



*Central and Eastern Europe à la carte*  
*Annual Report 2006*

**Extract Corporate  
Responsibility**

**RZB**  
Group

# Corporate Social Responsibility

RZB's role in society – its so-called corporate citizenship – is moulded by its lived responsibility to employees, customers, shareholders, investors, business associates, interest groups and the environment. Its understanding of business as being based on trust and ethical values is *Raiffeisen's* trademark and the key to its success.

## ***Global corporate citizenship***

RZB sees configuring all its business activities to ensure their long-term economic, ecological and social tolerability as a key element of its successful corporate activities.

- As a global corporate citizen, RZB sees the efficient use of resources as a duty to society and, moreover, as an opportunity to contribute on a global scale to ecological awareness with its workforce of more than 55,000 employees.
- RZB is committed to sustainable management and lives up to its social responsibility; it has also taken on a pioneering role in this field.

Responsible enterprise management is also reflected in RZB's application of good corporate governance and the management of its workforce. The core fundamentals are trust-based and efficient cooperation between the Group's various bodies and committees, the safeguarding of shareholders' interests and transparent internal and external communication.

RZB believes in openness and fair dialogue with all the relevant stakeholders. They include employees, customers and shareholders as well as interest groups, authorities, governments and the general public.

## ***A sustained commitment in Austria, the CEE-region and around the world***

RZB is a signatory of the *United Nations Environment Programme for Finance Initiative* (UNEP/ FI). This UN environmental programme for financial institutions was set up in 1997. It is regarded as the foremost international network of banks with an environmental and sustainability focus ([www.unepfi.org](http://www.unepfi.org)). RZB signed the UNEP FI statements in 1998. In addition, since 2004, it has been active as a founding member of the UNEP FI CEE Task Force for sustainable finance in Central and Eastern Europe. In 2006, RZB participated in the Task Force's work on the development of environmental criteria, thus doing important preliminary work to ensure sustainable credit management.

## ***Art and culture: cornerstones of identity***

RZB continued to provide convincing proof of its fulfilment of its corporate social responsibilities in 2006 by promoting culture and the arts as a direct contribution to society. Its consistent support of major Austrian cultural institutions like the *Staatsoper*, *Wiener Musikverein*, *Albertina* and *Österreichische Galerie im Belvedere* underscored the Group's conviction that business and culture are not contradictory as cornerstones of Austria's identity but integral components of the country's international competitiveness.

RZB has also become established as a major institutional art collector. Besides a raft of contemporary works of art, it also has a remarkable collection of works by the Alt dynasty of painters. They are united in the Carl V. Roth collection. A cross section of the collection is to be made accessible to the general public in 2007 within the scope of an exhibition at the Liechtenstein Museum.

Contemporary art is at the centre of RZB's many cultural activities abroad, especially in Central and Eastern Europe. For instance, *Raiffeisen Bank* in Hungary is one of the most important collectors of contemporary Hungarian art. Even in Belarus, *Priorbank* has a remarkable and extensive collection of contemporary Belarusian art and is thus one of the first companies to encourage contemporary artistic creativity in that country.

## ***A leveraging effect in conjunction with other business sectors***

RZB endeavours to consider the environmental implications of all its activities and business decisions, especially when granting loans in Austria and abroad. This applies equally to personal loans and project finance. Below, we have described three examples of best practice in 2006. They show clearly how the bank is making an important and consistent contribution to sustainable development by applying leverage in an interplay with other business sectors.

### **Best Practice #1: Climate protection through sustainable industrial finance**

For years, *Raiffeisen Zentralbank* has been a pioneer and specialist in the financing of climate protection projects. The experts at *Raiffeisen Zentralbank* provide advice and finance, arrange subsidies and hedge against risks to help its customers with their CO<sub>2</sub> projects.

Climate issues usually have to do with carbon dioxide (or CO<sub>2</sub>) emissions. However, there are also other greenhouse gases, some of which are much more harmful. They include nitrous oxide (or N<sub>2</sub>O), which is better known under its popular name of laughing gas. A metric ton of this greenhouse gas contributes just as much to global warming as 310 metric tons of CO<sub>2</sub>. Extensive funding by *Raiffeisen Zentralbank* made it possible in 2006 to put innovative catalytic converter technology into service to reduce emissions of this dangerous greenhouse gas at one of the world's largest fertilizer factories located in Abu Qir, Egypt. Previously, N<sub>2</sub>O entered the atmosphere unchecked. Now, emissions totalling about 4,100 metric tons of N<sub>2</sub>O a year are being prevented – or the equivalent of about 1.2 million metric tons of CO<sub>2</sub>. The new filter technology breaks down into safe components almost all of this harmful gas. Our project partner is Austrian company *CARBON Projektentwicklungs GmbH* (CARBON). CARBON is also setting up a voluntary social fund in Abu Qir that will be funded by profits from the project.

