in the second quarter	Specifying a date with ICEP, implementation with PILGRIM in the second quarter of 2017
Engaged citizen	Promoting creative and innovative ideas from young people 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 Klimaschutz-Initiative")	Implementation in the first half of 2017
Engaged citizen	Supporting the four topics of the eco-energy blog: Energy production & efficiency, mobility, environment & economics and sustainability	Expansion of the external group of authors, regular articles from internal and external authors	Ongoing
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	Ongoing
Engaged citizen	Implementation of the Sustainability and Diversity Improvement Act (NaDiVeG)	Internal review to determine whether individual contents in the engaged citizen chapter need to be adapted or presented in detail based on the NaDiVeG	Implementation in the second half of 2017
From the Sustainability Program 2016	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
	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
	Engaged citizen	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 Klimaschutz-Initiative"
	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
	Engaged citizen	Promoting creative and innovative ideas from young people 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 Klimaschutz-Initiative")

From the Sustainability Program 2016	Engaged citizen	Cooperation with the student platform "oikos Vienna"	The cooperation with the student organization "oikos Vienna" should be continued for the fifth time on the topic of "sustainable financing" in the winter semester of 2016	Implementation in the second half of 2016
	Engaged citizen	Supporting the four topics of the eco-energy blog: Energy production & efficiency, mobility, environment & economics and sustainability	Articles should be composed regularly by internal and external authors	Ongoing
From the Sustainability Program 2015	Engaged citizen (Active civil society and public interest)	Enhancing the financial expertise of young people through measures in the area of "financial literacy"	Supporting the development of a training method for improving financial expertise (cooperation with "Three Coins")	Final report received at the end of 2015
	Engaged citizen (Active civil society and public interest)	H. Stepic CEE Charity: Ensuring emergency aid for the Ukraine	Establishing a portfolio for emergency aid projects due to the ongoing political conflict	Implemented throughout the year
	Engaged citizen	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 Klimaschutz-Initiative"	Implementation in the first half of 2015
	Engaged citizen (Active civil society and public interest)	Developing the collaboration with NGOs and scientific organizations	Hosting of an ICEP event in the third quarter, holding of the cooperation event with PILGRIM	Implemented according to plan
	Engaged citizen	Promoting creative and innovative ideas from young people 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 Klimaschutz-Initiative")	Implementation in the first half of 2015

