

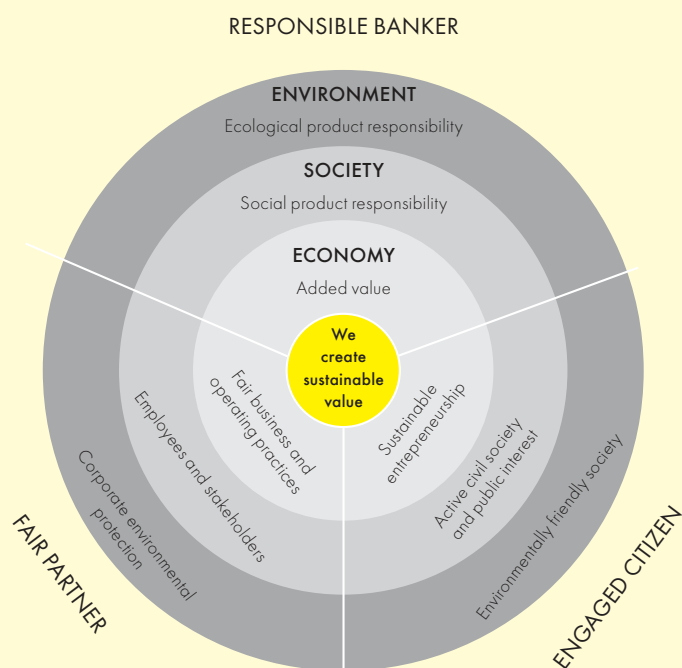
Sustainability Report 2018

Digital solutions for
a sustainable future.



Important facts at a glance:

Our sustainability strategy:



16.1 m customers

47,000 employees



Group-wide share of women in management **55** percent

Training hours for employees
2,345,116

32,512 employees trained in preventing corruption



Austrian Sustainability Reporting Award (ASRA):

RBI Sustainability Report 2017 recognized as overall winner and best report by a "Large Company"

RBI AG financing volume:
Renewable energies around € 152 m
Green real estate around € 353 m
Sustainability lending at RBI:
approx. € 1.8 bn



Successful completion of the first benchmark issue of a green bond by an Austrian bank with a volume of € 500 million

Volume of sustainable investments (Raiffeisen KAG) up around 7 percent to approx. € 3.1 bn



Sustainability ratings and indices of RBI AG:

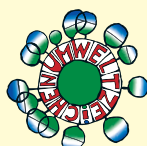


oekom prime rating: „C+“

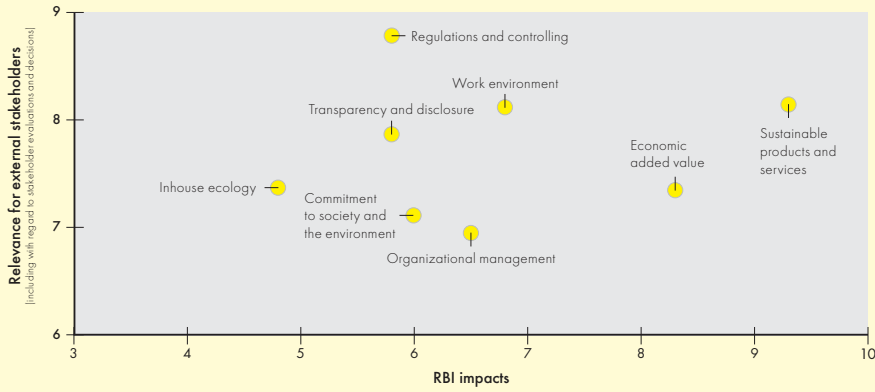


Group-wide investments in the community: around € 2.7 m

Certifications of Raiffeisen KAG



Materiality matrix – Material topics (from an external stakeholder perspective):



The results of the materiality matrix are based on a stakeholder online survey by RBI. This was conducted in August and September 2018 with a total of 810 participants from Austria and CEE.

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

- SDG 1: No Poverty
- SDG 4: High-quality Education
- SDG 5: Gender Equality
- SDG 7: Affordable and Clean Energy
- SDG 8: Decent Work and Economic Growth
- SDG 9: Industry, Innovation and Infrastructure
- SDG 13: Climate Protection Measures
- SDG 16: Peace, Justice and Strong Institutions

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

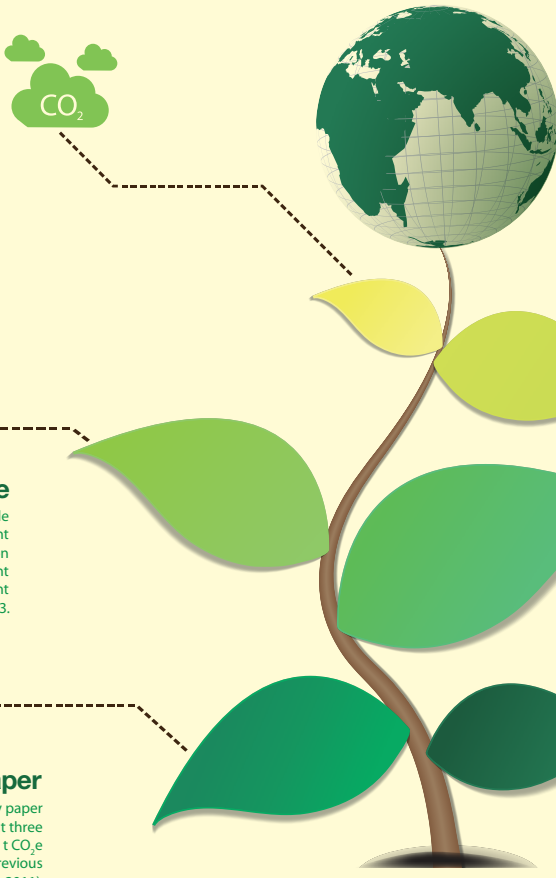


In 2018, CDP rated RBI the **best company** in the financial sector in Austria for the fourth time.

Ecological footprint of RBI:

CO₂e emissions

The total CO₂e of RBI in 2018 was 53,633 t location based or 55,144 t market based (minus one percent on the previous year or minus 22 percent on 2011). The biggest key performance indicators of our CO₂e emissions are energy consumption and business travel. Furthermore, most of the emissions (49 percent) fall in Scope 2 (mostly caused by power consumption, partly by air traffic), followed by Scope 3 with 40 percent (power consumption is also in first place here). In third place is Scope 1 with 11 percent, mostly caused by business travel with own cars.



Transport

Business travel makes up about 23 percent of emissions with 12,600 t CO₂e (plus two percent on the previous year or minus eleven percent on 2011), while parcel service and transport of goods accounts for less than one percent with 148 t CO₂e according to recent surveys. Transport is therefore the second biggest cause of our emissions. This has an effect on both Scope 1 and Scope 3.

Energy

Energy consumption makes up about 70 percent of emissions with 37,543 t CO₂e (minus one percent on the previous year or minus 23 percent on 2011) and is the biggest cause of our emissions. Most of this is evident in Scope 2, but partly also in Scopes 1 and 3.

RBI's share of green electricity is about 35 percent.

Water

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



Waste

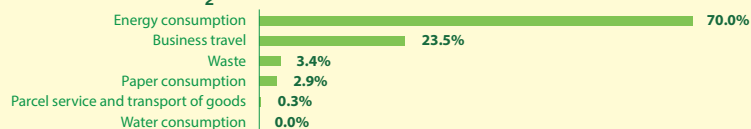
With 1,802 t CO₂e, waste is negligible and makes up about three percent of emissions (plus eleven percent on the previous year or plus 18 percent on 2011). The effects are evident only in Scope 3.



Paper

Material consumption (especially paper consumption) makes up about three percent of emissions with 1,540 t CO₂e (minus 16 percent on the previous year or minus 44 percent on 2011). The effects are evident only in Scope 3.

CO₂e emissions of RBI result from



RBI Sustainability Report 2018

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Note in accordance with the Austrian Equal Treatment Act: For improved readability, all forms of personal reference relate to both genders.

Exclusion of liability:

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

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

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Foreword

Dear readers,

The 2018 financial year was particularly successful for RBI. The group result increased from € 1.12 billion to € 1.27 billion or by around 14 percent, thereby significantly exceeding the extremely good figure recorded in the previous year. The main drivers behind this result were the development of risk costs, which benefited from strong economic performance in Central and Eastern Europe, and the active steps taken to improve our risk profile.

This Report has been prepared in accordance with the internationally recognized "GRI Standards" framework issued by the Global Reporting Initiative. It constitutes RBI's "non-financial report" pursuant to the Austrian Sustainability and Diversity Improvement Act and has been audited by KPMG and the Supervisory Board. The motto of the report, "Digital solutions for a sustainable future", was selected to underline the importance of the digital transformation – and its far-reaching impacts, opportunities and challenges for business and society in general and RBI in particular.

We have been a member of the United Nations Global Compact, the world's largest initiative for corporate responsibility and sustainability, since 2010. Along with the numerous projects and measures described in the report, this clearly shows that sustainability plays an important role in our business activities. As an international banking group, we believe our commitment to sustainability also includes a responsibility to continue to support the global development goals, the "Sustainable Development Goals", as part of the United Nations' "Agenda 2030". And we are intensively addressing developments in the EU on the topic of sustainable finance.

The challenges for the business model of RBI will continue to be influenced by supervisory and regulatory requirements, banking-specific taxes, politically motivated market interventions, the continued low-interest environment as well as technological developments and new competitors. To successfully overcome these challenges, RBI has now returned its focus to growth and intensified its activities in the area of digitization and innovation following the transformation program that culminated in the sale of the Polish core banking operations. RBI will continue focusing on the CEE region, which offers a structure with higher growth rates than Western Europe as well as a more attractive level of interest and earning potential. Looking at its leading specialist institutions in Austria, such as the building society, asset management company, and pension fund management company in particular, RBI also benefits from the stability of its Austrian business areas. All in all, this results in a balanced, attractive business portfolio with the overriding goal of generating long-term value.

RBI has an environmental and social management system in place at seven network banks and a corresponding environmental and social policy that defines the principles of its environmental and social risk management. These are predominantly based on the standards of the International Finance Corporation and/or the Multilateral Investment Guarantee Agency.

In late June 2018, RBI successfully completed the first benchmark issue of a green bond by an Austrian bank. The bond has a volume of € 500 million and a term of three years. With an order volume of € 1.3 billion, the green bond was significantly oversubscribed. It means we can now serve the continuous growth in demand for green investment opportunities in line with the current global trend, while also financing sustainable projects in Austria and CEE. The issue also served to expand RBI's investor base.

RBI AG and its Austrian subsidiaries and equity participations are extremely relevant to the Austrian economy. This is illustrated by the calculation of the "economic footprint[®]", which was conducted in summer 2018 in cooperation with the economic research institute Economica. For example, the total gross value added generated by RBI in Austria amounts to € 1.8 billion, and one in every 331 jobs in Austria is directly or indirectly attributable to RBI. The full results of the analysis can be found from page 45 onward.

Among other things, we see the rating results and awards discussed below as recognition of our many years of commitment to sustainability. In June 2018, RBI was again awarded Prime status and an assessment level of "C+" in the ISS oekom research sustainability rating, while RBI AG was included in the VÖNIX sustainability index for the thirteenth time in succession. It was also listed in the STOXX® Global ESG Leaders indexes and the FTSE4Good Index Series. Once a year, the non-profit organization CDP surveys and evaluates the CO₂ emissions

of listed companies in over 50 countries on behalf of investors. In 2018, RBI was again ranked as one of the four best countries in Austria and was named best domestic company in the finance sector for the fourth time in a row with a first-class "A-" rating. The Austrian Sustainability Reporting Awards were presented by the Chamber of Chartered Accountants in November 2018. RBI's Sustainability Report 2017 took first place in the "Large Companies" category as well as the title of overall winner.

The "Diversity 2020" initiative, which aims to optimally promote and take advantage of diversity in the company through professional diversity management, continued on a widespread basis in the past year and a corresponding group-wide diversity policy was adopted. The content of the measures focused on the empowerment of women with the aim of increasing the proportion of women in senior management roles, the inclusion of people with disabilities, and LGBTI topics.

As an "engaged corporate citizen", we actively champion sustainable development in our society. Diversity, tolerance and a strong focus on people provide the basis for our efforts to bring about forward-thinking developments in society. We are striving to help solve the problems faced by society, promoting culture, and implementing measures to protect the environment. In total, RBI invested around € 2.7 million in the community in 2018. Overall, 1,581 projects were supported in those communities in which we operate.

On behalf of the Management Board, I would like to thank all of our employees for their commitment to sustainability. By working together, I am confident that we will successfully master the path to the future in the spirit of Friedrich Wilhelm Raiffeisen.

A continuous dialog with our stakeholders is a particularly important component of this, particularly when it comes to remaining fit for the future. I would therefore like to invite you to continue this dialog with us.

On behalf of the Management Board



Johann Strobl
Chief Executive Officer
Raiffeisen Bank International AG



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



Overview

About the Report

In this Sustainability Report, we describe the economic, environmental, and social impact of our business activities in 2018 and present our current activities in the area of sustainability. The aim of the Report is to give a comprehensive account of how Raiffeisen Bank International (RBI) has fulfilled its sustainability mission during the reporting period and how it plans to implement and improve its sustainability performance in the future. In addition, some portions of the Sustainability Report are published only on our website. This applies in particular to detailed tables relating to the chapter "Inhouse ecology" (for the areas of paper, water and waste). Similarly, our sustainability guiding principles are only included in this report as excerpts. The full version, which was updated in 2018, can be found on our website at www.rbinternational.com/sustainabilitymanagement.

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

The Report lays out the impacts, risks and opportunities of our business activity/business relationships, the sustainability strategy together with corresponding management approaches (concepts) and measures and it describes specific sustainability activities carried out during and prior to the reporting period. In addition, we present our sustainability program for the next reporting period. The current reporting period follows on seamlessly from the RBI Sustainability Report for 2017, and the Report is published annually.

As shown in our stakeholder universe (see page 31), the Sustainability Report is addressed to all stakeholders of RBI. Many stakeholders were involved in selecting the most important topics for this Report. We particularly refer readers to the "Materiality Analysis" chapter (starting on page 25) and "Stakeholder Inclusion" chapter (starting on page 31).

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

GRI Standards

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

Verification of the report's contents

The contents of this Sustainability Report have been audited by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft (KPMG) (see pages 163-164).

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

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

In the Report, we address the subjects that have been identified within RBI 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 – including non-financial performance indicators – describing the specific impact of RBI on the economy, society and the environment. The contents of the Report were selected using the principle of materiality. A materiality analysis provides the basis for selecting the relevant topics. The internal and external sustainability requirements and expectations of RBI and RBI's impact on the economy, the environment and society have been analyzed in detail and summarized in a materiality matrix.

The materiality analysis is based on an online survey carried out in August and September of 2018 (see from page 27). It is intended to ensure that the contents of the Report cover all topics and indicators that have the greatest impact on business activities, products and services. This includes both the impacts that RBI has, which occurs inside the organization, as well as impacts to which RBI contributes, i.e. that have arisen based on business relationships with other entities. The risks and opportunities that are relevant to RBI in connection with the aforementioned matters or for which there are risks or opportunities for RBI on account of its business activities or its business relationships are also presented.

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

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

Report scope and data collection

The report includes Raiffeisen Bank International AG (RBI AG) and 13 network banks in Central and Eastern Europe. The core business of Raiffeisen Bank Polska S.A. was sold by way of a spin-off effective October 31, 2018 (see page 10). In all of the tables relating to the income statement for 2018, the figures for Raiffeisen Bank Polska S.A. are included until October 31, 2018. The environmental figures have been extrapolated on the basis of historical data. The company is no longer included in the measures listed in the report. The key participations of RBI AG in Austria are also included in the report. These are Raiffeisen Bausparkasse Gesellschaft m.b.H., Raiffeisen Kapitalanlage-Gesellschaft m.b.H., Raiffeisen Leasing GmbH, Valida Group, Kathrein Privatbank AG as well as Raiffeisen Centrobank AG.

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

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

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

Economy

The information on economic circumstances contained in this Sustainability Report is based primarily on the information from RBI's 2018 Annual Report. The information and data contained therein was examined by external auditors, and some of that information and data was used for this report. Further information can be found in the Annual Report.