The project in Egypt has been hailed internationally as an exemplary model. *Raiffeisen Zentralbank* is now financing three more filter plants in South Korea as well. The reduction in N<sub>2</sub>O emissions will be the equivalent of 14 million metric tons of CO<sub>2</sub> by 2012. Fourteen million CO<sub>2</sub> certificates will be generated and sold as a result, making *Raiffeisen Zentralbank* an important and positive agent of sustainability in this field.

### **Best Practice #2: Cleaning up an oil field in Albania**

Granting a loan of US\$ 20 million, *Raiffeisen Zentralbank* and its local subsidiary *Raiffeisen Bank* jointly financed the development, reclamation and modernization of the oil field in Patos-Marinza, Albania. This is one of Europe's largest onshore oil fields. In recent decades, the lack of funds and technology had turned it into a growing hazard for the environment and humans alike.

In 2006, innovative Canadian oil company *Bankers Petroleum Ltd.* began working in this oil field, which is some 60 miles south of Tirana. The antiquated oil extraction equipment was replaced by the latest technology. The company removed existing pollution and took action to prevent new leaks. As a result, the region's groundwater, residential areas and flora and fauna will be largely unaffected by the oil field in the future.

The use of new technology to extract oil in Patos-Marinza has not only optimized the crude oil yield; it is also making an important contribution to improving the environmental situation at this location. In addition, it is creating new jobs in Albania, whose economy is under development, and the country's reduced dependence on oil imports is improving its balance of trade.

### **Best Practice #3: Energy-efficient homes in Central and Eastern Europe**

During 2005 and 2006, several of RZB's *Network Banks* in Central and Eastern Europe launched successful programmes to increase the energy efficiency of homes. Private households and owners of houses can use suitable loans and the associated advisory services to instal heat insulation, solar heating, biomass heating or other efficient and sustainable forms of heating.

The *Network Banks* are carrying out a number of their energy efficiency programmes in Central and Eastern Europe in cooperation with the EBRD and IFC. They make it possible to pay concrete subsidies to the households that decide to re-equip. These subsidies supplement existing programmes to promote energy efficiency in companies. The aim is to reduce total energy consumption by up to 30 per cent. At the same time, modernization is reducing CO<sub>2</sub> emissions and improving housing standards and quality of life.

In Hungary alone, the energy efficiency programme of local RZB subsidiary *Raiffeisen Bank* made possible the refurbishment of 300 residential buildings containing 18,000 households. This reduced CO<sub>2</sub> emissions by 18,000 metric tons and improved the living conditions of 50,000 people.

## ***Raiffeisen Zentralbank endows Environment Prize***

Promoting Austrian environmental technology has long since been one of the Group's key strategic concerns. As a result, *Raiffeisen Zentralbank* has traditionally provided the prize money for the environment prize awarded by the *Österreichische Gesellschaft für Umwelt und Technik* (ÖGUT: Austrian environment and technology society) in the category "Austrian environmental technology in Central, Eastern and Southeastern Europe." The 2006 prize went to the Graz company S.O.L.I.D. This company has built one of the world's largest solar-powered refrigeration systems in Kosovo. The project is seen as an exemplary and innovative best-practice model for the implementation of climate protection standards across the region.

## ***Environmental committee celebrates its first decade***

*Raiffeisen Zentralbank* continuously monitors and evaluates its internal use of resources. This is the responsibility of its Environmental Committee for internal enterprise ecology, which celebrated 10 years of existence in 2006. The committee has built up an efficient in-company environmental management system. It attaches particular importance to the careful use of environmental resources. The many measures taken to increase the efficiency of energy and resource usage have already generated significant savings at the same time as enhancing efficiency.

The primary aim of ecological management is to reduce energy consumption and the associated CO<sub>2</sub> emissions. In 2006, the ongoing identification and evaluation of "energy wasters" again led to modernization and effective action to save energy in the areas of lighting, heating, refrigeration and hot water. Other activities in the enterprise ecology field addressed, in particular, power consumption by electrical equipment and lighting in individual offices. When buying equipment, the Group was particularly careful to buy energy-efficient products.