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G4 Content Index

I. General Standard Specifications			
GRI Code	Description	Reference	Explanation
Strategy and Analysis			
G4-1	Statement from the most senior decision-maker of the organization	4-5	
G4-2	Description of key impacts, risks, and opportunities	4-5, 15-17, 45-49, 114, 119, 136-139 AR (G) RZB Group: 5, 31, 32, 97-129, 8-9 AR (E) RZB Group: 28-29, 90-122 AR RBI Group: 6-8, 38-43, 148-183	
Organizational Profile			
G4-3	Name of the organization	Imprint	
G4-4	Primary brands, products, and/or services	10-11, 66-67, 70-72 AR (G) RZB Group: 6-7 AR RBI Group: 15-18, 93-94	
G4-5	Location of organization's headquarters	Imprint AR (G) RZB Group: 200 AR RBI Group: 246	
G4-6	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	AR (G) RZB Group: 7, 12, 131-132, 144-165 AR RBI Group: 16, 244	
G4-7	Nature of ownership and legal form	10 AR (G) RZB Group: 6, 140-142 AR (E) RZB Group: 133-135 AR RBI Group: 18-21, 57-59	
G4-8	Markets served (including geographic breakdown)	51 AR (G) RZB Group: 7, 131 AR (E) RZB Group: AR RBI Group: 15-17	
G4-9	Scale of the reporting organization	51, 87 AR (G) RZB Group: 2, 6-7, 29, 137 AR (E) RZB Group: 130, 22, 8-18 AR RBI Group: 3, 15, 16, 42-55, 86-111	
G4-10	Number of employees by gender, employment type and contract	112-113, www.rbinational.com/sustainabilitymanagement	
G4-11	Percentage of employees covered by collective bargaining agreements	96	
G4-12	Organization's supply chain	118-119	
G4-13	Significant changes during the reporting period regarding size, structure, or ownership	11 AR (G) RZB Group: 5, 8-9, 38 AR (E) RZB Group: 17, 18, 31 AR RBI Group: 6-11, 12-14, 18-19, 42-43, 53	
G4-14	Explanation of whether and how the precautionary approach or principle is addressed	53-56, 67, 114, 118, 141 CoC	
G4-15	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	12, 25, 47, 56-57, 64, 68-69, 72-74, 100, 119, 165	
G4-16	Memberships in associations and/or national/international advocacy organizations in which the organization has positions in governance bodies, participates in projects or committees, provides substantive funding beyond routine membership dues or views membership as strategic.	12, 19, 49, 165	Only relates to organizations relevant for sustainability.
Identified Material Aspects and Boundaries			
G4-17	All entities included in the organization's consolidated financial statements or equivalent documents	8 AR (G) RZB Group: 41-43, 144-165 AR (E) RZB Group: 34, 137-158 AR RBI Group: 199-210	
G4-18	Process for defining the report content	7, 8, 21-26	
G4-19	Material aspects identified in the process for defining report content	27	
G4-20	Aspect Boundary within the organization	27	
G4-21	Aspect Boundary outside the organization	27	
G4-22	Explanation of the effect of any restatements of information provided in earlier reports, and reasons for such restatements	9, 114, 132	
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries	8, 114, 132	
Stakeholder Engagement			
G4-24	List of stakeholder groups engaged by the organization	28	
G4-25	Basis for identification and selection of stakeholders with whom to engage	28	
G4-26	Organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process	22-23, 28-29	
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting	30-32, 80-81, 138-139, 170-171	
Report Profile			
G4-28	Reporting period for information provided	7	
G4-29	Date of most recent previous report (if any)	7	
G4-30	Reporting cycle	7	
G4-31	Contact point for questions regarding the report or its contents	7	
G4-32	GRI Content Index	7	
G4-33	Policy and current practice with regard to seeking external assurance for the report	7	