Ecology

As in the previous year, quantitative data relating to in-house ecology was collected using the "mona" software. Additional data published in the report was gathered by means of standardized questionnaires and discussions with individuals. The environmental figures consist exclusively of the head office data of the network banks and cover around 50 percent of all employees. There are currently no plans to collect environmental data at the branches, as collecting energy-related data for the leased office space would require disproportionate effort. Furthermore, branch employees make business trips to an insignificant extent only. The key figures of the network banks have been summarized by region and are published on our website at www.rbinternational.com. Data acquisition of the corporate environmental protection indicators was adjusted on account of earlier reporting requirements in the 2017 financial year (as a result of the Austrian Sustainability and Diversity Improvement Act). Full-year values are still published, but with a time lag. The figures for the fourth quarter of the previous year are added to the figures for the first three quarters of the current financial year. This data acquisition pattern was not changed at RBI AG until 2018. The areas of paper, water and waste are not covered in detail in this Report; instead they are published on the website.

Employees

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

Comparability of the information

The 2018 Report is fully comparable with the 2017 Report in terms of content. It should be noted that, since January 2017, the Raiffeisen Zentralbank Österreich AG (RZB AG) business contributed as a result of the merger is included in full in the details for RBI. The current RBI figures relate to the merged bank. The historical figures include notes regarding whether these relate to RBI figures (published) or the RBI pro forma details that are based in each case on the merged bank.

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

Wording

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

Interesting facts about RBI

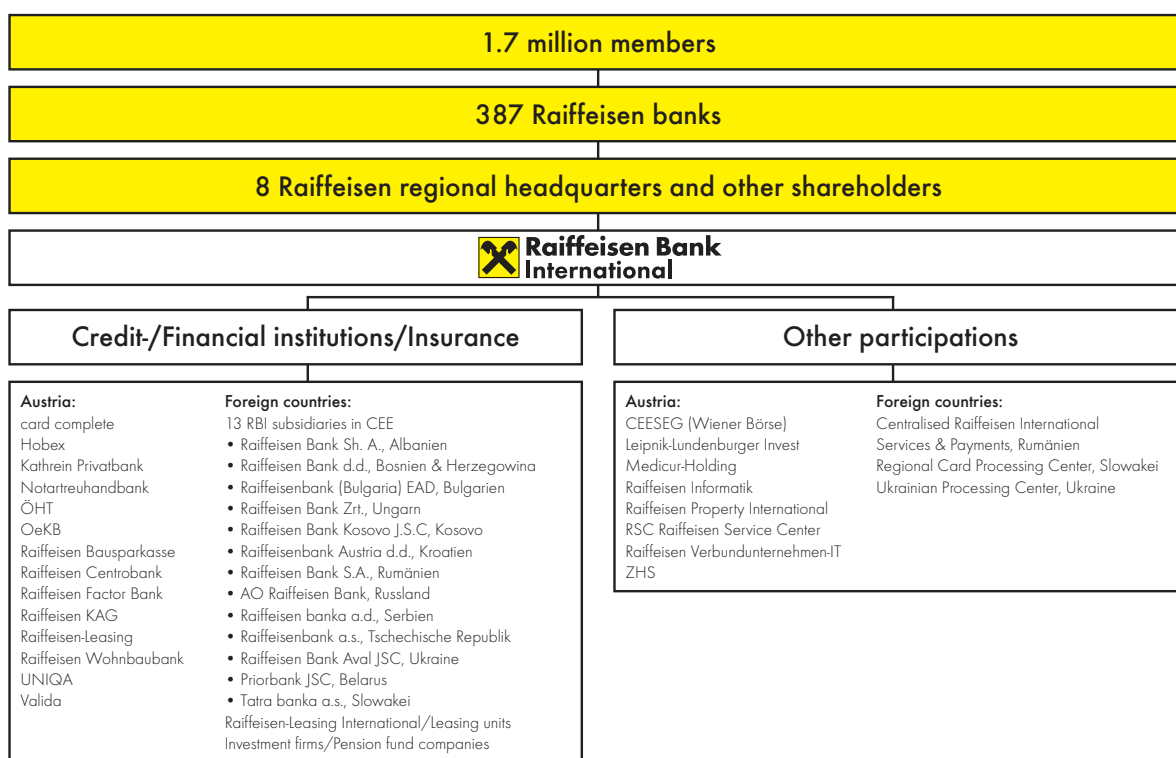
Ownership relationships and structure

The Raiffeisen Banking Group in Austria (RBG) is the largest banking group in the country and has the densest network of bank branches in Austria. There are three levels to the RBG: it is made up of 387 independent and locally active Raiffeisen banks (level one), the eight Raiffeisen "regional banks", which are also independent (level two) and RBI AG (level three).

The 387 Raiffeisen banks together with the regional Raiffeisen banks and specialist companies, form an extensive and wide-ranging banking network. The Raiffeisen banks are universal banks offering a full range of banking services, and at the same time are owners of their respective regional banks.

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

Structure of the Raiffeisen Banking Group



About RBI

RBI regards both Austria, where it is a leading corporate and investment bank, as well as Central and Eastern Europe (CEE) as its home market. 13 markets in the region are covered by subsidiary banks. In addition, the group comprises numerous other financial service providers in areas such as leasing, asset management as well as M&A.

All in all, around 47,000 RBI employees manage 16.1 million customers at more than 2,100 business outlets, most of them in CEE. RBI AG shares have been listed on the Vienna Stock Exchange since 2005.

In April 2018, the core banking business of Raiffeisen Bank Polska S.A. was sold by way of a spin-off to BGZ BNP Paribas S.A., a subsidiary of BNP Paribas S.A., and was therefore completed upon receipt of regulatory approvals. RBI transferred the remaining operations of Raiffeisen Bank Polska, which consisted primarily of the portfolio of retail mortgage loans in foreign currencies after the spin-off, to a newly founded Polish branch of RBI AG.

RBI's total assets as of the end of 2018 amounted to € 140 billion. The Raiffeisen regional headquarters hold around 58.8 percent of the shares in RBI AG, while the remaining quantity of around 41.2 percent is in free float.

The fundamental values of RBI

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

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

Our values and principles implemented in established rules

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

The ten principles of the UN Global Compact

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

The Code of Conduct (CoC) for dealing with customers, business partners and employees, which is applicable group-wide, is a binding regulatory framework for all employees and, accordingly, is available on the RBI websites in the respective national language. It is based on the fundamental Raiffeisen values and is oriented towards the specific requirements of everyday business at home and abroad. More information can be found in the chapter on "Governance and Compliance", starting on page 20, as well as at www.rbinternational.com.

Visual implementation of the Report

For the first time, the 2011/2012 Sustainability Report ushered in the concept of giving our report layout a socially relevant character. Over the years this has given certain artists and amateurs an opportunity to present their works as part of the report layout. A wide range of different images and photographs have now graced the cover and the chapter pages of the respective reports.

In looking for new artists for the latest Sustainability Report, we came across the photography club of the Raiffeisen companies in Vienna. It has existed in its current form since spring 2017 and has since grown to over 70 members. The club was formed by RBI employee Ulf Wallmann to promote an unofficial dialog and exchange on the subject of photography between employees of RBI, Landesbank NÖ-Wien, and their subsidiaries.

All Raiffeisen employees in Vienna are invited to join the club activities (socializing, photography walks, workshops on studio photography), which are intended for experts and photo-enthusiastic beginners alike.

The assignment for the 2018 Sustainability Report was not an easy one: to find compelling images that capture the topic of sustainability and its strategic focal points with respect to the reporting topic of digitization. The subjects addressed by the photography club were intended to show how offline relationships with Raiffeisen customers – private customers, SMEs, farmers and key accounts – are being preserved as an important pillar of the Raiffeisen culture even in today's networked digital world. After all, Raiffeisen has had deep roots in Austria for a very long time, and RBI's network banks in CEE are tightly linked to the local economy. The selected images are a mixture of impressions of the country, its culture and handicraft combined with a slightly exaggerated take on how the "Raiffeisen banker" identifies with them.

Finding a photographic way in to the topic of sustainability in a digital future was a challenge. The elements symbolizing digitization were added afterwards, and the members of the photography club wanted their images to make it clear that they are amateur photographers. The club therefore decided to concentrate on the sustainable, down-to-earth, people-oriented values that Raiffeisen has represented for over 130 years.

We would like to thank the photography team for their hard work. They were:



Caliopi-Ionela Galindo-Trigos, RBI



Annemarie Heyblom, RBI



Stefan Bmer, RBI



Martin von Malotke, Validia



Katerina Maznikova, RBI



Horst Pozdena, R-IT



Amel Salihbasic, RBI



Gerald Samhaber, RBI



Arturs Stendzenieks, RBI



Patrick Valdellon, R-IT



Ulf Wallmann, RBI

**Sustainability strategy, Impacts, Risks and Opportunities
Governance and Compliance, Materiality, Sustainable Development
Goals, Stakeholder engagement, Ratings and Awards**



Sustainability management and corporate responsibility

Sustainability concept and strategy

Our understanding of sustainability

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

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

In our Sustainability Guiding Principles "We create sustainable value", we have formulated how we pursue sustainability strategically and how we wish to live up to this ambition within our business activities. Our Sustainability Guiding Principles serve as a guide for all transactions, activities and services offered by RBI or on its behalf. The Guiding Principles were updated in 2018.

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



Our approach as designers of a sustainable company and society

Our sustainability strategy

In order to improve the effectiveness and scope of our sustainability management across the whole of RBI, we published the Group-wide sustainability strategy “We create sustainable value” in 2013. This strategy consists of nine core action areas within which we focus our 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 on our group perspective as well as 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

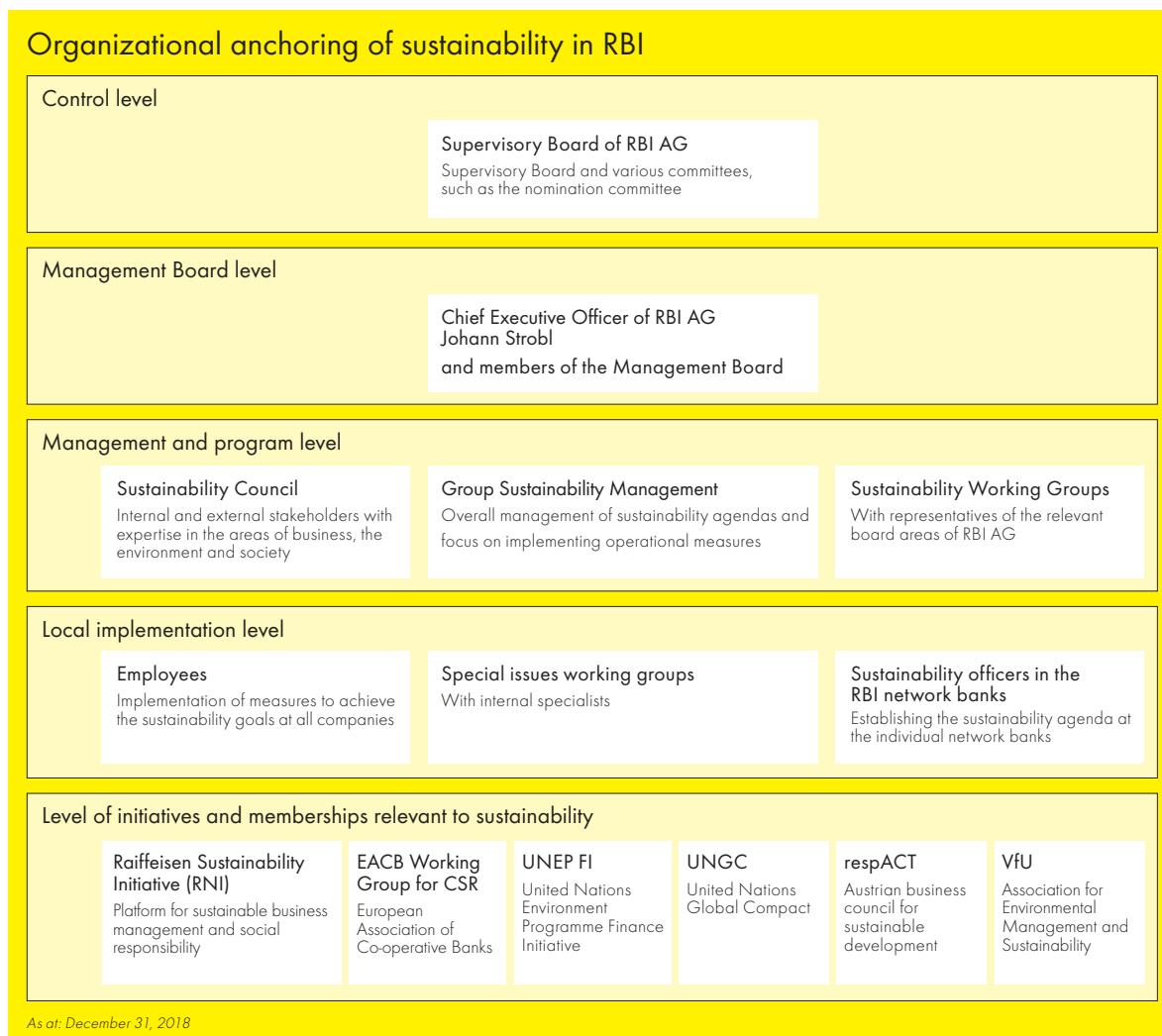
as for the purpose of making any adjustments to our sustainability strategy, we place great value on maintaining a dialog with our stakeholders.

Central core areas of our sustainability strategy

Sustainability matrix of RBI	Economy	Society	Environment
Responsible banker	Added value	Social product responsibility	Ecological product responsibility
	Successful business through responsible management and business strategies, sustainable economic responsibility in the real and regional economy and integration of sustainability aspects into the core business	Social responsibility for our products and services by taking consumer concerns into account, consideration of social aspects in providing loans and financial products, protection of customer data and providing correct information	Ecological responsibility for our products and services by guaranteeing national environmental provisions and recognized, international conventions as well as taking into account the environmental impact in project finance plans and financial products
Fair partner	Fair business and operating practices	Employees and stakeholders	Corporate environmental protection
	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 corporate management

The anchoring of sustainability within the organizational structure looked as follows as of December 31, 2018:



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

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

As at 31 December 2018, 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 Management Board of Raiffeisen Bank Zrt. in Hungary
- Martin Essl, founder of the Essl Foundation
- Eva Eberhartinger, Head of the Tax Management Group at the Institute of Accounting & Auditing, Vienna University of Economics and Business Administration
- Franz Fischler, Chair of the Raiffeisen Sustainability Initiative and President of the European Forum Alpbach
- Christian Friesl, Divisional Head of Social Policy in the Federation of Austrian Industry
- Susanne Höllinger, CEO Kathrein Privatbank AG
- Gregor Höppler, Head of the Group Executive Office of RBI AG
- Hannes Mösenbacher, CRO of RBI AG
- Andreas Pangl, General Secretary of the Austrian Raiffeisen Association
- Georg Schöppl, Member of the Management Board of Österreichische Bundesforste AG
- Andrea Sihl-Weber, Head of RBI Group Sustainability Management and Managing Director of the Raiffeisen Sustainability Initiative
- Alfred Strigl, Managing Director of plenum gesellschaft für ganzheitlich nachhaltige entwicklung gmbh

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

Impacts, risks and opportunities

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

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

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

There is a separate sub-chapter in each of the chapters "Responsible banker", "Fair partner/Human resources", "Fair partner/Corporate environmental protection" and "Engaged citizen". A summary of the impact - ranked by weighted relevance - can be found on the next page.

Material impacts

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

Governance und Compliance

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

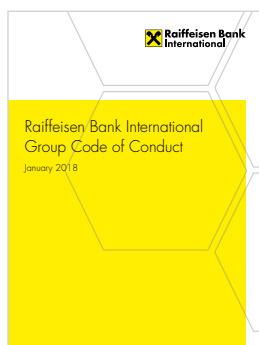
Corporate Governance

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

Management and inspection within a company that is aware of responsibility, is qualified, transparent and focused on the long-term increase in value are the goals of good corporate governance. Trust-based, efficient co-operation between the various company bodies, protection of shareholder interests as well as open and transparent communication are central guidelines for us in the implementation of modern corporate governance. As a publicly listed company, RBI AG is committed to the principles of good and responsible company management as laid out in the Austrian Corporate Governance Codex (in the version of January 2015) and has pledged to comply with these principles. The compliance evaluation of the Corporate Governance Report according to § 243c of the Austrian Commercial Code (UGB) was carried out by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft for RBI AG. In their conclusive report, they noted no cause for objections. (The report is available to the public at [www.rbinternational.com/Investor Relations/Corporate Governance/ External Evaluation of the CG-Code.](http://www.rbinternational.com/Investor%20Relations/Corporate%20Governance/External%20Evaluation%20of%20the%20CG-Code)) For more information on the composition of the Management Board and the Supervisory Board, including its committees, please refer to the annual report of RBI.