Reducing paper consumption was one of RZB's pioneering projects. Using both sides of photocopying paper proved to be a simple, useful and economical measure. With the IT Department's help, all printer drivers were set up to automatically duplex print. This substantially reduces paper consumption. Further environmental action has been taken in the paper field in that *Raiffeisen Zentralbank* only uses chlorine-free bleached environmentally friendly paper. All departments have long since been sorting their waste and collecting waste paper.

## ***Benchmarking for financial service providers***

As a member of an ÖGUT working party, *Raiffeisen Zentralbank* has for many years been taking part in benchmarking for financial service providers. The figures for 2006 were again pleasing. *Raiffeisen Zentralbank* was one of the sector's best performers when it came to power and heating consumption. As for paper and water consumption, garbage production and CO<sub>2</sub> emissions, *Raiffeisen Zentralbank* remained a frontrunner in the middle of the field in comparisons with other financial institutions. Moreover, the exchange of know-how inside the Working Party made it possible to identify best practice models and served as a positive amplifier, promoting the ongoing development of ecological management in the financial sector.

## ***Sustainable investment and ethical asset management***

More and more investors both private and institutional are taking ecological and social criteria into account when making investment decisions. Through the leverage of the capital markets, this is playing a significant part in encouraging companies to do more to integrate sustainability principles into their business processes.

Churches and other religious institutions play a particularly important role in ethical investment. They have done pioneering work in the design of sustainable investments. Increasingly, private investors are also asking for investment structures that are in tune with their moral concepts and ideals. As a specialist for the issuance and management of investment funds, RZB subsidiary *Raiffeisen Capital Management* already launched the *Raiffeisen-Ethik* equity fund back in 2002.

### **The Ethics Committee: strict selection criteria**

From the outset, an independent Ethics Committee made up of experts and representatives from, among others, the *Red Cross*, *Caritas* and *Amnesty International*, has been supporting the work of the Group's fund managers. RZB's investment fund company was thus one of the first investment houses in Austria to actively address the issue of sustainable asset management.

The *Raiffeisen-Ethik* equity fund invests around the globe. They are selected both on the basis of the financial principles that apply in the fund management field and on the basis of the criteria laid down by *Raiffeisen's* Ethics Committee. Among other things, the latter rule out investing in armaments, nuclear energy, genetic engineering, companies that experiment on animals, the tobacco industry, alcoholic beverages, gambling and, above all, child labour and infringements of human rights and labour legislation. Sustainability analyses are carried out by *oekom research*, which is one of the world's leading rating agencies for corporate social responsibility (CSR).

### **CSR leaders chosen from 750 global large and mid-caps**

RZB made a selection of corporate responsibility leaders from over 750 international large and mid-caps from every major industry on a "best in class" basis for inclusion in the *Raiffeisen-Ethik* equity fund. The resulting industry and country allocations ensure broad global diversity. Moreover, the *Raiffeisen-Ethik* equity fund is one of the 30 funds in the *OeKB Sustainability Fund Index (OeSFX)*. This index only includes funds whose investment policy is only to invest in particularly environment-friendly and/or ethically and socially compliant companies. Pure ethical funds like the *Raiffeisen-Ethik* equity fund are only included if they also meet specific environmental criteria when choosing their investments.

## ***Raiffeisen-Leasing: the eco-energy leader***

RZB subsidiary *Raiffeisen-Leasing* is a pioneer financier of projects and facilities for generating alternative and renewable forms of energy like biodiesel, bioethanol, biogas, biomass, geothermic, photovoltaic, small hydroelectric power and wind energy plants as well as waste recycling facilities. It was already one of Austria's biggest investors in the segment in 2006. In Austria alone, finance volumes totalled € 273 million. The biggest slice of this total, namely € 136 million, was accounted for by projects in the wind energy field, followed by the biomass segment, which accounted for € 72 million.

### **Renewable energy for Central and Eastern Europe**

*Raiffeisen-Leasing* made eco-energy a focus of its foreign business operations at a relatively early stage. Employing the know-how of its staff in the technical, financial and legislative fields, *Raiffeisen-Leasing* helps its clients enter new markets and new countries. Eco-energy legislation is already in force or under preparation throughout the EU and in the CEE-region, offering investors planning security and allowing the economical realization of projects. The finance leasing companies set up jointly with RZB's local *Network Banks* in Albania, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, the Czech Republic, Hungary, Kazakhstan, Poland, Romania, Russia, Serbia, Slovakia, Slovenia and the Ukraine and are applying their expertise in these markets with great success.