GRI Code	Description	Reference	Explanation
Governance			
G4-34	Governance structure of the organization, including committees of the highest governance body	18-19, 46 AR (G) RZB-Group: 139-142 AR (E) RZB-Group: 13-135 AR RBI-Group: 9, 21-34, 193-196	
G4-35	Process for delegating authority	18-19	
G4-36	Responsibility of executive-level positions	18-19	
G4-37	Consultation between stakeholders and the highest governance body	18-19, 20-21	
G4-38	Composition of the highest governance body	AR (G) RZB-Group: 142 AR (E) RZB-Group: 135 AR RBI-Group: 9, 195	
G4-39	Independence of highest governance body	AR (G) RZB Group: 140-141 AR (E) RZB Group: 133, 134 AR RBI Group: 24-25	
G4-40	Selection processes and for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members	AR (G) RZB Group: 10-141 AR (E) RZB Group: 133-134 AR RBI Group: 25-33	
G4-41	Processes for the highest governance body to ensure conflicts of interest are avoided and managed	AR (G) RZB Group: 140-141 AR (E) RZB Group: 133-134 AR RBI Group: 21-22, 26, 33	
G4-42	Highest governance body's and senior executives' roles in development, approval and updating of the value or mission statements, strategies, policies and goals related to economic, environmental and social impacts	18, 20 AR (G) RZB Group: 140-141 AR (E) RZB Group: 133-134 AR RBI Group: 25-28	
G4-43	Measures taken to develop and enhance the highest governance body's collective knowledge	18-19	
G4-44	Processes for evaluation of the highest governance body's performance with respect to governance of economics, environmental and social topics		The assessment of the highest governance body's performance is not the responsibility of the reporting organization according to the Austrian Stock Corporation Act.
G4-45	Highest governance body's role in the identification and management of economic, environmental and social impacts, risks and opportunities	18-19 AR (G) RZB Group: 97-102, 140-141 AR (E) RZB Group: 90-122, 133-134 AR RBI Group: 25-28	
G4-46	Highest governance body's role in the reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics	AR (G) RZB Group: 97-129, 140-141 AR (E) RZB Group: 90-122, 133-134 AR RBI Group: 25-28	
G4-47	Frequency of the highest governance bodies review of economic, environmental and social impacts, risks and opportunities	AR (G) RZB Group: 97-129, 140-141 AR (E) RZB Group: 90-122, 133-134 AR RBI Group: 25-28	
G4-48	Highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material aspects are covered		The sustainability report is approved by the Managing Board members of RZB AG. Fundamental points are discussed by the Sustainability Council.
G4-49	Process for communicating critical concerns to the highest governance body	18-19 AR (G) RZB Group: 140-141 AR (E) RZB Group: 133-134 AR RBI Group: 21-28	
G4-50	The nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them		Is treated in a confidential manner.
G4-51	Performance criteria in the remuneration policy related to the highest governance body's and senior executives' economic, environmental and social objectives	AR (G) RZB Group: 139 AR (E) RZB Group: 132-133 AR RBI Group: 28-30	
G4-52	Processes for determining remuneration	AR (G) RZB Group: 139 AR (E) RZB Group: 133 AR RBI Group: 28-30, 61, 194	
G4-53	Considerations of stakeholders' views regarding remuneration, including the results of votes on remuneration policies and proposals	AR RBI Group: 28-32	
G4-54	Ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees in the same country		Is treated in a confidential manner.
G4-55	Ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees in the same country		Is treated in a confidential manner.
Ethics and Integrity			
G4-56	Description the organization's values, principles, standards and norms of behavior	12-17, 46	
G4-57	Internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines	46-48	
G4-58	Internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity within and outside of the organization	48, 94-96	

II. Specific Standard Disclosures							
GRI Code	Description	RZB AG	RBI AG	NWB* subs.**	Spec.	Reference	Explanation
DMA	Disclosure on management approach of material aspects					4, 5, 15-17	
Economic Performance							
DMA	Aspect-specific management approach					45-48	
EC1	Direct economic value generated and distributed	■	■	■	■	50-51, 142	
EC2	Financial implications and risks and opportunities to climate change	■	■	■	■	53, 66-71, 114, 118-119	
EC3	Coverage of the organization's defined benefit plan obligations	■	■	■	■		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).
Indirect Economic Impacts							
DMA	Aspect-specific management approach					45-48, 55-57	
EC7	Development and impact of infrastructure investments and services provided primarily for public benefit	■	■	■	■	61-62, 64, 141-163	
EC8	Significant indirect economic impacts, including the extent of impacts	■	■	■	■	61-77	
DMA	Management approach of the category environmental					114-115, 138-139	
Materials							
DMA	Aspect-specific management approach					131, www.rbinational.com/sustainabilitymanagement	
EN1	Materials used by weight or volume	■	■	■	■	131, 134-135, www.rbinational.com/sustainabilitymanagement	
EN2	Percentage of materials used that are recycled input materials	■	■	■	■	131	
Energy							
DMA	Aspect-specific management approach					123-127, www.rbinational.com/sustainabilitymanagement	
EN3	Energy consumption within the organisation	■	■	■	■	123-127, 134-135, www.rbinational.com/sustainabilitymanagement	
EN5	Energy intensity	■	■	■	■	123, 134-135, www.rbinational.com/sustainabilitymanagement	
Water							
DMA	Aspect-specific management approach					131, www.rbinational.com/sustainabilitymanagement	
EN8	Total water withdrawal by source	■	■	■	■	131, 134-135, www.rbinational.com/sustainabilitymanagement	
Emissions							
DMA	Aspect-specific management approach					116-118, 120-122, 132-133, www.rbinational.com/sustainabilitymanagement	
EN15	Direct greenhouse gas emissions (scope 1)	■	■	■	■	115, 132-135, www.rbinational.com/sustainabilitymanagement	
EN16	Energy indirect greenhouse gas emissions (scope 2)	■	■	■	■	115, 132-135, www.rbinational.com/sustainabilitymanagement	
EN17	Other indirect greenhouse gas emissions	■	■	■	■	115, 132-135, www.rbinational.com/sustainabilitymanagement	
EN18	Greenhouse gas emissions intensity	■	■	■	■	133-135, www.rbinational.com/sustainabilitymanagement	
EN19	Initiatives to reduce greenhouse gas emissions	■	■	■	■	114, 116-118, 120-122, 134-135, www.rbinational.com/sustainabilitymanagement	
Effluents and Waste							
DMA	Aspect-specific management approach					130, www.rbinational.com/sustainabilitymanagement	
EN23	Total weight of waste by type and disposal method	■	■	■	■	134-135, www.rbinational.com/sustainabilitymanagement	
Products and Services							
DMA	Aspect-specific management approach					45-48, 52-57	
EN27	Extent of impact mitigation of environmental impacts of products and services	■	■	■	■	61-71	
Transport							
DMA	Aspect-specific management approach					127	
EN30	Significant environmental impacts of transporting products and other goods and materials and transporting members	■	■	■	■	115, 127, 132-135, www.rbinational.com/sustainabilitymanagement	

