

## **Publications concerning Corporate Governance and Remuneration**

Discharging the obligations set forth in sec. 65a of the Austrian Banking Act (BWG), Raiffeisen Bank International AG ("RBI") hereby makes accessible to the public the following basic information on its institution-specific internal measures for ensuring compliance with corporate governance provisions as well as with the rules regarding remuneration:

### **1. Information regarding the implementation of the provisions regarding the suitability assessment of Management Board members, Supervisory Board members and Key Functions Holders (sec. 5 para 1 sub-paragraphs 6 to 9a, sec. 28a para 5 sub-paragraphs 1 to 5)**

Sec. 5 para 1 sub-paragraphs 6 to 11 and sub-para 13, sec. 28a paragraphs 3 and 5 and sec. 30 para 7a of the Austrian Banking Act stipulate certain requirements to be met by the members of the Management Board as well as the Chairman and Members of the Supervisory Board of any credit institution, financial holding company and mixed financial holding company. These requirements relate, among other things, to the good repute, reliability and of the person concerned, to his/her professional suitability and to whether he/she has the experience needed and can commit the time sufficient to perform the management and/or supervisory function (so-called "Fit & Proper Standards").

Furthermore, the Guidelines on the assessment of the suitability of members of the management body and key function holders of March 21, 2018 (EBA/GL/2017/12), issued by the European Security and Markets Authority (ESMA) and the European Banking Authority (EBA) and applicable as from June 30, 2018, set out the criteria and processes that credit institutions must respect when assessing the suitability of members of the management body in both its management and supervisory functions. The Austrian Financial Market Authority (FMA) published a circular letter concerning the suitability assessment of members of the management board, supervisory board members and holders of key functions (circular letter - Fit & Proper, as of August 2018).

As the Fit & Proper Standards must be complied with by the institutions both on the level of the individual institution and on that of the group of credit institutions (sec. 30 of the Austrian Banking Act), RBI as the top-level credit institution of the RBI group of credit institutions has issued corresponding RBI Suitability Policies, which establishes minimum requirements for those members of the RBI group of credit institutions that are covered by the Fit & Proper Standards.

In implementation of these provisions, RBI has issued Suitability Policies, which establishes a process for performing the suitability assessment of members of the Management Board and of the Supervisory Board as well as of Key Function Holders and determines the responsibilities and criteria for assessing suitability and good repute.

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Therefore RBI has to review and document such person's professional suitability and good repute in line with the statutory requirements prior to any appointment or re-appointment of a Management Board or Supervisory Board member or of a Key Function Holder. Furthermore, a process has been implemented for periodic internal assessments of the suitability of Management Board and Supervisory Board members and Key Function Holders to be performed within the institution.

RBI has set up the "Group Fit & Proper Office", which provides assistance for the suitability assessment process. The Group Fit & Proper Office is therefore in charge of the preparatory work allowing the competent body for assessing suitability to arrive at a decision and of ensuring centralized documentation of the results of all suitability assessments for RBI AG, as well as for determined Austrian subsidiaries and is also supporting Raiffeisen network-units. The Group Fit & Proper Office furthermore assists the competent bodies in the performance of periodic evaluation.

In order to assess suitability, the information and documents to be submitted by the person proposed to be appointed as Management Board or Supervisory Board member or Key Function Holder, such as, for instance, CV, criminal records, information on the amount of time the candidate is able to commit and on potential conflicts of interest, are used. The overall assessment will be positive ("positive fitness & properness"), if the person's professional suitability, good repute and time commitment meet the established criteria and the statutory requirements. The Financial Market Authority is notified of the appointment of members of the Management Board and of the Supervisory Board by enclosing the documentation required for assessment in line with the statutory provisions.

## **2. Information regarding the implementation of the provisions on the Nomination Committee (sec. 29 of the Austrian Banking Act)**

The Supervisory Board of RBI has established a Nomination Committee pursuant to sec. 29 of the Austrian Banking Act. Its duties and responsibilities include in particular personnel matters in the area of the Management Board and of the Supervisory Board; in discharging its duties and responsibilities the Nomination Committee will take care in particular that the knowledge and expertise of the respective persons are sufficient to perform their respective functions. In accordance with sec. 29 of the Austrian Banking Act, the Nomination Committee is not only in charge of preparing proposals for the selection of members to be appointed to the Management Board or to the Supervisory Board (and of assessing their suitability as described in Item 1) but in particular also has to do the following:

- a) to fix a target quota for the underrepresented gender in the Management Board and on the Supervisory Board and to develop a strategy for attaining that target;
- b) to take care that the decision-making process of the Management Board or of the Supervisory Board is not dominated by an individual person or by a small group of persons in a manner contrary to the interests of the credit institution;

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- c) periodically, but at any rate whenever events indicate a need for reassessment, to perform an assessment of the structure, size, composition and performance of the Management Board and of the Supervisory Board and, if necessary, to submit proposals for modification to the Supervisory Board;
- d) periodically, but at least annually, to perform an assessment of the knowledge, skills and experience both of the members of the Management Board and the individual members of the Supervisory Board and of the respective corporate body collectively and to communicate such assessment to the Supervisory Board; and
- e) to review the course taken by the Management Board in respect of the selection of senior executives and to support the Supervisory Board in drawing up recommendations to be made to the Management Board.

### **3. Information regarding the implementation of the provisions on the principles of the remuneration policy and practices (sec. 39b of the Austrian Banking Act and annex to sec. 39b of the said Act)**

The binding framework for the implementation of the requirements for remuneration policy and practices set forth in sec. 39b of the Austrian Banking Act (as well as the annex to sec. 39b of the said Act) is formed by the Group Directives on remuneration issued by RBI as the top-level credit institution for the RBI group of credit institutions ("Group Remuneration Directives"). In accordance with the statutory remuneration principles, these contain in particular detailed regulations concerning the general remuneration policy (including the determination of fixed and variable remuneration components, special regulations for employees holding control functions as well as the structuring of and measurement of success for the "Bonus Pool"), special rules for the remuneration of the risk personnel within the meaning of sec. 39b of the Austrian Banking Act (in particular regarding the acquisition of entitlements to and the payout of variable remuneration and regarding the deferral thereof) as well as standards for risk personnel selection and for the process for identifying and deciding on malus and claw-back cases. The Group Directive concerning "Standard Performance Management" ensures compliance with the statutory requirements regarding the implementation of performance evaluation in the context of the granting of performance-related remuneration. By the Directives mentioned it is ensured that the remuneration policy of RBI is consistent with sound and effective risk management and does not encourage taking risks that exceeds the level of tolerated risk of RBI.

The general remuneration principles of RBI are established by the Remuneration Committee of the RBI Supervisory Board in compliance with the RBI Group Directives and the statutory requirements ("Remuneration Directive"). Based on the Remuneration Directive, the fixed and variable remuneration components are determined. The Remuneration Directive regulates the conditions to be fulfilled in order for variable remuneration to be allocated and paid out.

For every business year, the persons that constitute risk personnel are determined in line with the Remuneration Directive. The variable remuneration for a business year that is

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awarded to persons constituting risk personnel is not paid out in full but, as required by the Austrian Banking Act, part thereof is deferred and/or is granted in the form of instruments (which are subject to a suitable deferral policy). The acquisition of entitlements to and the payout of variable remuneration, including that of the deferred portion thereof, by the risk personnel may only occur if this is sustainable according to the financial situation as a whole and justified considering the performance of the Division and person concerned; otherwise, the Remuneration Directive and the corresponding malus and claw-back agreements serve to ensure that the variable remuneration is reduced or is even forfeited entirely.

#### **4. Information regarding the implementation of the provisions on the Remuneration Committee (sec. 39c of the Austrian Banking Act)**

RBI has established a Remuneration Committee of the Supervisory Board within the meaning of sec. 39c of the Austrian Banking Act. The duties and responsibilities of the Remuneration Committee include, among other things, establishing general principles of the company's remuneration policy and practices in line with the Group Remuneration Directives and the requirements of the Austrian Banking Act, and the Remuneration Committee is also in charge of monitoring their implementation. The Remuneration Committee is responsible for preparing of other decisions regarding remuneration, including those which have implications for the risk and risk management, provided they are to be adopted by the Supervisory Board. The Remuneration Committee regularly monitors and reviews the remuneration policy, remuneration practices and remunerative incentive structures, in each case in connection with the steering, monitoring and limitation of risks in accordance with the provisions of the Austrian Banking Act, with the equity base and with liquidity, and taking into consideration also the long-term interests of shareholders, investors and employees of the Company as well as the interest of the economy in having a functioning banking sector and stable financial markets. The Remuneration Committee directly oversees the remuneration of senior officers in the risk management and compliance functions.