### **The "Car and Environment Network"**

For some years, *Raiffeisen-Leasing* has been striving to make road traffic more environmentally friendly by encouraging the use of alternative fuels and propulsion systems. Eco-cars relieve the burden on the economy by reducing CO<sub>2</sub> emissions and dust pollution. In 2006, *Raiffeisen-Leasing* and the Austrian automobile association ÖAMTC jointly founded their Car and Environment Network (*Netzwerk Auto & Umwelt*). The goal of this initiative is to make the advantages of environmentally friendly vehicles and fuels better known and to promote demand. Car makers and fuel distributors are to be encouraged to supply them nationwide.

*Raiffeisen-Leasing* introduced another immediate measure in 2006, paying a direct grant of € 400 per vehicle to support the leasing of natural-gas-powered cars. Other eco-cars are subsidized to the tune of € 300. In addition, *Raiffeisen-Leasing* helps businesses makes use of the range of public subsidies available to buyers of eco-friendly vehicles.

## ***Social action and international commitment***

In Austria and abroad, RZB supports culture, education and sports as well as charitable causes and welfare institutions. These areas provide opportunities to combine economic interests with social action and to interface with local players as a “good corporate citizen”. Every country, region and local community has a different point of departure, different conditions and different needs. *Raiffeisen’s* motto is “help for self-help”. Applying this principle, it provides stimulus and supports numerous small-scale projects in urban and rural areas.

This gives numerous small local agencies and initiatives – which are only just beginning to develop in Central and Eastern Europe – the opportunity to realize new and creative ideas for projects, creating up big opportunities with relatively small amounts of money and making it possible to cross-link local structures. Projects of this kind enhance social cohesion in city districts and give different sectors of the population the chance to gain qualifications.

## ***Young people and education in the CEE-region: the Albanian example***

We would like to describe in brief a number of regional projects and programmes in Albania as examples of RZB’s many corporate social activities in Central and Eastern Europe. Like most countries in Central and Eastern Europe, Albania has a lot of catching up to do in the social, economic and democratic spheres, and it harbours considerable potential for sustainable investment projects. A raft of similar regional activities of social relevance are promoting the interests of the regional and local populations of all 16 Central and Eastern European countries in which RZB operates. It is precisely the small, diversified projects that bring high social value-added to the community. The Albanian example clearly demonstrates *Raiffeisen’s* special focus on youth and educational work:

- “Bring Internet to every School”: Within the scope of this project by Albania’s ministry of education, *Raiffeisen* launched its *Raiffeisen Computer Labs* initiative, providing € 75,000 for the creation of 10 computer labs in eight cities.
- Cooperating with schools throughout Albania, *Raiffeisen* is particularly involved in cultural activities. In 2006, they included among others the *RinFest*, a nationwide art competition participated in by virtually every secondary school pupil in Albania.
- Moreover, *Raiffeisen Bank* in Albania donated the equipment for the operating theatre in Fieri Hospital, and it paid for the renovation of the gymnasium at a primary school in Tirana, for the furnishings in a primary school, and for the renovation of classrooms in a secondary school in Gjirokastra.
- Funds provided by *Raiffeisen Bank* made it possible to set up school libraries in 17 schools in Northern Albania in 2006.
- *Raiffeisen Bank* also sponsors youth and educational initiatives in universities, including, for example, the creation of student newspapers, and it makes it possible for about 40 business students a year to train on the job at *Raiffeisen Bank*. Many former student trainees are now permanent members of staff.

## ***RZB is living out its responsibilities***

In Austria, *Raiffeisen Zentralbank* alone contributed over € 1.8 million to research establishments, representative bodies, universities and similar institutions during 2006, and it donated about € 1.4 million to support initiatives and associations and welfare and social institutions. In addition, numerous other institutions and projects in Austria and abroad are given support at Group level. Among others, *Raiffeisen Zentralbank* supports the following organizations and initiatives in Austria:

- The *Austrian Red Cross* – whose honorary Vice-President is RZB's CEO Walter Rothensteiner – has for many years been a key partner within the scope of the bank's social commitment. The work done by the Austrian Red Cross ranges from ambulance transport and blood donor services to home nursing and first-aid training to missing person searches and catastrophe aid.
- *Kurier Aid Austria* was set up by the *Kurier* newspaper in cooperation with the *Raiffeisen Banking Group*, *UNIQA*, *österreichische Bauwirtschaft* (the Austrian construction industry) and the Red Cross immediately after the tsunami. Due to donations totalling about € 10 million, it proved possible to pay for the construction of four villages with over 700 houses, a school, three community centres, a youth centre, apprenticeship workshops and a fishing project. € 3.2 million – a big slice of the donations – was raised by the *Raiffeisen Banking Group*.
- The *Caritas-Flüchtlingskinderfonds* (child refugee fund) helps children, who are often hardest hit by the exertions of flight, making it particularly important to offer them support and psychological aid. The *Caritas* team consists of ethnologists, Africa experts, social workers, theologians, psychologists and interpreters.
- The *Mobile Caritas Hospiz* ensures that the seriously ill are not forced to spend the final days of their lives in a strange, unknown environment and can continue to live in familiar surroundings with their loved ones.
- *Austrian Doctors for Disabled* is a non-profit organization made up of experienced Austrian doctors and medical workers who offer their knowledge, experience and time voluntarily and without payment to provide medical care for the sick and disabled. Its focus in 2006 was a project for the disabled in Bosnia.
- *Hilfswerk Austria* is one of Austria's largest agencies for developmental cooperation and aid in Eastern Europe. The "Zukunft für Waisenkinder in Moldau" (future for orphans in Moldova) project was at the centre of *Raiffeisen Zentralbank's* work with the organization in 2006.
- *Licht ins Dunkel's* very successful activities focus on providing material and emotional support to disabled children and their families.

## ***Austria is expanding its horizons***

During the year under review, *Raiffeisen Zentralbank* set up an “expanding horizons” initiative called *Initiative Tellerrand* together with six other major Austrian corporates. This cross-party and independent Austrian platform has been created to make a public stand for an enlarged Europe and for Austria’s role as a strong heart in the middle of Europe. The goal is to convincingly present the advantages and opportunities that an extended Europe is creating. After all, the involvement of Austrian companies in the markets of the new EU member-states is also generating additional sustainable growth in Austria as well as strengthening those companies’ business base. This is in turn securing jobs in Austria at the same time as creating new one.

## ***Work-life balance and staff satisfaction***

The key goals of corporate policy include fostering staff, furthering their professional development and training and creating working conditions that meet employees’ needs at the same time as laying the foundation stones for the enterprise’s business success. Fair treatment and concern for staff-members’ personal development are just as self-evident an element of RZB’s philosophy in countries without highly evolved social welfare systems.

RZB sees the optimization of the work-life balance as a fundamental contribution to social stability and economic growth. Consequently, RZB’s human resources policy includes concrete action to help employees’ balance their working and family lives. This is making an important contribution to the bank’s business success. Not least for this reason, the annual staff survey in 2006 again produced extremely positive responses, showing that RZB is one of Austria’s most attractive employers.

*Raiffeisen Zentralbank’s* Works Council has an important role. As the place where staff-members’ go with their interests and concerns, it regularly takes up new suggestions and recommendations and prepares them for implementation in close cooperation with Human Resources. The Managing Board again supported many of the resulting measures in 2006. Their beneficial effects contributed to the ongoing optimization of the workforce’s work-life balance.

## Balancing work and family life

Many staff-members welcome and make use of the option of working flexibly without any core hours of work. This plays an important part in helping both men and women reconcile their work with their family life, in turn making a major contribution to staff satisfaction. RZB is thus creating the basic framework that will allow male staff-members to enjoy more family life; and the better work-life balance also directly helps young female management staff, who benefit from the greater flexibility and an improved infrastructure (e.g. child care facilities).

For instance, the company kindergarten at Head Office in Vienna was enlarged to cater for 45 more children during 2006, increasing the total number of places to 100. Employee-friendly opening hours, modern equipment and well-trained teaching staff make this in-house service particularly attractive at a time when there is a general shortage of high-quality day care and it is getting more and more expensive. Above all, RZB has made it easier for men and women alike to return to work after a period of parenthood leave by allowing them to work part-time or telework. In addition, they are offered special training programmes and flexible career planning as well as a return to their original job.



Raiffeisen Zentralbank Österreich AG  
Am Stadtpark 9  
1030 Vienna, Austria

Phone: +43-1-71 707-0  
Fax: +43-1-71 707-1715  
[www.rzb.at](http://www.rzb.at)

[www.rzb.at](http://www.rzb.at)