* Network banks: includes the 14 subsidiaries of RBI AG in CEE, as well as Raiffeisen Centrobank AG and Kathrein Privatbank AG

** Specialized subsidiaries: includes the figures for Raiffeisen Bausparkasse Gesellschaft m.b.H., Raiffeisen Kapitalanlage-Gesellschaft m.b.H. and Raiffeisen-Leasing GmbH and Valida Vorsorge Management

GRI Code	Description	RZB AG	RBI AG	NWB*	Spec. subs.**	Reference	Explanation
Labor Practices and Decent Work							
Employment							
DMA	Aspect-specific management approach					85, 87-88	
LA1	Employee turnover by age group, gender and region	■	■	■	■	112	
Occupational Health and Safety							
DMA	Aspect-specific management approach					88, 104-108	
LA6	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	■	■	■	■	104	
Training and Education							
DMA	Aspect-specific management approach					88-94	
LA9	Average hours of training per year per employee by employee category	■	■	■	■	112	
LA11	Percentage of employees receiving regular performance and career development reviews	■	■	■	■	1113	
Diversity and Equal Opportunity							
DMA	Aspect-specific management approach					97-103	
LA12	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	■	■	■	■	113	
Equal Remuneration for Women and Men							
DMA	Aspect-specific management approach					97	
LA13	Ratio of basic salary of men to women by employee category	■	■	■	■	97 AR RBI Group: 32-33 et seq.	There is no presentation of salaries differentiated by employee category and gender due to the complex job structures. To attempt to do so would not ensure sufficient comparability and therefore present a misleading picture of salaries.
Human Rights							
Investment							
DMA	Aspect-specific management approach					47, 49, 54-57, 66-72	
HR1	Human rights aspects regarding investments	■	■	■	■		Human rights aspects are regulated in our Code of Conduct. The obligation to comply applies to all employees and business transactions.
HR2	Total hours of employee training on human rights and percentage of employees trained	■	■	■	■		Within the framework of mandatory training on "Sanctions and sensitive business fields", four training courses were held in 2016. According to the training plan, training must be repeated every three years.
Non-Discrimination							
DMA	Aspect-specific management approach					97	
HR3	Total number of incidents of discrimination and corrective actions taken	■	■	■	■	97	No instances of discrimination were reported to the whistleblowing hotline in the financial year 2016.
Freedom of Association and Collective Bargaining							
DMA	Aspect-specific management approach					94-96	
HR4	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights	■	■	■	■	94-96	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.