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

Code of Conduct



Our Code of Conduct forms the basis for our practices, dictating, among other points, the avoidance of fraud, corruption, bribery, market abuses, money laundering and financing of terrorism as well as the avoidance of any conflicts of interest, upholding financial sanctions and securities regulations as well as compliance with data protection standards and other sensitive issues (see "Compliance" starting on page 22). As a main component of our corporate responsibility, it consciously goes beyond formal and legally ordained conduct and describes how we deal with customers, business partners and employees. It ensures compliance with international standards, which are based on moral concepts, customer focus, professionalism, quality, mutual respect, initiative, teamwork and integrity.

The business model of RBI places people at its core. The Code of Conduct is a binding regulatory framework which is applicable group-wide for all employees and can be found in the respective national language on all of the websites of RBI and the network banks. In addition, all persons acting for or providing services on behalf of

RBI as well as all other business partners are expected to apply rules and standards that are identical or comparable to those set out in the Code. It is based on the fundamental Raiffeisen values and is oriented towards the specific requirements of everyday business at home and abroad. This includes observing laws including supporting the fight against money laundering and terrorism, implementing financial sanctions, prohibiting fraud, corruption and bribery, as well as respect for the fundamental rights of employees and environmental legislation.

The Management Board of RBI AG has the ultimate responsibility for the CoC; the Chair is also the highest authority on issues of sustainability. Operational responsibility for implementing the CoC in all global group units lies with the respective 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.



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



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



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

Compliance



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

In total, five network banks and RBI were fined in 2018 in the context of non-compliance with laws and regulations. For confidentiality reasons, the monetary value can not be mentioned.

All new RBI employees must attend training courses on the topic of compliance. In particular, these cover aspects of preventing economic crime (in particular corruption and fraud prevention), market abuse and conflicts of interest as well as appropriate measures and rules concerning internal reporting obligations. Defined groups of employees must also attend refresher courses on a regular basis. In addition, there are numerous special training classes for management staff and those sectors where there are particular aspects of compliance involved. The terms of the CoC apply worldwide, for all employees. In 2018, 38 percent of the Board and 52 percent of the B-1 managers as well as 52 percent of the B-2 managers, 63 percent of other management staff, and 73 percent of employees without a management function were trained on the issue of preventing corruption across the group and also had to take an associated test. At RBI AG, 45 percent of B-1 managers, 44 percent of B-2 managers, 49 percent of other management staff, and 100 percent of employees without a managerial function were trained on the issue.

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

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

All employees are 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 constantly analyze our rules and regulations in order to minimize the risks for the future as far as possible.

To combat money laundering and the financing of terrorism, RBI has appointed an independent anti-money laundering officer (reporting directly to the whole Management Board for organizational and disciplinary purposes) and two deputies and established extensive rules and processes that all employees and relevant group companies are required to observe. All employees are obliged to check the identity of the customer, identify the economic owner of the customer, question the purpose and nature of the business relationship, establish the origin of the funds and examine and record any connections with politically exposed persons (PEPs), particularly before establishing a long-term business relationship. Furthermore, all of the financial sanctions that are relevant for the RBI are continually reviewed. Employees are also obliged to take adequate risk-based measures for the continuous monitoring of the business relationship and to ensure that the business relationship is consistent with the knowledge about the customer, its business activities and its risk profile, including, where required, the origin of the respective funds. If it is not possible to fulfill one of these obligations for a customer, a business relationship may not be established with that customer and any existing business relationships must be terminated and, depending on the situation, the submission of a suspicious activity report on money laundering to the Federal Office of Criminal Investigation should be considered.

RBI has taken extensive group-wide precautions and implemented IT-based verification processes to ensure that all banking business and all transactions are consistent with EU sanctions and that applicable US sanctions are taken into account. RBI complies with the highest standards and comprehensively meets its obligations with regard to international financial sanctions and trade restrictions.

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

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

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

A fine was imposed on RBI in 2018 in the context of non-compliance with laws and regulations. RBI has appealed against this fine; a final decision is still outstanding. One network bank received a warning and four cases were brought in dispute settlement procedures at another bank; final resolution is still outstanding in each case.

Lobbying

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

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

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

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

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

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

Such payments must be handled transparently, involving RBI Group Compliance. The transparency provisions regarding party financing and lobbying in place since January 1, 2013 must be complied with and are implemented in the Group Executive Office of RBI AG. In 2018, RBI again did not make any financial contributions or contributions in kind to any politicians, parties or affiliated institutions.

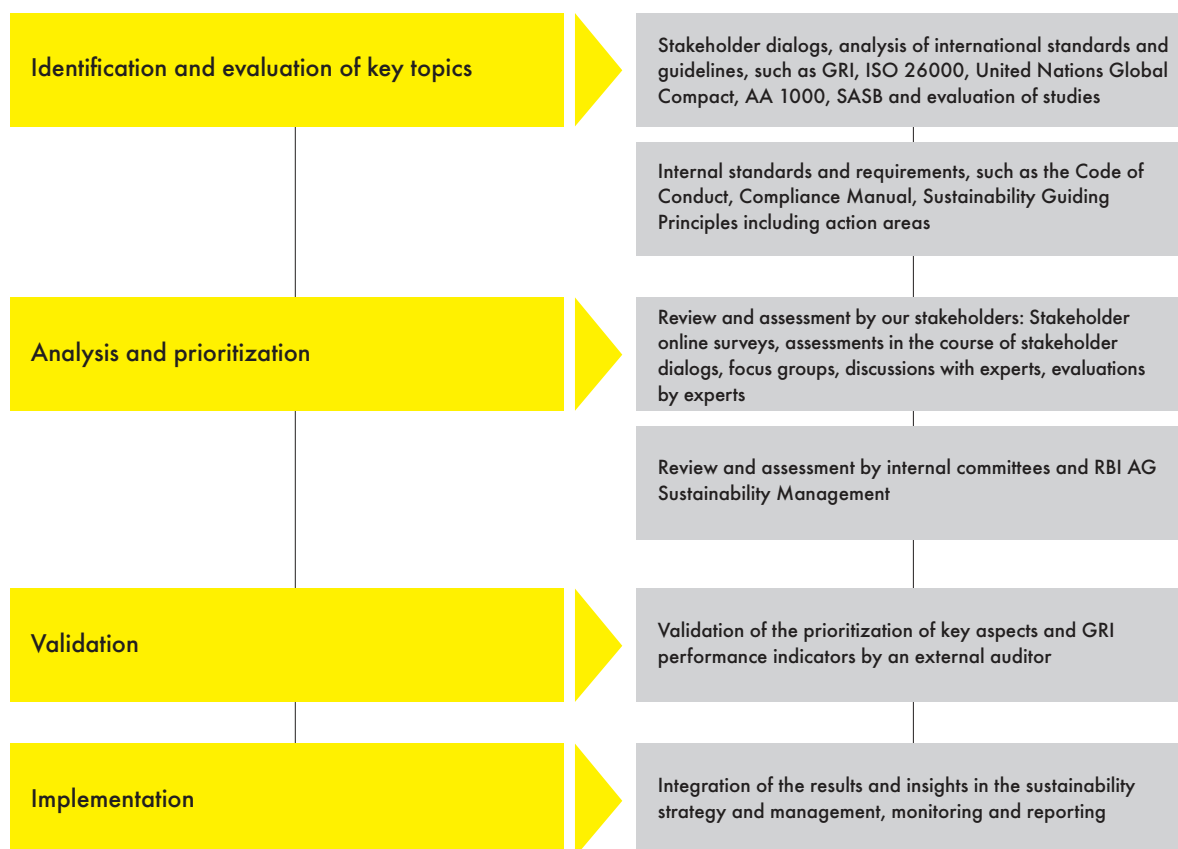
Material topics

We pursue two approaches in the further development of our sustainability strategy and the definition of reporting content and focal points: On the one hand, we want to know what standards we must meet in order to enjoy long-term success. On the other hand, 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) and the GRI Standards, the principle of materiality has been placed at the center of reporting. In this way, the GRI emphasizes even more strongly than before that sustainability reports should be focused on the key aspects of sustainability. The process of identifying and prioritizing the relevant topics and aspects must also be systematic and well documented.

Materiality analysis

Materiality analysis process



Identification of relevant topics

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

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

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

Prioritization of the sustainability aspects and materiality analysis

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

1. In order to be able to better evaluate and subsequently prioritize the key topics and areas of activity, the following tool was used to prepare and present topics in 2015: the topic map.
 - a. First, a list of the current key issues was drawn up by Group Sustainability Management. This is based on an internal analysis of past Stakeholder Councils, focus groups, sustainability reports, online surveys (online materiality survey 2013 and selective evaluations of the materiality of specific sustainability aspects), discussions with experts and the GRI.
 - b. The list was checked and added to by an external sustainability expert. At the same time, additional requirements of recognized standards and guidelines (incl. the Global Reporting Initiative, ISO 26000, EU Directive on non-financial reporting, Sustainable Development Goals) as well as current corporate strategies were also incorporated.
 - c. Next, the relations between the concepts were recorded. On the one hand, this involves hierarchical structures based on strategic clusters and concept levels (e.g. values, strategies, tools), and on the other, causal relationships and impact levels (e.g. input, output, outcome, impact).
 - d. Finally, these data were evaluated with the aid of network analysis software, and a topic map was created (see Sustainability Report of the RZB Group 2015, page 22).
 - e. The eight most important topics areas were identified from the topic map. These formed the basis for the online stakeholder materiality survey carried out in 2016 and 2018:
 - Work environment
 - Corporate environmental protection
 - Commitment to society and the environment
 - Sustainable products and services
 - Economic added value
 - Organizational management
 - Regulations and controlling
 - Transparency and disclosure
2. The current materiality matrix was created on the basis of the results of the 2018 online stakeholder materiality survey.
3. In the table "Material topics", we then present how the topics we identified as material are related to the associated key GRI topics (see page 30).
4. Validation of the key aspects, including GRI's compliance with the key aspects, was carried out by an external expert who has international experience as an auditor of sustainability reports produced by financial service providers. This expert examined the identified prioritization of topics and performance indicators.
5. A workshop was held in December 2017 with around 20 external and RBI-internal participants with the appropriate professional expertise and chaired by external experts, in order to arrive at expert-based weighting and determination of the impacts of RBI's business activities on the economy, environment and society. The impacts on the material topics were identified in two discussion groups. All workshop participants then anonymously assessed the material topics, and particularly the extent of the impacts thereof. The results were then ranked and subjected to critical review. In a follow-up meeting, the Group Sustainability Management Team, together with the external experts, determined and discussed further important impacts that have not yet been achieved.

Stakeholder online survey

In August and September 2018, around 2,200 stakeholders were invited to participate in an online survey on sustainability at RBI. A total of 810 stakeholders took part in the survey, corresponding to a return rate of 36.2 percent.

The stakeholders were asked to evaluate the topics identified by us (see page 26). Firstly, they were asked to assess the relevance of the topics to them, i.e. the extent to which they have a significant influence on their evaluations and decisions with regard to RBI. We also wanted to know how relevant the stakeholders considered these topics to be in respect of the digital transformation.

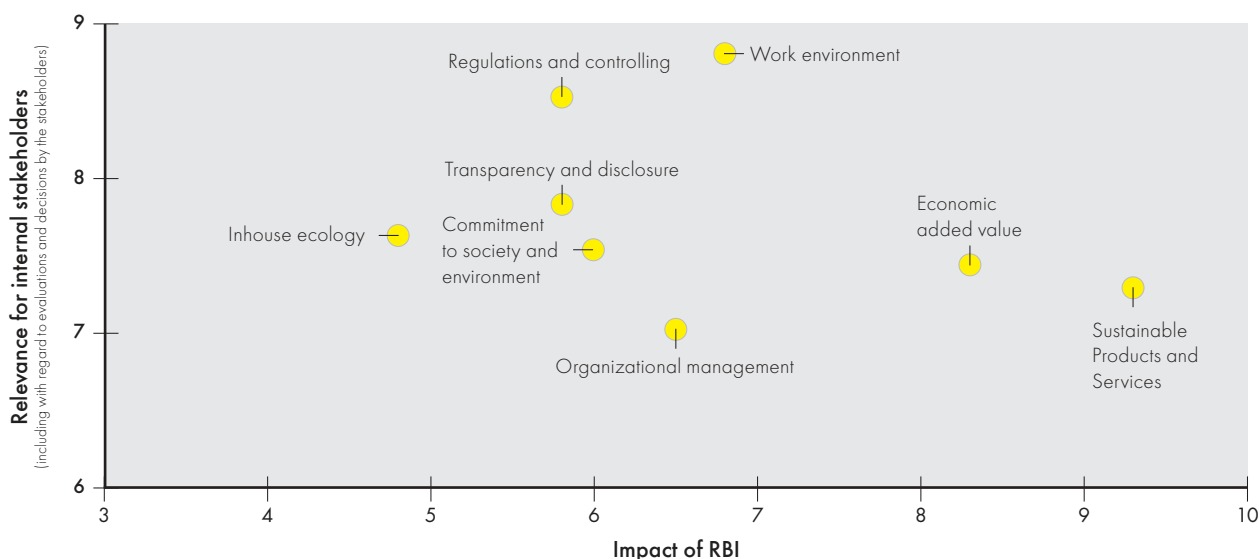
The survey recipients included employees from RBI AG, the Austrian subsidiaries and 13 network banks (Poland was not included on account of its imminent sale in fall 2018). As the owners, the Raiffeisen regional banks were also included as internal stakeholders. The following groups of external stakeholders were surveyed: customers, business partners, NGOs and NPOs, the capital markets (including investors and rating agencies), education and research, politics and administration, media and special interest groups.

We consider the survey to be representative in terms of evaluating and assessing materiality and deriving measures for the future.

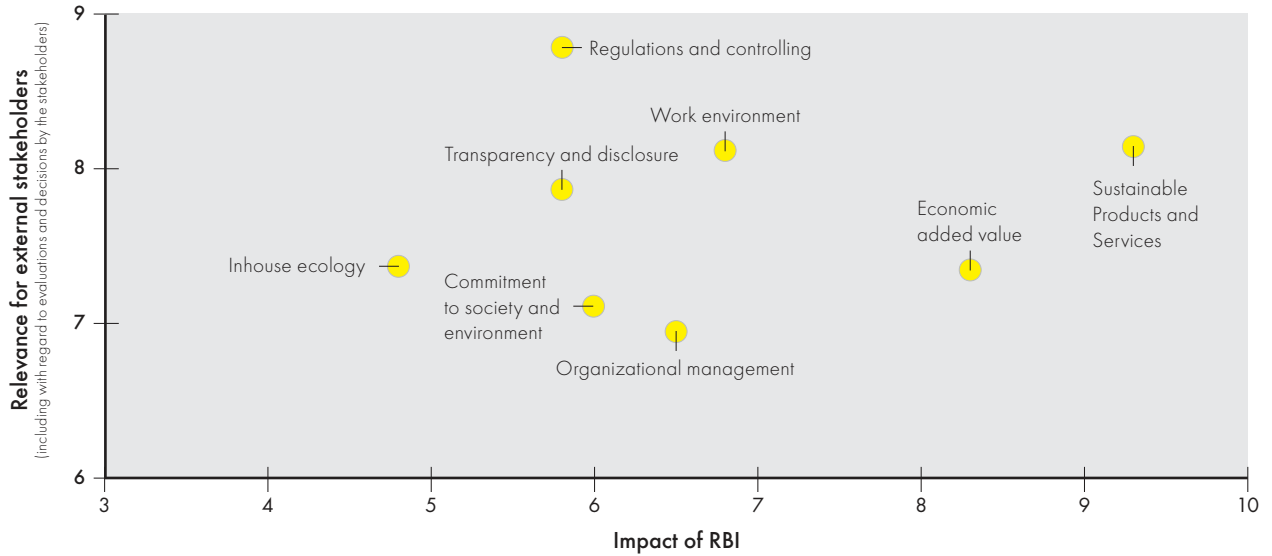
We deliberately prepared the adapted materiality matrix 2018 separately for internal and external stakeholders. We refrained from calculating an overall score, as each weighting involves the potential for distortion. The materiality matrices illustrate the significant economic, ecological and social impacts of RBI (x axis) and the evaluation of the topics by the internal and external stakeholders (y axis).

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

Materiality matrix – main topics (from the point of view of internal stakeholders)

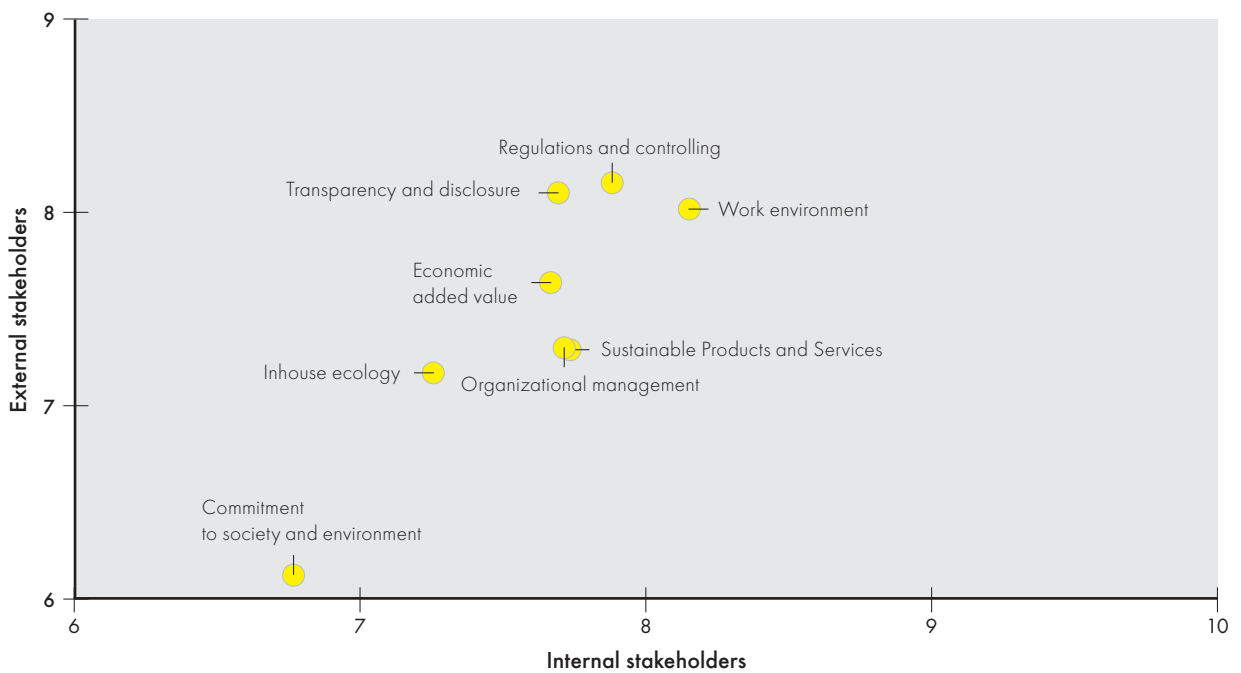


Materiality matrix – main topics (from the point of view of external stakeholders)



The materiality matrix on the digital transformation shows the impact of the digital transformation on sustainability topics at RBI according to the internal and external stakeholders.

Effects of the digital transformation on the sustainability topics of RBI

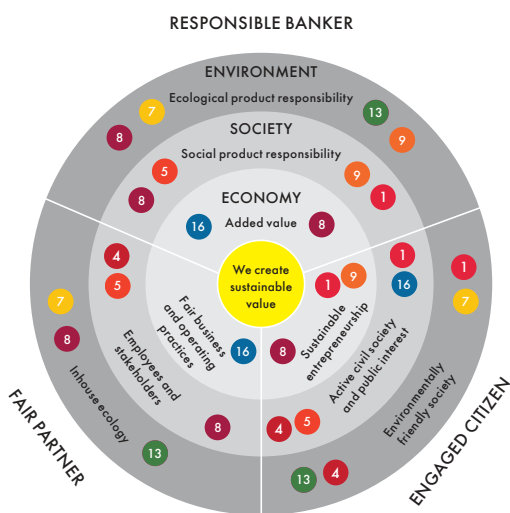


Sustainable Development Goals

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

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

To make this possible, we worked with an external consultant in 2017 to create a structured process to identify the SDGs that are most material to our business.



SDGs relevant for RBI

Of the ten SDGs identified as most relevant to RBI, the eight mentioned below were considered particularly relevant – both for the 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 eight most important SDGs for RBI are:



• SDG 1: To end all poverty everywhere.



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



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



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



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



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



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



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

Material topics

Areas of responsibility	Material topics	GRI Reconciliation Material topics	"Top" Sustainable Development Goals
Responsible banker	Responsibility to society and the environment	Human rights assessment	SDG 1 SDG 4 SDG 5 SDG 8
	Organizational management	Active ownership Marketing and labeling Product portfolio	SDG 8 SDG 9
	Economic added value	Economic performance Indirect economic impacts Product portfolio	SDG 5 SDG 8 SDG 9 SDG 13
	Sustainable products and services	Product portfolio	SDG 7 SDG 8 SDG 9 SDG 13
	Regulations and controlling	Audit compliance company Fighting corruption Protection of customer data Marketing and labeling Anti-competitive behavior	SDG 16
	Transparency and disclosure	Public policy	SDG 8 SDG 16
Fair partner	Work environment	Occupational health and safety Training and development Employment Non-discrimination Freedom of association and right to collective agreement negotiations Diversity and equal opportunity	SDG 1 SDG 4 SDG 5 SDG 8
	Inhouse ecology	Waste water and waste Emissions, Energy Materials, Water	SDG 7 SDG 8 SDG 13
	Organizational management	Product portfolio	SDG 8 SDG 9 SDG 16
Engaged citizen	Commitment to society and the environment	Marketing and labeling Product portfolio Economic performance	SDG 1 SDG 4 SDG 7 SDG 8 SDG 9 SDG 13 SDG 16

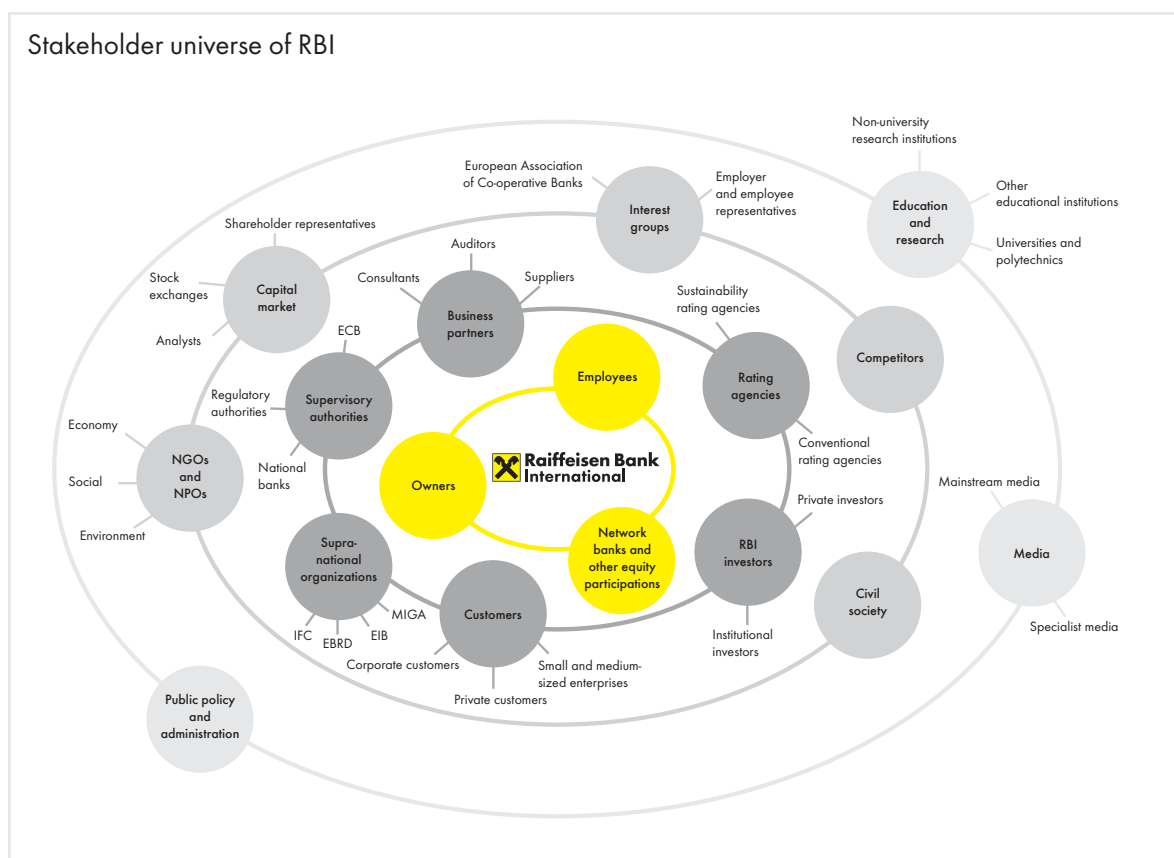
Stakeholder inclusion

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

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

Our stakeholders

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



Our stakeholder approach as a fair partner

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

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

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

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

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

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

We work closely with our shareholders and see them as both dialog partners and consultants. Additionally, 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 (UNGC), the United Nations Environmental Program Finance Initiative (UNEP FI), Transparency International, the Global Reporting Initiative (GRI) and respACT – Austrian Business Council for Sustainable Development.

We 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 with those of production industries. Nevertheless, RBI has the goal of limiting negative environmental impacts at all of its sites to the greatest possible extent, and – where possible – going beyond basic compliance with statutory requirements and demands.

A prerequisite in our business and operational practices is the fair, ethical and legally compliant behavior of all members of our staff. You can find more information about this on page 20 onwards.

A key part of our corporate culture is in-depth communication with our shareholders. This is why we ensure that their feedback and input is used in our strategies and operations. The result of this is a shared system for the creation of added value. The shareholders of RBI AG exercise their rights according to the principle of “one

share, one vote" by voting at the Annual General Meeting. All shareholders have entirely equal rights, and can exercise their right to vote in person or by proxy.

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

Dialog and information

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

In order to reach as many stakeholder groups as possible, we regularly carry out comprehensive stakeholder surveys. The last stakeholder survey was conducted in summer 2018. Over 800 stakeholders took the opportunity of working with us to reprioritize the material topics for RBI (see page 26 onwards).

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

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

Selected forms of dialog

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

Stakeholder Council

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

Of the suggestions from the Stakeholder Council in 2017, the following points were prioritized and implemented in 2018:

- The recommendation of the stakeholders that strict lending criteria and policies be implemented has already been realized for some sectors and is continuing with the enhancement of existing policies.
- The suggestion that an RBI green bond be issued was taken up. The first benchmark issue of a green bond by an Austrian bank took place in late June 2018 (see also page 35 and 75).
- The climate strategy formulated in 2017 was pursued as recommended by the stakeholders.
- In 2018, we remained committed to communicating the environmental measures adopted, both internally and externally.
- Numerous measures were adopted with regard to SDG 5 on gender equality (see page 97 onwards). We are increasingly focusing on directly addressing the personnel-relevant processes. We are currently working with an external organization to perform a detailed analysis of the personnel structure and recruitment and promotion practices. As recommended by the stakeholders, all of this is intended to sustainably change the relevant structures in order to have a positive impact when it comes to gender equality.



The 9th RBI Stakeholder Council on November 20, 2018 was attended by over 90 people from various stakeholder groups (customers and business partners, employees and owners, and representatives from the financial world and rating agencies, education and research, special interest groups, media, politics and administration, NGOs and NPOs).

CEO Johann Strobl welcomed the participants and thanked them for coming, as well as for the time they have invested in the RBI topics. This time, the Stakeholder Council specifically addressed the question of how digitization can help RBI to operate even more sustainably in the future. Strobl also stressed that the annual Stakeholder Council is an important and established dialog format and highlighted the central role played by society's expectations of the company.



Stakeholder Council 2018



A. Sihn-Weber, H. Cizek, Prof. R. Schmidpeter, CEO J. Strobl



Inputs by COO A. Gschwenter

Andrea Sihn-Weber, Head of RBI Group Sustainability Management, presented the latest developments in sustainability management. She discussed the economic contribution made by RBI in Austria with reference to results of the new value added report. She also reported on the victory achieved by RBI's Sustainability Report at the Austrian Sustainability Reporting Award.



Statements by CFO M. Grill, © wdw4friends

CFO Martin Grill discussed the conclusion of the first benchmark issue of a green bond by an Austrian bank in June, which is used to finance sustainable projects in Austria and CEE. With an order volume of € 1.3 billion, the green bond was significantly oversubscribed. A project team from the Cover Pool and Public Finance, Group Investor Relations, Group Sustainability Management, Group Treasury and Legal Services Markets & Treasury departments worked intensively on the preparations for over a year. The completion of the issue was preceded by an extensive investor roadshow through Europe.

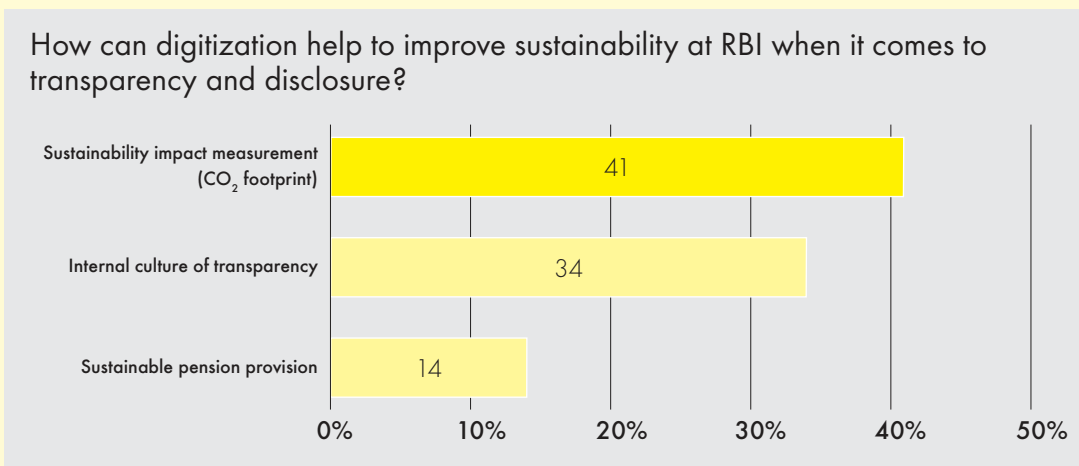
Among other things, keynote speaker René Schmidpeter, Professor of International Business Ethics and CSR at Cologne Business School, discussed studies showing that sustainability and profitability are not diametrically opposed. Quite the opposite, in fact: Sustainable business models are not more expensive or slower, and serve to reduce risk. That trend will be further reinforced by digitization and the resulting erosion of established mindsets. This will see sustainability being seen not as contradictory, but rather as an element of an integrative approach.

Hannes Cizek, Head of Group Strategy & Innovation, sees the digital transformation as an important tool for achieving sustainability targets. In his presentation, he noted that the biggest lever of digitization relates to core business and core processes.

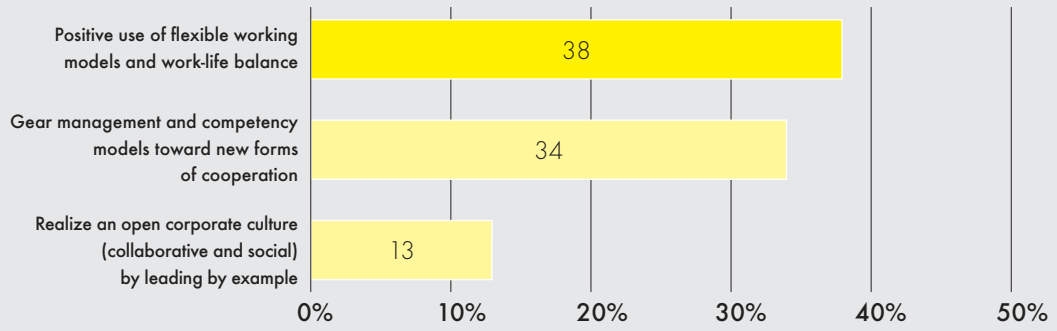
Following on from the presentations about the opportunities and challenges involved in the sustainable design of the digital transformation for companies, five workshop groups were formed after a brief introduction. These groups were tasked with addressing the question of how digitization can help RBI operate even more sustainably in the future in specific areas of action: employees and work environment, sustainable products and services, transparency and disclosure, environmental impact in the core business, and corporate environmental protection and social engagement. The workshop groups discussed the topics in detail, considered various different aspects and generated numerous ideas.

Each group subsequently presented their best ideas on the respective topic to the entire Stakeholder Council, allowing all of the guests to find out what had been discussed at the other tables. The proposals presented were also prioritized using real-time voting.