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 ** Specialized subsidiaries: includes the figures for Raiffeisen Bausparkasse Gesellschaft m.b.H., Raiffeisen Kapitalanlage-Gesellschaft m.b.H. and Raiffeisen-Leasing GmbH and Valida Vorsorge Management

GRI Code	Description	RZB AG	RBI AG	NWB*	Spec. subs.**	Reference	Explanation
Society							
Local Communities							
DMA	Aspect-specific management approach					76-77	
FS14	Initiatives to improve access to financial services for disadvantaged people	■	■	■	□	76-77	The FS14 is for the most part not relevant for the specialized subsidiaries.
Anti-corruption							
DMA	Aspect-specific management approach					46-48	
SO3	Percentage and total number of business units analyzed for risks related to corruption	■	■	■	■		Corruption risks are assessed during the annual fraud risk analysis (incl. fraud, breach of trust, corruption). The entire RZB Group was included.
SO4	Percentage of employees trained in organization's anti-corruption policies and procedures	■	■	■	■	48	
SO5	Actions taken in response to incidents of corruption	■	■	■	■		As part of the annual compliance audits, a case of corruption was identified in a NWB during the period under review and appropriate measures were initiated.
Public Policy							
DMA	Aspect-specific management approach					48-49	
SO6	Total value of political contributions by country and recipient/beneficiary	■	■	■	■	49	
Anti-competitive Behavior							
DMA	Aspect-specific management approach					60, 85-86	
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	■	■	■	■	60	
Compliance							
DMA	Aspect-specific management approach					46-48	
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	■	■	■	■	47	
Product Responsibility							
Product and Service Labeling							
DMA	Aspect-specific management approach					52-55	
DMA/FS15	Policies for fair design and sale of financial products and services					57, 60	
DMA/FS16	Initiatives to enhance financial literacy by type of beneficiary					144-148	
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information	■	■	■	■	60	
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	□	■	■	□	57-58	Of limited relevance for RZB AG (central institute function).
Marketing Communications							
DMA	Aspect-specific management approach					53-60	
PR6	Sale of banned or distributed products	■	■	■	■	53	No products of this kind were offered during the period under review.
Customer Privacy							
DMA	Aspect-specific management approach					54-55	
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	■	■	■	■	54	

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** Specialized subsidiaries: includes the figures for Raiffeisen Bausparkasse Gesellschaft m.b.H., Raiffeisen Kapitalanlage-Gesellschaft m.b.H. and Raiffeisen-Leasing GmbH and Valida Vorsorge Management

GRI Code	Description	RZB AG	RBI AG	NWB*	Spec. subs.**	Reference	Explanation
Product Portfolio							
DMA	Aspect-specific management approach					45	
DMA/FS1	Policies with specific environmental and social components applied to core business					46-48, 53-57	
DMA/FS2	Procedures for assessing and screening environmental and social risks in business lines					55-57, 67-69	
DMA/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.
DMA/FS4	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines					56	
DMA/FS5	Interactions with clients, investees and business partners regarding environmental and social risks and opportunities					56-57, 69	
FS6	Percentage of the portfolio for business lines by specific region, size and by sector	■	■	■	■	51 GB RZB-Gruppe: 127 et seq. GB RBI-Gruppe: 105 and 115 et seq.	
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	■	■	■	■	61-66	
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	■	■	■	■	61-66	
Audit							
DMA/FS9	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures					48, 67, 73-74	
Active Ownership							
DMA/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					68	
FS11	Percentage of assets subject to positive and negative environmental or social screening	■	■	■	■	66	This indicator concerns only companies that operate in the field of asset management.