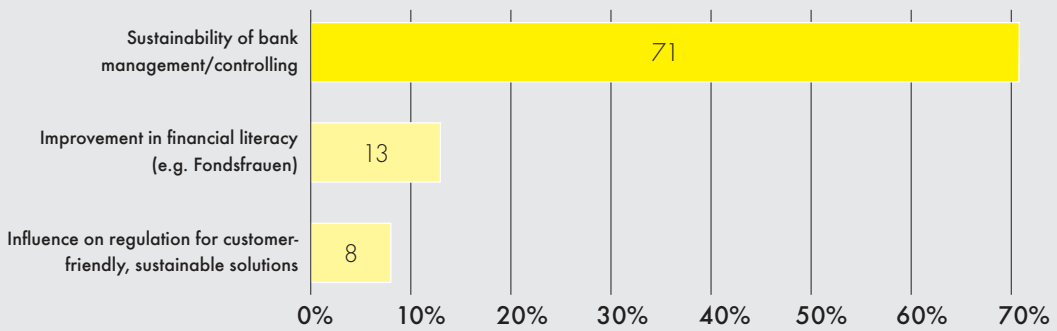
The top three ideas/suggestions are shown below:



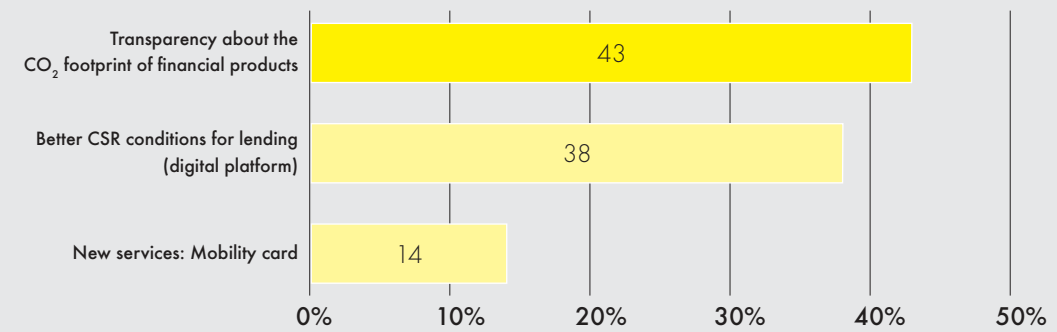
How can digitization help to improve sustainability at RBI when it comes to working conditions?



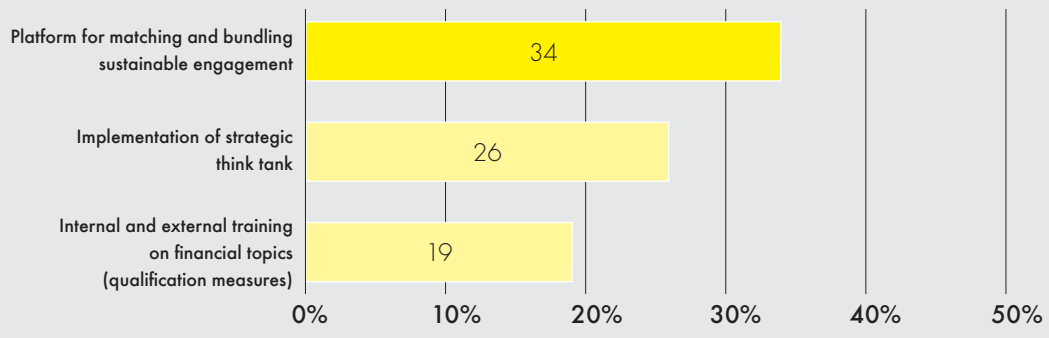
How can digitization help to improve sustainability at RBI when it comes to the sustainability of products and services?



How can digitization help to improve sustainability at RBI when it comes to the environment?



How can digitization help to improve sustainability at RBI when it comes to social engagement?



Sustainability ratings, indices and awards

Sustainability ratings and sustainability indices

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

ISS oekom research-Rating



ISS 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. ISS oekom research ensures that the ratings are kept up to date through regular update cycles. In order to make the evaluations transparent, ISS oekom research publishes not only criteria and processes but also important rating results. The sustainability rating of RBI was again rated at level “C+” in June 2018, which corresponds to “Prime Status”.

Sustainalytics



Sustainalytics is a leading independent provider of environmental, social and corporate governance (ESG) research, ratings and analyses. It specializes in analyzing and evaluating the sustainability performance of companies and countries, and helps investors around the world to develop and implement responsible investment strategies. As of April 2018, Sustainalytics rated RBI as an outperformer in terms of its overall ESG score. It occupied 51st place out of the 344 companies ranked.

VÖNIX



RBI AG has been listed in the sustainability index of the Vienna Stock Exchange – the VBV-Österreichischer Nachhaltigkeitsindex (VÖNIX Index) – for 13 consecutive years. This index includes those domestic companies listed on the Vienna Stock Exchange that are leading in terms of their environmental and social activities and services. The VÖNIX index, which was launched in June 2005, is one of the first national sustainability indices and demonstrates the long-term benefit of sustainable business and investment. The VÖNIX index is based on the measurement of entrepreneurial sustainability. This requires a complex model with extensive environmental and social exclusion criteria and positive criteria.

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

FTSE4Good



FTSE4Good

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

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 Awards



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

The Sustainability Report for 2017 was recognized at the Austrian Sustainability Reporting Awards (ASRA) in mid-November 2018, taking first place in the “Large companies” category as well as the title of overall winner. The ASRA, which is awarded by the Chamber of Chartered Accountants, honors the best Sustainability Reports by Austrian companies in five categories. For the first time, the growing demands in terms of non-financial reporting were also taken into account.

Among other things, the qualitative jury feedback on RBI’s Sustainability Report praised its presentation of sustainable projects and products, as well as the extremely good presentation of the company’s ecological footprint. In addition, the jury recognized

the connection to the SDGs, which is also reflected in the layout. It also noted the good description of the impacts, opportunities, and risks.

CDP



Once a year, the non-profit organization CDP surveys and evaluates the CO₂ emissions of listed companies on behalf of investors in over 50 countries. In order to make it possible to compare qualitative and subjective facts in connection with the answers provided by the companies, these facts are subjected to a points-based evaluation system. The goal is to evaluate the degree of maturity of companies with respect to their strategic alignment on climate-related issues. Only companies that can demonstrate a score of at least 80 percent on the “Leadership” level are given a place on the A-List.

In 2018, more than 7,000 companies reported their CO₂ data to CDP. Based on these data and the CDP scores, investors and companies are able to make decisions in respect of material climate risks by using an improved information base which helps them select suppliers. Only 356 of more than 2,400 companies around the world, most of them listed, secured a place on the CDP Leadership List in 2018. RBI is one of the four best companies in Austria to find themselves in this ranking again. In addition, RBI is the best domestic financial sector company for the fourth year in a row.

Of the 166 companies participating in CDP from Germany, Austria and Switzerland, in 2018 RBI was once again in the leadership list with a grade of “A-”. In order to be added to this list, it is necessary for CO₂ reporting to be verified, for no relevant CO₂ emissions to be excluded from the reporting, and for companies to have set themselves ambitious emissions reduction targets.

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

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



Responsible banker

As a “responsible banker”, long-term added value is our primary objective. Therefore, our business strategy as well as our products, services and processes are aligned with this goal. To achieve this, we take a holistic approach. Rather than limiting ourselves purely to generating economic value, we always consider the environmental and social impacts of our business activities as well. Effective and sustainable performance can be achieved only if these aspects are also taken into account.

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

Impacts, risks and opportunities

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

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

The impacts of our activities are also still felt in other areas. We also make a contribution to supporting the Sustainable Development Goals (SDGs) (see “Sustainable financing” starting on page 61). For example, disadvantaged groups of the population can attain greater equality in socio-economic respects through purposefully designed products and information offers (see “Initiatives for improving access to financial products for disadvantaged groups of the population” on page 78). We also have an obligation to ensure that we do not contribute to the over-indebtedness of customers through granting loans irresponsibly, thereby endangering the existence of these (see “Responsible lending” on page 54). Another worthy goal is achieving and maintaining a foundational awareness of the concepts of saving, preparing for the future and economic responsibility as well as an associated product base, which we support with our investment products (see “Sustainable investment products” starting on page 66). All this in turn has an influence on the prosperity and quality of life of the population.

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

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

The timely identification of these risks together with the classic business risks is a fundamental requirement for proactive countermeasures and effective risk minimization (see “Lending policy and lending decision policy” starting on page 55). We also continuously analyze our development opportunities. RBI views sustainability itself as an opportunity – for our own business activities and for our stakeholders alike. Awareness of environmental and social issues has risen and this is reflected clearly in the increased demand for fair and organic products. The market for sustainable financial investments in particular has grown significantly in recent years and presumably will continue to do so. In this area, it has now become necessary not only to take advantage of the opportunity for additional business and acquiring new customers but to minimize the risk of losing business to more sustainable providers. As a consequence, the financial sector has become “greener” on the whole. We also see that the development of new sustainable technologies can open up new business fields over the medium term.

Business strategy

RBI is a leading universal bank in the CEE region and Austria. Its business activities include corporate customer business, financial services for retail customers in CEE and its business with banks and other institutional customers. The challenges for the business model of RBI will continue to be marked by supervisory and regulatory requirements, banking-specific taxes, politically motivated market interventions, the continued low-interest environment as well as technological developments and new competitors. To successfully overcome these challenges, RBI is again focusing on growth and intensified its activities in the area of digitization and innovation following a transformation program that culminated in the sale of the Polish core banking operations. RBI will continue concentrating on the CEE region, which offers structurally higher growth rates than Western Europe as well as a more attractive level of interest rates and returns. Supplemented by leading specialist institutions in Austria, such as the building society, asset management and pension fund management businesses in particular, RBI benefits from the stability of the Austrian operations. On the whole, this results in a balanced, attractive business portfolio.

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

- RBI maintains and develops a strong and reliable brand that forms the basis for the business model.
- RBI provides all retail customer segments with comprehensive financial services through the customers’ respective preferred sales and communication channels.
- RBI is a reliable business partner to corporate and institutional clients that have a link to the target region, and offers financial services in line with international standards.
- RBI distinguishes itself through strong local presence, customer focus and long-term business relationships.
- RBI utilizes the strengths of country-specific business strategies combined with central business management standards.

On this basis, RBI currently serves around 16 million private customers, private banking customers and small businesses, around 100,000 corporate clients (medium-sized businesses, large local companies and international corporations and local authorities) and around 10,000 institutional clients (banks, insurance companies, asset managers, sovereigns and public sector organizations). RBI sees itself as a “financial adviser” to its customers, always keeping the focus on their needs. The goal is to serve customers as comprehensively as possible with financial services in line with their needs in order to establish long-term business partnerships. Customers typically take advantage of entire product bundles.

RBI sees responsible corporate governance as another important pillar. In addition to compliance with statutory and supervisory rules, this also means dealing responsibly with societal and ecological risks and underlying transparent management processes. RBI has always given great priority to corporate governance and compliance (see “Governance and compliance” starting on page 20).

Economic sustainability

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

Another requirement is ensuring appropriate capital resources. The concept of group risk controlling comprises a sustainability perspective that should ensure that RBI has a sufficiently high core capital ratio at the end of a planning period even if the macroeconomic environment worsens unexpectedly (details on this can be found in the 2018 RBI Annual Report starting on page 180). The following tables provide an overview of the direct contribution RBI has on the economy.

RBI Group operating result (in million €)			
	2018	2017	Change
Net interest income	3,362	3,225	137
Dividend income	51	35	16
Net fee and commission income	1,791	1,719	72
Net trading income and net income from fair value measurement	17	35	-19
Net income from hedge accounting	-11	-16	4
Other net operating income	88	100	-12
Operating income	5,298	5,098	199
Staff expenses -	1,580	-1,554	-26
Other administrative expenses	-1,178	-1,157	-21
Depreciation	-290	-300	10
General administrative expenses	-3,048	-3,011	-37
Operating result	2,250	2,087	162

The provisions of the new accounting standard for financial instruments (IFRS 9) came into force on January 1, 2018. RBI also changed the structure of its balance sheet at the same time as the introduction of IFRS 9. The balance sheet is now based on the financial reporting framework (FinRep) issued by the European Banking Authority (EBA). The changeover also required the adaptation of the prior-period figures and the prior-period comparative date. This improves comparability while also enabling the more efficient processing of financial statements in accordance with local commercial law and regulatory requirements.

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

Financial flows to stakeholders (in million €)		
	2018	2017
Owners – Dividends	204	0
Employees – Wages and salaries	1,218	1,178
Business – Investments and operating costs	1,229	1,219
Investments in the community	3	3
Public authorities	753	720
Income taxes (excluding deferred taxes)	373	322
Banking levies	116	121
Social security costs and staff-related taxes	264	277
Equity status as of December 31	12,413	11,241

RBI key figures by segment							
2018	Total assets in € million	Change from previous year ¹	Business outlets	Employees	Profit/loss after taxes in € million	Customers in million	Amounts owed to customers in € million
Poland	3,267	-72.1%	1	196	-17	0.0	19
Czech Republic	16,883	4.7%	136	3,402	161	1.1	13,004
Slovakia	13,301	5.5%	187	3,995	127	0.9	10,927
Hungary	7,528	6.9%	71	2,089	73	0.5	5,670
Central Europe segment	40,353	-13.8%	396	9,692	346	2.6	29,619
Albania	1,809	-3.9%	78	1,226	27	0.4	1,522
Bosnia and Herzegovina	2,296	6.5%	102	1,358	43	0.4	1,811
Bulgaria	4,119	10.7%	146	2,589	65	0.6	3,177
Kosovo	919	-0.4%	48	839	21	0.3	729
Croatia	4,755	3.2%	78	1,982	46	0.5	3,698
Romania	8,966	10.1%	422	5,115	193	2.3	7,166
Serbia	2,498	9.7%	88	1,537	57	0.8	1,935
Southeastern Europe segment	25,360	7.0%	962	14,646	452	5.3	20,040
Belarus	1,755	15.6%	87	1,829	65	0.8	1,227
Russia	14,092	16.8%	191	8,998	455	2.8	10,880
Ukraine	2,347	17.1%	501	7,923	164	2.5	1,794
Eastern Europe segment	18,192	16.8%	779	18,750	684	6.1	13,901
Group Corporates & Markets segment	44,488	14.3%	22	2,879	393	2.1	23,020
Corporate Center segment	35,331	14.0%	0	1,112	211	0.0	4,381
Reconciliation/other	-23,609	-	-	-	-	-	-3,923
Total	140,115	3.7%	2,159	47,079	1,398	16.1	87,038

¹ The change in total assets in local currency compared with December 31, 2017 is due to the euro exchange rates.

Economic Footprint[®] in Austria

Raiffeisen Bank International AG and its Austrian subsidiaries and equity participations (referred to in this section as "RBI AT" for short) are extremely relevant to the Austrian economy. This is illustrated by the calculation of the Economic Footprint[®] (a registered trademark of the Economica/Cognion research association) for 2017, which was conducted in cooperation with the economic research institute Economica.

The analysis included data from RBI AG, Raiffeisen Kapitalanlage-Gesellschaft mbH, Raiffeisen Bausparkasse Gesellschaft m.b.H., Raiffeisen-Leasing GmbH, Valida Vorsorge Management, Raiffeisen Centrobank AG, Kathrein Privatbank AG and RSC Raiffeisen Service Center GmbH (for details see RBI's 2017 Annual Report, page 200 et seq.)

The aim of the analysis, which was performed in summer 2018, was to calculate the Austria-wide footprint attributable to RBI AT. In other words, it took into account not only the direct economic contributions resulting from RBI AT's operating activities, but also the effects in the upstream and downstream value-added chain (indirect and induced effects). The Austria-wide relevance of RBI AT in terms of its direct, indirect and induced value-added and employment contribution was also investigated. Finally, RBI AT's fiscal contribution was evaluated, with the relevant taxes and duties being determined both in absolute terms and in relation to the total taxes and duties in the respective categories.



The key results at a glance: At € 1,810.2 million, the gross value added generated by RBI AT is comparable to that of the iron and steel production sector. One in every 273 euros generated in Austria can be attributed to RBI AT as a result of direct, indirect or induced effects. One in every 331 jobs in Austria is directly or indirectly attributable to RBI AT. Direct, indirect and induced about 11,000 jobs are secured – as many as the city Zwettl in Lower Austria has residents. RBI AT paid taxes and duties of € 551.1 million in Austria.

Economic performance in Austria

The Austria-wide contribution by RBI AT in terms of gross value added and employment is quantified below using a multi-regional input-output analysis. A distinction is made between three different types of effect:

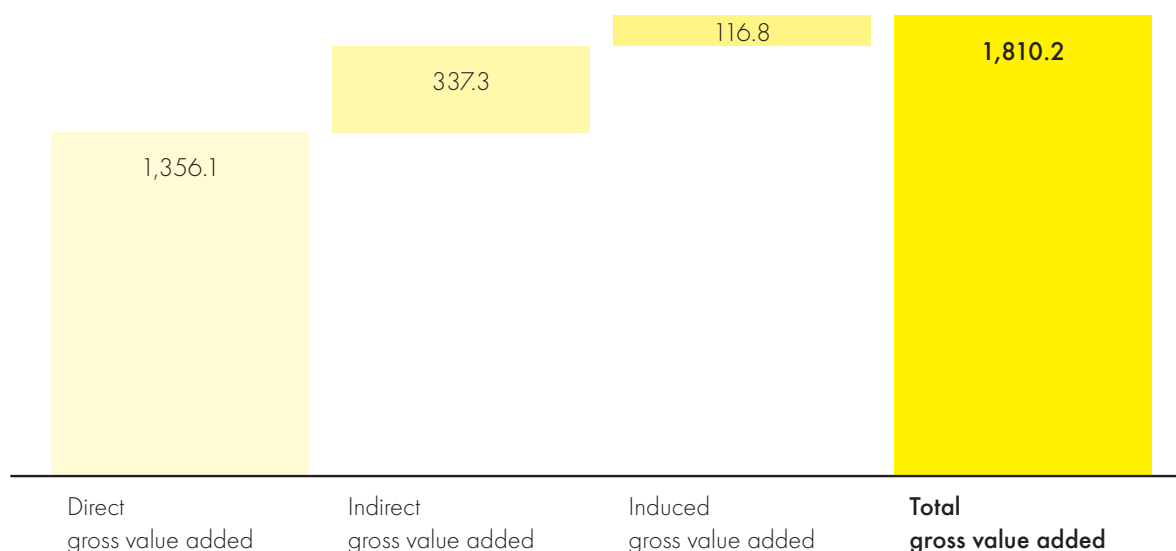
- The direct value-added/employment effect: This encompasses the gross value added and employment generated directly by RBI AT.
- The indirect value-added/employment effects derived from supplier relationships (intermediate input) along the entire value chain (e.g. a bank needs electricity, office supplies, cleaning, etc. – this serves to stimulate final demand in the electricity sector, retail and business services).
- The induced effects resulting from the application of income: The jobs that are created or secured directly or indirectly serve to generate income that enables increased consumption of goods and services compared with the situation if those jobs did not exist. This additional income is spent by employees, primarily for consumer and investment purposes. This serves to stimulate final demand in retail and gastronomy in particular.

Value-added effects

In 2017, RBI AT generated a gross production value of € 1,842.2 million. This resulted in an Austria-wide direct value-added contribution of € 1,356.1 million or, including indirect and induced effects, a total gross value-added contribution of € 1,810.2 million. The value-added factor is calculated by dividing the total effect by the direct effect. The Austria-wide value-added factor is 1.33, meaning that every euro generated by RBI AT triggers an additional € 0.33 in value added in Austria.

The direct value-added contribution from RBI AT's activities is roughly double the Austria-wide value added generated from clothing manufacturing. In terms of an industry comparison, the Austria-wide direct, indirect and induced value-added contribution is roughly double the value-added contribution from the manufacture of medical devices and is approximately equal to the value added generated by the iron and steel production sector.

RBI AT's gross value-added effects in € million, 2017



Source: RBI, Economica

Gross value added per employee as a measure of productivity amounts to € 361,819. This is comparable to the productivity of the base chemical production segment and almost double the figure for electricity supply.

Employment effects

In 2017, RBI AT employed 3,748 people in Austria. Intermediate input in Austria and so-called income effects meant that RBI AT created or secured an additional 7,300 jobs in Austria (indirect and induced).

A direct employment effect of 3,748 people and a total effect of 11,048 people is equivalent to 0.1% and 0.3% of all employees in Austria (based on the figure of 3,790,100 employees in 2017 according to Statistik Austria). This corresponds to the number of people employed in data processing and consumer electronics in Austria.

RBI AT's employment effects in number of employees, 2017



Source: RBI, Statistik Austria, Economica

Expressed in terms of full-time equivalents (FTEs), RBI AT is directly responsible for 3,286 jobs. Including indirect and induced effects, the number of FTEs attributable to RBI AT is 9,013. This means the proportion of full-time jobs at RBI AT is above-average at around 88 percent.

RBI AT's employment effects in FTEs, 2017



Source: RBI, Statistik Austria, Economica

Fiscal contribution in Austria

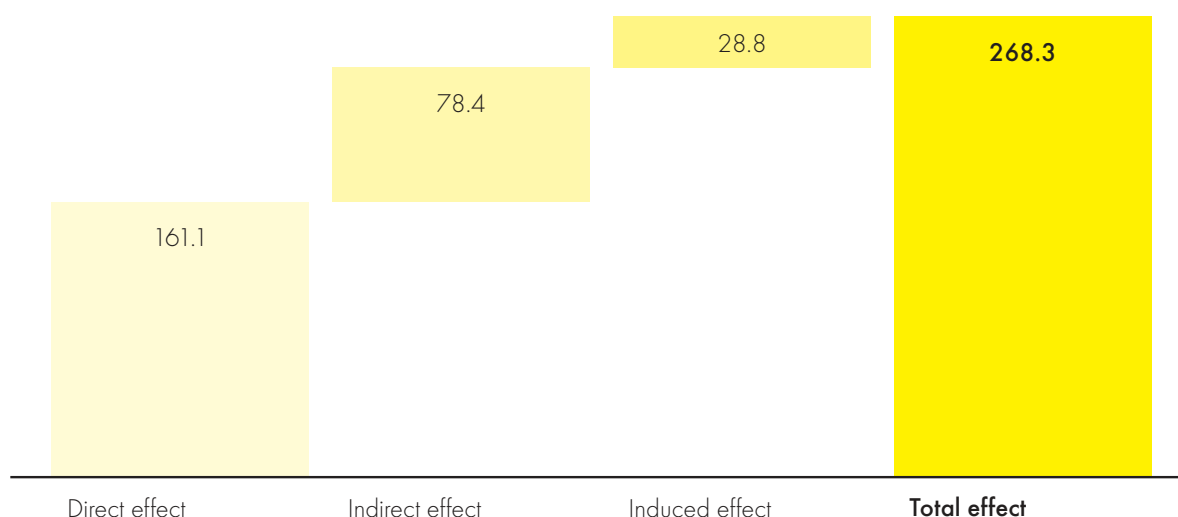
In 2017, the total domestic taxes and duties resulting from the activities of RBI AT in Austria amounted to around € 551.1 million. This is based on the primary data provided by RBI for the direct effects and the results of the multi-regional input-output analysis for the indirect and induced effects.

Accordingly, RBI AT's fiscal contribution is significantly higher than the level of the Austrian standard consumption tax for vehicles (€ 473 million) and corresponds to around 50 percent of the contribution for housing subsidies (€ 1.1 billion).

Payroll-related taxes and duties account for the highest relative share at around 48.7% of the total taxes and duties paid. This corresponds to a total of € 268.3 million for 2017. At € 161.1 million, direct taxes and duties account for the majority of this figure. Indirect effects account for € 78.4 million, with induced fiscal effects amounting to € 28.8 million.

However, RBI AT's direct and indirect fiscal contribution goes far beyond payroll-related taxes and duties and is presented in greater detail below.

RBI AT's payroll-related taxes and duties in € million, 2017



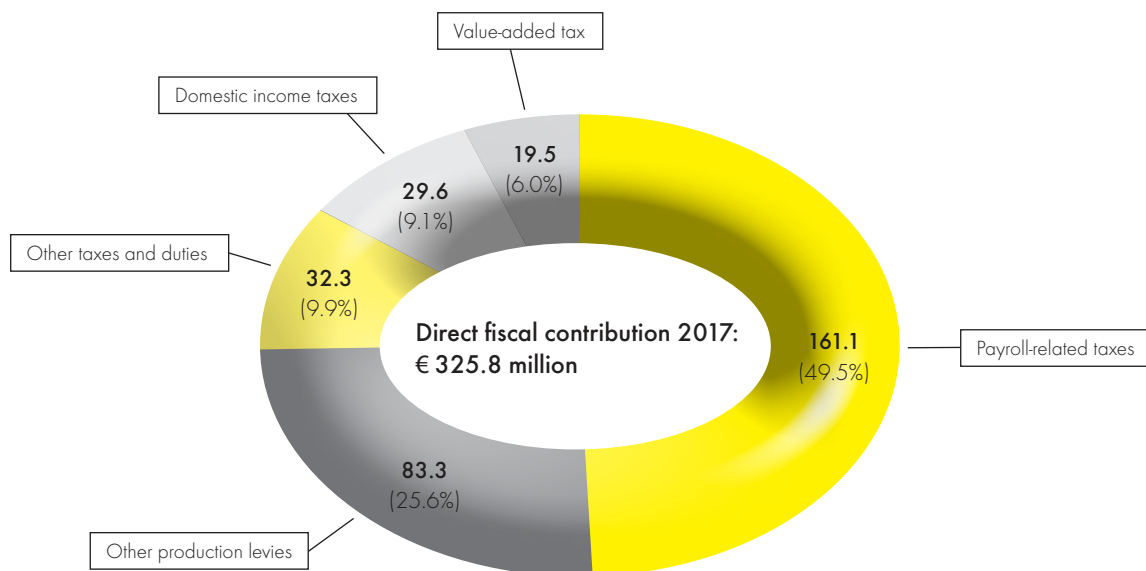
Source: RBI, Economica

RBI AT contributes to the taxes and duties generated in Austria as follows:

1. Through the taxes and duties it pays.
2. Through the taxes and duties deducted for third parties and paid to the government or the corresponding public bodies.
3. Through the taxes and duties generated along the upstream value chain (indirect effects) and as a result of income effects (induced effect).

The taxes and duties described in points 1 and 2 are shown in the following illustration. This fiscal contribution amounts to € 325.8 million for 2017. Of this figure, € 161.1 million is attributable to payroll-related taxes and duties (49.5%), € 83.3 million relates to other production levies (25.5%), other taxes and duties amount to € 32.3 million (9.9%), domestic income taxes (corporation tax and capital gains tax) account for € 29.6 million (9.1 percent), and value-added tax amounts to € 19.5 million (6 percent).

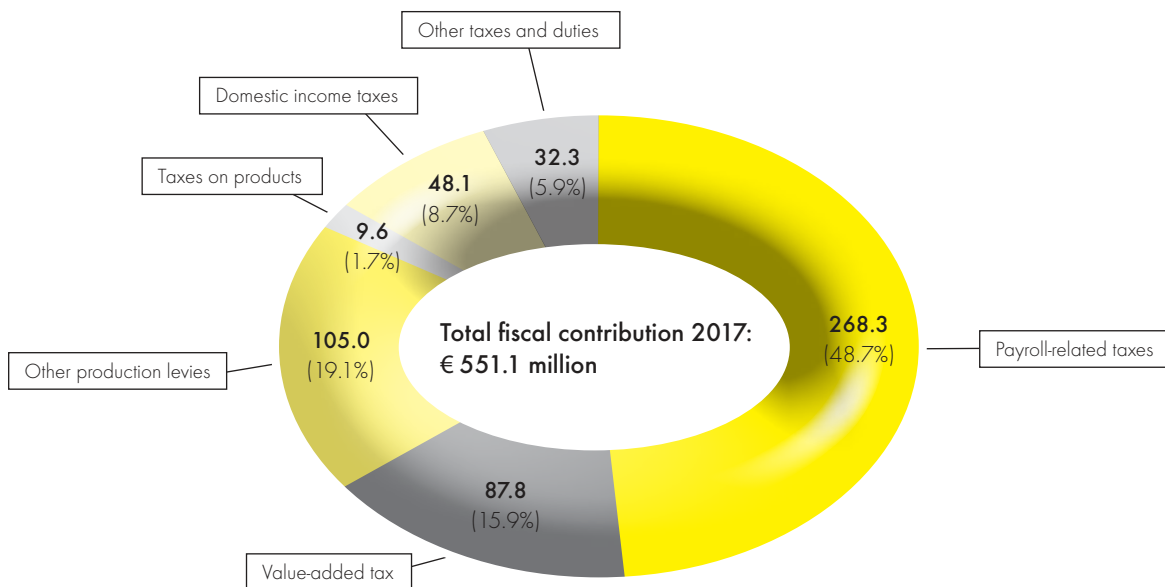
RBI AT's direct fiscal contribution in € million, 2017



Source: RBI, Economica

RBI AT's total indirect and direct fiscal contribution to the Austrian government, i.e. all direct, indirect and induced taxes and duties resulting from its economic activities in 2017, is shown in the following illustration.

RBI AT's total fiscal contribution in € million, 2017



Source: RBI, Economica

As mentioned above, payroll-related taxes and duties are the largest category at €268.3 million, with other production levies amounting to €105 million (19.1%), value-added tax payments accounting for €87.8 million (15.9%) and domestic income taxes (corporation tax, income tax and capital gains tax) accounting for €48.1 million (8.7%). The remainder is attributable to taxes on products (€9.6 million) and other taxes and duties (€32.3 million).

Responsibility for our products/services and digitization

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

RBI is committed to an outstanding service culture which regularly seeks to exceed the expectations of customers with regard to quality. The goal is to serve customers as comprehensively as possible with financial services in line with their needs while taking into account the impact on society and the environment. Naturally, we offer a product or service only when we have the necessary license, specialist knowledge, and infrastructure. We also offer only those products and services that are approved on the respective markets. When making recommendations, we ensure that they are given in an honest and fair manner and that customers are adequately informed about risks.

For retail customers, this involves state-of-the-art internet and mobile banking applications including video identification or contact center solutions based on telephony and chat functions, for example. By means of these sales and support channels – along with around 2,100 business outlets, which remain the central component of customer service – RBI offers its customers a broad product range (e.g. current account packages, clearing, settlement and payment services, consumer finance, mortgage loans, and investment products) from which they can select the products that best fit their needs. Particular emphasis is placed on transparent and customer-friendly solutions, first-class advisory services, and short information and decision-making processes.

For corporate and institutional clients, special attention is given to continuously enhancing the available options for digital interaction with customers as well as Group-wide sales and management tools with a focus on capital and liquidity-efficient products (particularly trade finance, capital market products including custody and administration, fund management and clearing, settlement and payment services). Group-wide product competence centers not only enhance efficiency through the pooling of expertise but also facilitate customer access to complex financial products (e.g. in the areas of project, real estate and export finance, or capital market transactions).

Due to the systemic importance of banks and their contribution to the functioning of the economic cycle, we consider it our obligation to place a strong focus on the sustainability of our products and services. By granting financial resources, banks have significant leverage in



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Prof. René Schmidpeter
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“We are in the middle of the biggest transformation in human history. Data is the new driver of progress. Artificial intelligence, big data, blockchain, and digital business models are changing every sector of our economy. It is also becoming increasingly obvious that continuing the present on a linear basis will not be enough in light of population growth, climate change, and rising resource consumption. Digitization makes a lot of things possible – maybe even everything. This is accompanied by entirely new business challenges: data protection in a transparent economy, maintaining privacy in a connected world, developing alternative energies for the IT infrastructure, and ensuring that everyone can participate in the benefits of the new technologies. The digital change needs to take place on a sustainable basis, combining economic growth a positive impact on society. In a digital world, success will depend on systematically placing people at the heart of all business decisions. Digitization and sustainability will go hand in hand if we work together to think about the present from a future perspective.”

QUOTE



actively shaping sustainable development that 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. This means that we strive to offer products which offer specific benefits to society, the environment and the real economy while minimizing the range of products on offer that present risks to society or the environment.

A broad range of products and innovative banking solutions are important prerequisites for customer satisfaction and loyalty. This is why we place particular emphasis on the systematic enhancement of our product and service range with a focus on customer-friendly, transparent solutions and short information and decision-making processes. This is ensured by way of the groupwide product competence centers and the Group Strategy & Innovation team. All new products, product combinations and variations throughout the entire network are also subject to a formal product approval process that is intended to ensure that every product is offered in an optimal form and all risks associated with a product are disclosed.

Product development takes account of trends and developments in the market, with the topic of digitization continuing to represent a central strategic challenge for RBI.