Social

Status/Indicator: RZB AG, RBI AG, NWB, Spec. subs.:

■ Reported in its entirety ■ Reported in part □ Not reported

Key	
AR	Annual report
AR (E)	Extract of the Annual Report (in English Language)
AR (G)	Annual Report (in German Language)
CoC	Code of Conduct
DMA	Disclosures on Management Approach
EC	Economic
EN	Environment
FS	Financial Sector
FSSS	Financial Services Sector Supplement
GRI	Global Reporting Initiative
HR	Human Rights
LA	Labor
No.	Number
NWB	Network banks
PR	Product Responsibility
RBI AG	Raiffeisen Bank International AG
RZB AG	Raiffeisen Zentralbank Österreich AG
SO	Society
Spec. subs.	Specialized subsidiaries

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Assurance statement



Independent Assurance Report

RZB Group Sustainability Report 2016

Introduction

We have been engaged to perform an independent limited assurance engagement on the disclosures on sustainability published in the Sustainability Report 2016 of the RZB Group (hereinafter referred to as: "Report").

It was not part of our engagement to review product or services related information, references to external information sources, expert opinions and future-related statements in the Report. The chapter "Human Resources Report of the RZB Group in Austria in 2015" was also not part of our engagement.

Management's Responsibility for the Report

The management of RZB Group is responsible for the preparation of the Report in accordance with the reporting criteria. RZB Group applies the principles and standard disclosures of the G4 Sustainability Reporting Guidelines of the Global Reporting Initiative 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 Report in a way that is free of- intended or unintended – material misstatements.

Independence and Quality Control of the Audit Firm

We have complied with the requirements for independence of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA-Codex), based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The quality assurance system of KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft is based on the International Standard on Quality Control 1 "Quality Control for Audit, Assurance and Related Service Practices" (ISQC 1) published by the International Auditing and Assurance Standards Board (IAASB) as well as supplementally on the national legal regulations and professional association pronouncements.

Practitioner's Responsibility

Our responsibility is to express a conclusion based on our work performed and the evidences obtained on the qualitative and quantitative disclosures within the scope of our engagement.

This assurance report is issued based on the assurance agreement concluded with RZB Group. The limitation of our liability is specified in the "Allgemeine Auftragsbedingungen für Wirtschaftstreuhandberufe" (General Terms of Engagement for Auditors) (article 8, AAB 2011) of February 21, 2011, published by the Austrian Chamber of Auditors.

Nature and Extent of the Assurance Engagement

We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): "Assurance Engagements other than Audits or Reviews of Historical Financial Information", published by the International Auditing and Assurance Standards Board (IAASB). Accordingly, it is our duty to plan and perform the assurance engagement to obtain a limited level of assurance to preclude that the information above is not in accordance, in material respects, with the aforementioned reporting criteria. In a limited assurance engagement the evidence gathering procedures are more limited than in a reasonable assurance engagement and therefore less assurance is obtained than in a reasonable assurance engagement. The choice of audit activities is subject to the auditor's own judgement. This includes the assessment of the risks of material misstatement in the Report, while taking into account the reporting criteria.

Within the scope of our work, we performed amongst others the following procedures when conducting the limited assurance engagement:

- 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 RZB Group.
- Evaluation of the design and implementation of the systems and processes for the collection, processing and control of the sustainability disclosures included in the scope of this engagement, including the consolidation of the data.
- Inquiries of personnel on corporate level responsible for providing the data and information, carrying out internal control procedures and consolidating the data and information.
- Evaluation of internal and external documentation in order to determine whether qualitative and quantitative information is supported by sufficient evidence and presented in an accurate and balanced manner.
- An analytical review of the data and trend explanations submitted by all sites for consolidation at Group level.
- Visit of the network bank Raiffeisen Bank S.A. (Bucharest, Rumania) to assess local data collection and reporting processes and the reliability of the reported data.
- Reviewing the consistency of the GRI G4 in-accordance option 'Core' as declared by RZB Group with sustainability information in the Report.
- Evaluation of the overall presentation of the sustainability information in the Report.

Conclusion

Based on our limited assurance engagement, nothing has come to our attention that causes us to believe that the disclosures on sustainability included in the scope of this engagement and published in the Report have not been prepared, in all material respects, in accordance with the reporting criteria.