Changed circumstances in the field of competition, new technologies and business models, rapidly changing customer requirements and new, upcoming companies entering the market are additional challenges faced by RBI. Deep-seated innovation is the key to remaining competitive. Innovative methods such as design thinking help us to test out ideas, products and processes at the start of the development cycle. This makes it possible to predict the potential market success more effectively even at an early stage in development. By including customers in the product development process, it is possible to create and improve products and services much more cost-effectively. In turn, this means materials and personnel resources are used more efficiently.

Against this backdrop, RBI has initiated projects such as the Elevator Lab and the Innovation Garden (RBI intrapreneurship program) in order to respond to digital structural changes. The intrapreneurship program is about more than just actively promoting entrepreneurial spirit within the organization. It is also intended to motivate employees to pursue and implement their own ideas. The Innovation Garden creates an innovation-friendly corporate culture in which employees can fully realize their potential. In this way, the intrapreneurship program serves to accelerate innovation within RBI.

The Elevator Lab fintech partnership program seeks out the best innovative solutions in the financial sector internationally, tests them for feasibility in RBI's markets, and provides a means of entry for new solutions. By cooperating intensively with fintechs and testing their solutions, RBI intends to bring state-of-the-art technologies to the market and establish customer confidence in these new technologies.

Dedicated Elevator Lab tenders and events have been organized at eight RBI network banks. With these initiatives, the Raiffeisen banks are promoting and networking the local start-up ecosystems in the markets of Central and Eastern Europe. As a further example, Tatra Banka opened the Elevator Lab powered by Tatra in 2018.

Ecological product responsibility



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

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



Carbon policy

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

Social product responsibility

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



Observing human rights is a basic requirement in connection with all of the products and services we offer. Specifically, we do not finance transactions connected with forced or child labor or in violation of the European Convention on Human Rights, obligations under the labor and social law of the respective country, applicable regulations issued by international organizations (including the relevant UN conventions), or the rights of local populations or indigenous people. RBI is also not involved in business with products that 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 design, sale and use of our 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, e.g. on risk reduction. For example, the economic feasibility of loan repayment is carefully explained to the customer (see also "Responsible lending" on page 54). Where possible, we also inform customers about the sustainability aspects of our products. We carefully check any complaints which are brought to us and respond as soon as possible. We also strive to provide comprehensive barrier-free access to our financial services for disabled persons. Protecting customer data also forms part of our social responsibility (see next chapter).

Protection of customer data and data security

RBI considers the comprehensive protection of all data provided to or made available to the group, concerning customers as well as employees, to be an integral part of its business activities to which it attaches an extremely high level of importance. The recording, storage, processing and transmission of personal data of natural persons is subject not only to the mandatory statutory requirements, but also to internal principles and processes at RBI whose compliance is managed by the Group Data Privacy Office, the Data Protection Officer and Group Information and Cyber Security and reviewed by Internal Audit. In addition, all data protection measures implemented and employed throughout RBI are aligned to the most current technical security standards.

The key aspects of the RBI security strategy are:

- Regular adaptation of the security strategy to reflect industry standards: The processes and technical measures in the area of information security are based on standards such as ISO 27001.
- Permanent observation of the threat situation
- Security tests and emergency exercises: Internal and external security reviews, such as penetration tests, are performed regularly.
- Ensuring system availability
- Employee awareness: All RBI employees are obliged to complete regular security training.

A description of the technical security measures can be found on RBI's website: www.rbinternational.com → About Us → Security → Technical and Organizational Measures

In implementing the EU General Data Protection Regulation 2016/679 (GDPR) in time for its effective date of May 25, 2018, RBI established a range of additional technical and organizational measures that extended and reinforced the existing data protection principles and processes. In detail, a GDPR implementation project was planned and successfully realized; this primarily involved examining and analyzing the processes, organization, systems and contracts at RBI with regard to GDPR aspects. Based on this process, the necessary adjustments to meet GDPR requirements were defined and implemented for each of these areas. The existing organizational framework was extended to include a specific organizational and process structure for data protection.

As part of this project, RBI also supported its domestic and foreign group companies, including the banks in the RBI CEE network, and advised them on GDPR implementation. All RBI companies are subject to strict data protection principles, although the applicable national laws sometimes impose different requirements, particularly the network banks in non-EU countries. Additional information on the processing of personal data by RBI can be found in the RBI data protection declaration: <https://www.rbinternational.com/dataprotection>

Instances of complaints relating to violations of customer privacy and data protection violations are monitored at RBI and all domestic and foreign subsidiaries, the reasons for the respective complaint or data protection violation are investigated and the necessary measures are taken.

In the 2018 financial year, there were a small number of data protection violations and complaints from data subjects, some of which related to customer data, at RBI AG and its Austrian and foreign subsidiaries. In individual cases where this was required by law, the data protection violations were reported to the responsible data protection authorities; in some cases, the data subjects were informed. For reasons of confidentiality, no information is published concerning the number and content of the complaints, data protection violations and reports to the data protection authorities. Most of the data protection violations reported by RBI AG and its Austrian subsidiaries to the Austrian data protection authority have already been resolved (typically within a short space of time). The cases resolved to date all ended without the imposition of any follow-up measures.

Responsible lending

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

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

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

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

Lending policy and lending decision policy

Our business model is geared around the high level strategic goal of creating long-term value. Responsible lending is a significant component of this model. We achieve this with a lending policy that is based on continuity. We remain a fair and reliable lender to businesses with future prospects, even in difficult times. And we hold a clear position regarding the handling of sensitive business areas. The Code of Conduct is part of our lending policy. All employees involved in lending are accordingly obliged to act responsibly and also to carry out their supervising duties with great care. Likewise, the reputation of our banking group must be considered in all activities and decisions. The executives of our company are responsible for compliance with these standards in their respective areas of responsibility.

We are committed to not directly or indirectly financing transactions, projects, or parties that are suspected of violating human rights and, in particular, that use forced or child labor or that contravene the legal working and social obligations of the respective countries, the applicable regulations of international organizations and, in particular, the relevant UN conventions and rights of the local population or indigenous people.

Financing or participating in transactions or projects that involve the risk of sustainable damage to the environment (e.g. destruction of the rain forest, land, air or water pollution) is not consistent with RBI's business policy. For each financing decision, the responsible employees must take the potential negative environmental impact and the resulting damage to RBI's reputation into account.

Furthermore, we aim to prevent the mobilization of nuclear power by ensuring that we do not finance any nuclear power plants, companies that extract, distribute, or trade in nuclear fuel or companies that manage nuclear waste. Cooperation with power plant companies that operate nuclear power plants is continued only if the nuclear operations are strictly separable.

We also seek to prevent the mobilization of arms trading by ensuring that we do not finance any manufacturers of or dealers in controversial weapons or their relevant suppliers, as well as wholesale arms dealers. Cooperation with companies and businesses that manufacture defense products in addition to other products is only continued selectively and if the military operations and related activities are strictly separable.

It goes without saying that RBI complies with international standards on financial sanctions and trade restrictions. In connection with the gambling industry, we strive to finance exclusively reputable, transparent companies within the European Economic Area or other European countries with a regulated gambling market that are subject to supervision, comply with the principles of responsible gaming and adhere to the AML and CTF standards. As previously mentioned, we are also a signatory of the Global Compact of the United Nations (see page 11).

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 potential of various industries in the individual countries are continuously evaluated using an "industry heat map", which allows a timely response to any changes. Based on this industry heat map, lending guidelines and limits for future structuring of the credit portfolio are developed.

Specific lending criteria for individual customer segments and countries are resolved by credit committees consisting of representatives of the front office and back office areas or by the full Management Board. The composition of the credit committees varies depending on the customer group for corporate customers, financial institutions, public authorities, and retail. They 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 2018 RBI Annual Report on page 185).



The lending decision process is carried out on a case-by-case basis, following standardized principles and guidelines. 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 performed as to whether an industry is subject to special environmental or social risks, including human rights violations or health risks, and whether a potential borrower follows the existing rules with regard to the environment, human rights, and health. The agreed credit terms are also assessed as standard as part of the annual analyses. Group Compliance is responsible for all issues concerning compliance with legal requirements.

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

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

These network banks all have an Environmental and Social Management System (ESMS) and a corresponding Environmental and Social Policy (E&S Policy). This policy describes the principles of the ecological and social risk management in the bank and defines important roles and responsibilities for managing E&S risks as well as key elements of the E&S risk management process. An E&S Officer is nominated by the Management Board for each bank and is responsible for proper implementation within the bank. All employees involved in evaluating E&S risks receive appropriate training. The credit process ensures that all credit applications in the corporate customer area are reviewed in three steps, in addition to the usual credit and risk criteria:

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

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

More extensive standards are also adopted voluntarily and applied in the credit business at other network banks, e.g. Raiffeisenbank (Bulgaria) EAD, Raiffeisen Bank Aval JSC in Ukraine and Priorbank JSC in Belarus.

Overview of measures																		
Measures	Austria					CE			SEE				EE					
	RBI AG	RBSK	RKAG	RL Valida	RCB Kathrein	TBSK	RBCZ	RBHU	RBAL	RBBH	RBBG	RBKO	RBHR	RBRO	RBRS	RBBY	RBRU	AVAL
Consideration of social and/or Environmental criteria in the rating process/at limit orders	✓		n.r.	n.r.	n.r.		✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

The complete company names can be found in the abbreviation list.

Customer satisfaction

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

In our business with private customers, small enterprises and micro businesses, customer satisfaction and service quality have been an integral component of our business management for a number of years. Since 2012, we have also employed a number of different methods to gain insight into the quality, duration and consistency of our customer relationships. In 2018, the "Net Promoter Score" (NPS) of RBI improved by 17 percent, meaning we are currently positioned among the top 3 competitors in ten countries. The NPS measurement is carried out locally in all network banks based on a standardized method for the entire group. (The NPS is based on the question: "How likely is it that you would recommend Raiffeisenbank to a friend or colleague?") We also conduct a brand performance analysis twice a year. This measures the brand awareness and the brand trust in comparison with local competitors and other network banks. Most network banks rank above the market average in this analysis. High brand awareness/high brand trust, a stable market presence and high advisory service quality on the part of the employees are key among the most frequently listed reasons for a willingness to recommend us. We have invested in establishing customer experience management at all network banks. This consists of developing competence in improving the customer experience, establishing measurement and controlling criteria and anchoring customer satisfaction within the strategy of the network banks.

Regularly measuring customer satisfaction and the customer experience are used to reflect on and analyze changes. The increasingly popular digital channels (website, internet banking, mobile banking and social networks) have now also become an integral part of all measurements. Results are evaluated immediately and corresponding measures put in place. The digital channels on offer are very well accepted by customers, and the customer satisfaction scores (CSS) are rising steadily: In 2018, the CSS for our digital services increased by two percent. In parallel with this, we have also made quality improvements in our "traditional" channels (branches).

With the help of the consulting firm Forrester Research, Inc., a new customer experience system, the Customer Experience Framework (CEF), was successfully introduced at RBI in 2017. The CEF system generally defines the need to understand the following seven customer experience parameters: vision, research and analysis, prioritization, journey design, measurement, culture, and enablement.

This allowed the realization of "customer journey mapping" projects in several countries. Customer journey mapping is a concept in which the end-to-end customer experience throughout the purchasing process is observed at all touchpoints with a view to optimization. Customer journey maps are used to visualize the customer's current experience with the respective products. The map also identifies the potential for optimizing the user experience from a customer perspective.

The main aim of the projects was to understand the customer experience from a customer perspective, identify critical points, and develop ideas for improving the overall process. In 2018, we then focused on three core areas of development. The first and most important area was establishing a detailed understanding of the customer experience when purchasing services and products (such as mortgages). Another key development area was technological progress. This was achieved by obtaining feedback across several channels.

The following activities were also initiated in 2018: Selection, implementation and testing of a new multi-channel customer experience platform and launch of an internal discussion process on how customer experiences work in the context of agile banking.

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

Direct customer feedback is also an important indicator within the corporate business of RBI AG. On behalf of the Raiffeisen Banking Group in Austria, IMAS International conducted a market survey from September to December 2017 that focused on corporate customers with more than € 50 million in annual revenue. Raiffeisen achieves consistently good results with this customer group, enjoying a competitive edge in terms of digital services, payment transactions, and the easy accessibility of its branches.

We fundamentally view criticism and complaints by our customers as an opportunity to improve our products and processes, reduce errors and increase how customers benefit from our services. The importance of taking customer complaints seriously is unquestioned throughout the entire group (see page 59, “Complaint management”). The employees at our network banks therefore follow a list of principles, the “Golden Rules”, an open document that is regularly updated on the basis of changing customer expectations. The Customer Experience head and a Management Board member are responsible for monitoring compliance with these principles on a monthly and quarterly basis within the framework of the quarterly reports.

Overview of measures

Measures	Austria						CE			SEE					EE					
	RBI AG	RBSK	RKAG	RL	Valida	RCB Kathrein	TBSK	RBCZ	RBHU	RBAL	RBBH	RBBG	RBKO	RBHR	RBRO	RBRS	RBBY	RBRU	AVAL	
Measures that take account of account of customer concerns, make / measure customer satisfaction	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

The complete company names can be found in the abbreviation list.



Awards

Our commitment to customer satisfaction and our employees’ expertise once again earned us a number of awards in 2018. By way of illustration, here are our awards from four internationally renowned financial journals: *EMEA Finance*, *Euromoney*, *Global Finance* and *The Banker*.

For example, the Financial Times journal *The Banker*, *Global Finance* and *EMEA Finance* named RBI as “Bank of the Year in CEE” and “Best Bank in CEE”. For the eighth time in a row, RBI was recognized by “EMEA Finance” for the “Best Cash Management Services in CEE”. “Best Bank” or “Bank of the Year” awards were won by RBI and its subsidiaries in Albania (*EMEA Finance*: “Best foreign bank”), Austria (*EMEA Finance*, *The Banker*), Belarus (*Euromoney*, *EMEA Finance*: “Best foreign bank”), Bosnia and Herzegovina (*EMEA Finance*, *Euromoney*, *Global Finance*), Bulgaria (*EMEA Finance*, *The Banker*), Croatia (*EMEA Finance*), Czech Republic (*EMEA Finance*: “Best private bank”), Hungary (*EMEA Finance*), Kosovo (*EMEA Finance*, *Euromoney*), Romania (*EMEA Finance*, *Global Finance* and *The Banker*: “Best private bank”), Russia (*EMEA Finance*: “Best foreign bank”), Serbia (*EMEA Finance*, *Euromoney*), Slovakia (*EMEA Finance*, *Euromoney*, *Global Finance*, *The Banker*), and Ukraine (*EMEA Finance*, *Global Finance*, *Euromoney*, *The Banker*).

At the *Euromoney* “Awards for Excellence”, RBI was recognized for the “World’s best bank transformation”. The Slovakian subsidiary *Tatra Banka* also received a global prize: *Global Finance* recognized it for “The World’s Best Online Deposit, Credit and Investment Product Offering” for consumers as well as “Best Web Site Design in CEE”, while RBI was honored as the outstanding “Financial Innovator” in the CEE region. RBI’s investment banking was named “Best equity house in CEE” and “Best M&A house in CEE” by *EMEA Finance*. The range of awards won for RBI’s investment banking services and transactions was completed by prizes such as “Best product launch in CEE”, “Best sovereign bond in Europe”, “Best Schuldscheindarlehen” and “Best corporate bond in CEE” (all *EMEA Finance*).



In 2018, Raiffeisen in Austria was once again the most successful banking group in terms of customer shares, both in the private customer as well as in the corporate customer segment. Regionality, security and sustainability have been among the guiding principles of the Raiffeisen Banking Group since it was founded. These principles have a special meaning during economically challenging times especially. Security and trust are the most important criteria when choosing a bank. With a value of € 1.93 billion, the Raiffeisen brand climbed from sixth to fifth place among all brands according to the 2018 Austrian brand value survey carried out in 2018 by the European Brand Institute. Raiffeisen is the undisputed number one in the Austrian financial services industry

Complaint management

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

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

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

Responsible sales practices and marketing



As surveys consistently show, trust is at the top of the list when it comes to choosing the right banking partner. Since trust is based on honesty, it is important to RBI that our products and services are clearly and transparently communicated to all customers and stakeholders. That is why, when advertising and marketing our products, we align ourselves with strict principles that are intended to protect customers. False or misleading information is taboo. Our goal is to inform our customers as far as possible in an easy-to-understand manner. When giving recommendations, our main focus is to be objective and comprehensive. It is essential that the risks associated with our products can be clearly demonstrated and explained to the customer. During the 2018 reporting period, violations of regulations in relation to information and labeling obligations for products and services were identified at two network banks. There were eight warnings and 14 fines were imposed, meaning there were a total of 22 cases. There were no breaches of the corresponding voluntary rules. All violations that have been classified as operational risks are monitored and controlled on a group-wide basis within the scope of the operational risk management by the “Operational Risk Controlling” team as part of “Integrated Risk Management”. The incidents are recorded in a central database, the risk is evaluated, scenarios and action plans are analyzed and early warning indicators are developed.