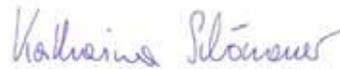
Vienna, May 16, 2017

KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft



Peter Ertl

Austrian Chartered Accountant



iA Katharina Schönauer

Manager Climate Change & Sustainability

Abbreviations

AA	AccountAbility
AR	Annual Report
ASRA	Austrian Sustainability Reporting Award
AVAL	Raiffeisen Bank Aval JSC, Ukraine
B-1	"Board minus one" - direct management level (or first management level) under the Managing Board
B-2	"Board minus two" - second management level under the Managing Board
BREEAM	Building Research Establishment Environmental Assessment Methodology
COO	Chief Operating Officer
CDP	Carbon Disclosure Project
CE	Central Europe
CEE	Central and Eastern Europe
CEO	Chief Executive Officer
CIO	Chief Information Officer
CO₂e	CO ₂ equivalent
CoC	Code of Conduct
CRO	Chief Risk Officer
CSR	Corporate Social Responsibility
CV	Corporate Volunteering
DACH	Deutschland, Austria, Schweiz (Germany, Austria, Switzerland)
DGNB	Deutsche Gesellschaft für Nachhaltiges Bauen (German Sustainable Building Council)
DMA	Disclosures on Management Approach
EACB	European Association of Co-Operative Banks
EBRD	European Bank for Reconstruction and Development
EE	Eastern Europe
EIF	European Investment Funds
EN	Environment
ESC	European Staff Council
ESG	Environmental Social Governance
E&S	Environmental & Social
ESMS	Environmental and Social Management System
EU	European Union
FS	Financial Sector
FNG	Forum Nachhaltige Geldanlagen (Sustainable Investment Forum)
FSME	Frühsommer-Meningo-Enzephalitis (Tick-borne encephalitis)
FSSS	Financial Services Sector Supplements
GC&M	Group Corporates and Markets
GRI	Global Reporting Initiative
HR	Human Resources
HR	Human Rights (in GRI-Content-Index)
ICC	International Chamber of Commerce
ICEP	Institut zur Cooperation bei Entwicklungs-Projekten (Institute on Cooperation for Development Projects)
IFC	International Finance Corporation
ILO	International Labour Organisation
IMAS	Institut für Markt-Sozialanalysen Ges.m.b.H. (institute for market and social analysis)
ISO	International Organization for Standardization
Kathrein	Kathrein Privatbank AG
KfW	Kreditanstalt für Wiederaufbau (Reconstruction Loan Institution)
km	Kilometer
kWh	Kilowatt hour
LA	Labour
LEED	Leadership in Energy and Environmental Design
MiFID	Markets in Financial Instruments Directive
MIGA	Multilateral Investment Guarantee Agency
mona	Sustainable Monitoring Tool

MSME	Micro, small and medium enterprises
MW	Megawatt
MWh	Megawatt hour
NaDiVeG	Nachhaltigkeits- und Diversitätsverbesserungsgesetz (Sustainability and Diversity Improvement Act)
NGO	Non-governmental Organisation
NPO	Non-profit Organisation
NWB	Network banks
OE	Organisations Entwicklung (Organisational Development)
OeKB	Österreichische Kontrollbank AG
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
R&D	Research & Development
RBAL	Raiffeisen Bank Sh.A., Albanien
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
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
respACT	Austrian Business Council for Sustainable Development
RKAG	Raiffeisen Kapitalanlage-Gesellschaft m.b.H.
RKI	Raiffeisen Klimaschutz-Initiative (Raiffeisen Climate Protection Initiative)
RL	Raiffeisen-Leasing GmbH
RZB AG	Raiffeisen Zentralbank Österreich AG
SASB	Sustainability Accounting Standards Board
SCR	Selective catalytic reduction
SDG	Sustainable Development Goal
SEE	Southeastern Europe
SME	Small and medium enterprises
SO	Society
t	Ton
TBSK	Tatra banka, a.s., Slowakei
tkm	Ton kilometer
TU	Technical University
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 Organisation
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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