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

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

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

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

In addition to protecting customers, our responsible marketing managers ensure that only those marketing activities that are in the interests of the company are actually carried out. Bribery and corruption are not to be tolerated to any degree and our strict compliance guidelines help us to achieve this goal. International advertising and marketing campaigns of RBI are exclusively developed and commissioned by the Group Marketing division of the Vienna head office. This division also evaluates and approves all local campaigns by the network banks in Central and Eastern Europe by reviewing and approving TV spots, online advertising, print ads, etc. before they are published.

RBI values a functioning capital market and public confidence as being just as important as its reputation as a professional player on the market. Any action that endangers this principle would have serious consequences for both RBI and the employees involved. The need for integrity also applies in the fight for market share. This means that no unauthorized agreements should be entered into and that it is necessary to abide by the rules of fair competition and the standard international rules of market behavior (MiFID). There were no complaints in connection with anti-competitive behavior at the Vienna locations or the network banks in the reporting period.

Sustainable financing



We describe financing as being “sustainable” when it has long-term positive effects on the environment and climate and/or on societal and social affairs. With a majority of these financing

projects, we support targets as stipulated in the “Sustainable Development Goals” (SDGs) within the scope of our capabilities as a financial institution. Particular focus is placed on the following efforts: “Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all” (SDG 8), “Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation” (SDG 9), “Assuring inclusive, equitable and high-quality education and promoting lifelong learning opportunities for all” (SDG 4), “Ensure access to affordable, reliable, sustainable and contemporary energy for all” (SDG 7) and “Take urgent action to combat climate change and its impacts” (SDG 13).

Sustainable financing at the Vienna sites

(By RBI AG, unless otherwise specified)

Positive impacts on the environment and on the climate

- Renewable energy



The total volume of financing by RBI AG in the category of “renewable energy” as of the end of 2018 amounted to around € 152 million. This included two biomass-fueled thermal power plants in Austria and Romania, a small hydroelectric plant in Austria, two solar parks in Western Europe, and wind farms and wind portfolios in Austria, Germany, France, Poland, Bulgaria, and Turkey.

Although there is still a significant need for renewable energy in RBI’s markets in Central and Eastern Europe, an increase in the share of renewable energy is dependent on government-imposed conditions in many markets. Most new projects can be implemented only with the help of guaranteed feed-in rates. When it comes to financing, the bank is responsible for carefully examining the operational security of a project in order to keep the risk low. The reliability of political players plays an important role but is not sufficiently ensured in all regions. This is why we have adopted a rule whereby we concentrate only on those projects whose feasibility is not dependent on special grants or feed-in remuneration.

- Energy efficiency
With the financing of the construction of an office building with the highest green building certificate and the modernization of the branches of a food retailer, a valuable overall contribution to increased energy efficiency could be made.
- Sustainable mobility:
We provided investment financing totaling € 44 million for the renewal and expansion of bus fleets for regional transportation with particularly clean engines (EURO 6 emissions standard) and special soot particle filters. This helped to reduce emissions while also cutting noise and reducing individual traffic. An electric vehicle production site in Hungary was financed in the amount of € 63 million.

Raiffeisen-Leasing again expanded its market leadership in the financing of vehicles with alternative drives in 2018. As of December 31, 2018, its portfolio included financing of around € 55.1 million for fully electric vehicles. The contract awarded by Österreichische Bundesbeschaffung GmbH (BBG) in 2017 is already being substantially realized. In 2018, many vehicles with alternative drives were purchased and financed via BBG. The “e-pendler in niederösterreich” model region was recognized by the Federal Ministry of Sustainability

and Tourism as the most successful initiative for promoting electric mobility in Austria. After three years, it is clear that electric mobility in combination with public transportation has grown significantly. Thanks to the additional charging infrastructure that has been installed, the use of e-vehicles and changes in mobility behavior, a reduction of 223 t CO₂ per year has been recorded. The nationwide e-mobility package, which supports the purchase of vehicles with alternative drives and the construction of electric charging stations, also enjoyed a positive response in 2018. Raiffeisen-Leasing assists its customers in purchasing e-vehicles as a specialist partner for electric mobility financing.

- Emission and waste reduction

An investment of € 16.5 million in a new plant for the production of analytical devices and test kits for examining the inactivation of mycotoxins in animal feed is helping to minimize and prevent pollutants.

- Sustainable real estate financing



RBI AG's total committed volume of sustainable - green bond-eligible - real estate financing amounted to around € 459 million (loan outstanding € 353 million) as of December 31, 2018 and primarily comprises real estate projects in Austria and CEE. The sustainability certificates include Leed Platin and Leed Gold, DGNB Platin, ÖGNI Platin and BREEAM.

In 2018, six new sustainable real estate financing projects in Austria, Poland and Romania were supported with a total financing volume of € 216 million. Most of the projects are still in the construction phase and encompass office buildings, logistics halls, a hotel and a residential project.



Anton-Kuh-Weg 5, 1030 Vienna: © 2017 www.ohn.at

The "Anton Wien" project (www.anton.wien.at), which was completed end of 2018, encompasses 82 owner-occupied apartments with 5,585 m² of net floor space and 47 underground parking spaces. All of the apartments and parking spaces were sold prior to project completion. Criteria such as energy efficiency, location quality and affordability, including in terms of life cycle costs, as well as user friendliness, a healthy interior climate, the selection of the right building materials and recyclability all serve to ensure high sustainability.

Positive impacts on society and social affairs

- Regional development and infrastructure

Public sector projects: Last year, RBI AG once again supported 190 institutes of the Raiffeisen Banking Group in Austria in financing a total of 123 additional projects for water supply facilities, waste water systems, schools and kindergartens as well as similar public sector projects for a value of € 56 million. As a result, the total volume of new and existing financing projects supported in 2018 was € 848 million.

€ 30 million in financing for the expansion of the fiber glass network in rural regions means many people now have improved access to high-speed broadband internet.

In 2018, RBI AG provided € 49 million in financing for sustainable green coffee farming in Nicaragua, Mexico, Honduras and Colombia. Thanks to a margin reduction that is passed on directly to a fund in these areas, schools are being built, teachers employed and economic aid enabled for families wishing to start their own coffee farms.

- Training and development

As part of the "Neubauprogramm Bildungseinrichtungen 2013-2023 der Stadt Wien" (BIENE) project, the design and construction of up to ten new schools in Vienna is planned on the basis of the "campus plus" concept. Following the tender and successful award, the planning (execution and detail planning), construction and financing of the properties (typically with a two-year construction phase and a 25-year usage phase) and ongoing operation (facility management) for a period of 25 years from completion are guaranteed in accordance with a public-private partnership contract with the City of Vienna. All of the services to be performed will be fully remunerated by the City of Vienna over a 25-year period starting from the handover and provision of the respective property in the form of quarterly availability payments (full amortization). The RBI Leasing/SGS/Granit Bau syndicate won the tender for the "Campus plus Nordbahnhof" project in February 2018. The project is financed by RBI AG and Siemens Bank.

The expansion and improvement of an existing training facility for technical professions in sub-Saharan Africa was financed.

- Health and health care

RBI AG financed the construction and equipment of a new emergency department, the modernization and new equipment of the radiology department, workflow optimization and the corresponding staff training at a hospital in Central America.

The construction of five district hospitals - including one with an accident and emergency department - and a polyclinic with a total of 351 beds south of the Sahara was financed by RBI AG to the tune of € 89 million.

- Property and wealth accumulation among the population

In recent decades, domestic building societies in Austria have co-funded the construction, purchase or modernization of a large volume of residential units. In this way, building societies have contributed to the broad accumulation of property and wealth as well as individual financial security. A significant portion of this financing was provided by Raiffeisen Bausparkasse Gesellschaft m.b.H., which serves around 1.54 million customers. In its 57-year history, Raiffeisen Bausparkasse Gesellschaft m.b.H. has financed more than 490,000 homes accommodating over 1.3 million people. This financing provides an important boost for the domestic construction industry and economy. The topics of renovation, energy efficiency improvements in existing structures and energy-efficient construction are becoming increasingly important. Raiffeisen Bausparkasse Gesellschaft m.b.H. also assists its customers in this area with an extensive range of free information services.

- Art and culture in the public sphere:



Art and living: General premises with "VERTICAL BASE" from the Eden-Lernout artist collective in 1190 Vienna, Obkirchgasse 28, © Eden-Lernout

For four years now, the residential construction projects of "Raiffeisen WohnBau", a brand of Raiffeisen-Leasing GmbH, have featured a sustainability perspective alongside the "Quality Living" seal in the form of the "Art and Living" project. Primarily young but also established artists proposed by a curator and selected by a jury are given the opportunity to design the entry areas and exterior spaces of the residential complexes. Each work of art is a special production tailored to the respective building, its location or history and intended to welcome both residents and visitors to the building. Thirteen artworks have already been produced and several more have already passed through the jury selection process. Modern definitions of sustainability encompass not only the three classic pillars of economy, environment and society, which have already been implemented in the "Quality Living" residential projects, but also the aspect of art and culture. 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.

- Development aid loans:



The volume of concessionary loans ("soft loans") financed by RBI amounts to € 542 million across 117 social projects. The portfolio comprises individual projects from all social categories. They make an important contribution to sustainable development in the respective emerging economies.

Sustainable financing at the network banks

Positive impacts on the environment and on the climate

- Renewable energy



The total volume of financing by the network banks in the category of "renewable energy" amounted to around € 350 million as of the end of 2018. This comprised 95 photovoltaic plants, eight wind farms, 17 biogas and three biomass plants and 20 small hydro power plants in Slovakia, the Czech Republic, Hungary, Albania, Bulgaria and Romania.

In 2018, Raiffeisen Zrt in Hungary concluded financing agreements for eleven new solar projects, while Raiffeisen Bank Sh.A. in Albania concluded agreements for two photovoltaic plants. In Ukraine, Raiffeisen Bank Aval JSC is participating in the financing of three biomass and biogas plants, as well as refinancing the construction of a photovoltaic plant. Some of the projects are still in construction.

- Energy efficiency

To improve its energy footprint, Raiffeisen BANK d.d. Bosna i Hercegovina financed projects such as the replacement of obsolete processing machinery and old vehicles with new vehicles that comply with EU standards. As part of the "EBRD Funding Energy Efficiency and Renewable Energy Program in the Western Balkans", it also provided financing for energy efficiency projects in buildings and industry as well as renewable energy projects. All of the funds provided under this program were committed by March 2018.

- Sustainable mobility

Raiffeisen Bank Zrt. in Hungary financed the development of a production site for electric vehicle batteries near Budapest.

In Ukraine, Raiffeisen Bank Aval JSC financed new public transportation that will be used by the city administration in Lviv and Uzhhorod in the future. In recent years, the bank also participated in projects to improve public transportation in Kiev and Lviv.

- Protection of nature

Raiffeisen Bank Aval JSC in Ukraine provided equipment and investment financing for an organic farming company. Among other things, the funds are being used to construct an organic dairy farm.

- Sustainable real estate



The network banks' total committed volume of sustainable - green bond-eligible - real estate financing amounted to around € 416 million (loan outstanding € 400 million), as of December 31, 2018.

In 2018, Raiffeisenbank Austria d.d. in Croatia participated in three new real estate projects that are expected to have energy classes of "A+" (two projects) and "A" (one project). Raiffeisen Bank S.A. in Romania financed two new green buildings, while Raiffeisenbank (Bulgaria) EAD financed one. The certification process for all of these buildings is still ongoing (LEED GOLD and BREEAM Excellent certification is expected).

Positive impacts on society and social affairs

- Regional development and infrastructure

The European Union and various supranational institutions support and promote the development of the private sector, particularly by providing improved and simplified access to funding for SMEs, for innovation and for the agricultural sector:

As part of the “EIF Western Balkan Enterprise Development and Innovation Facility”, Raiffeisenbank Austria d.d. in Croatia offers a first loss portfolio guarantee program under which the EIF assumes part of the risk of a newly formed SME loan portfolio. The aim is to promote lending to small and medium-sized enterprises. There is also a business relationship with the Croatian Bank for Reconstruction and Development (HBOR) for the development of the Croatian economy. HBOR provides funding that Raiffeisenbank uses to finance “green”, social and export projects. The same objectives must be pursued as for supranational institutions.

Based on the “Western Balkans Enterprise Development & Innovation Facility” (“WBEDIF”), Raiffeisen Bank Sh. A. in Albania offers partnership programs that provide small and medium-sized enterprises with access to financing at favorable conditions, thereby contributing to the development of the Albanian economy and improved prosperity in many areas. It also provides financing for agricultural investments in connection with the EU program on the implementation of the “acquis communautaire” in respect of the joint agricultural policy and the sustainable adaptation of the agricultural sector and rural areas.

Raiffeisen Bank Aval JSC in Ukraine offers partnership programs in order to give small enterprises access to funding and reduce financing costs in particular. The aim is to improve people’s quality of life through access to technologies and to foster the development of the Ukrainian economy by establishing relationships with international and local companies. Irrespective of this, investment means and “investment agro loans” are also offered to small customers and micro-customers in order to allow them to purchase agricultural machinery and equipment and crop processing equipment and to enable other investments by SME customers.

- Promotion of women

As part of the “EBRD Women in Business and SME Program”, Raiffeisenbank Austria d.d. in Croatia offers financing as well as technical support and advisory services for the preparation and implementation of projects by SMEs managed by women.

- Training and development

In 2018, Raiffeisen Bank Aval JSC in Ukraine provided guarantees for the construction of a private school in Kiev. One of the guarantees covers the company’s obligations in connection with the fulfillment of a specific section of the project work.

- Health and health care

Raiffeisen Bank S.A. in Romania provided financing for medical equipment. AO Raiffeisenbank in Russia financed several dialysis centers in southern and central areas of the country, as well as clean room facilities, medical laboratory equipment and a number of medical centers specializing in magnetic resonance tomography.

Raiffeisen Bank Aval JSC in Ukraine provided financing to a private hospital chain for the purchase of new medical and diagnostic equipment. The company is one of the top ten health care providers in Ukraine and offers a wide range of services – from diagnosis to operations – as well as operating Ukraine’s largest surgical hospital. In this way, it is contributing to improved health care in a country where medical care is typically lacking.

Sustainable investment products

Raiffeisen Bausparkasse Gesellschaft m.b.H.

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



Christian Vallant, Managing Director of Raiffeisen Bausparkasse, and Christian Moser, Managing Director of SOS Children's Villages, © RBSK

The Bauspartage organized by Raiffeisen Bausparkasse Gesellschaft m.b.H. were all for a good cause in 2018: For every building savings agreement concluded during the promotional period from October 1-25, 2018, Raiffeisen Bausparkasse Gesellschaft m.b.H. supported the SOS Children's Villages in Austria. This funded the purchase of new sporting equipment, leisure goods and a playhouse for the children at the SOS Children's Villages.

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

Sustainable investing of customer deposits at RBI AG is in large part effected via Raiffeisen KAG, who 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 in Italy, Germany and – with substantial growth – the network banks in Central and Eastern Europe. With a managed fund volume of € 30.2 billion and a market share of 18.4 percent (according to OeKB statistics, narrow definition), Raiffeisen KAG is one of Austria's leading asset management companies.

The Raiffeisen Capital Management (RCM) umbrella brand unites Raiffeisen KAG, Raiffeisen Salzburg Invest (RSI), and Raiffeisen Immobilien KAG. The total volume managed in security funds, including advisories (mandates to third parties) and RSI, amounted to € 33.4 billion at the end of 2018, with Raiffeisen Immobilien KAG managing an additional € 501 million.



In the early 1990s, Raiffeisen KAG launched the Raiffeisen environmental fund, an international equity fund; however, it failed to attract the corresponding demand at the time. The first milestone came in 2002 with the launch of the first investment fund explicitly based on ethical/sustainable criteria, "Raiffeisen-Ethik-Aktien" (now "Nachhaltigkeitsfonds-Aktien"). Subsequently, the offer of such funds was progressively expanded and built into a consistent product range (see the table on page 68). This product portfolio includes retail investment funds as well as mandates (special funds) that explicitly give significant consideration to the ESG criteria ("environmental, social, and governance").

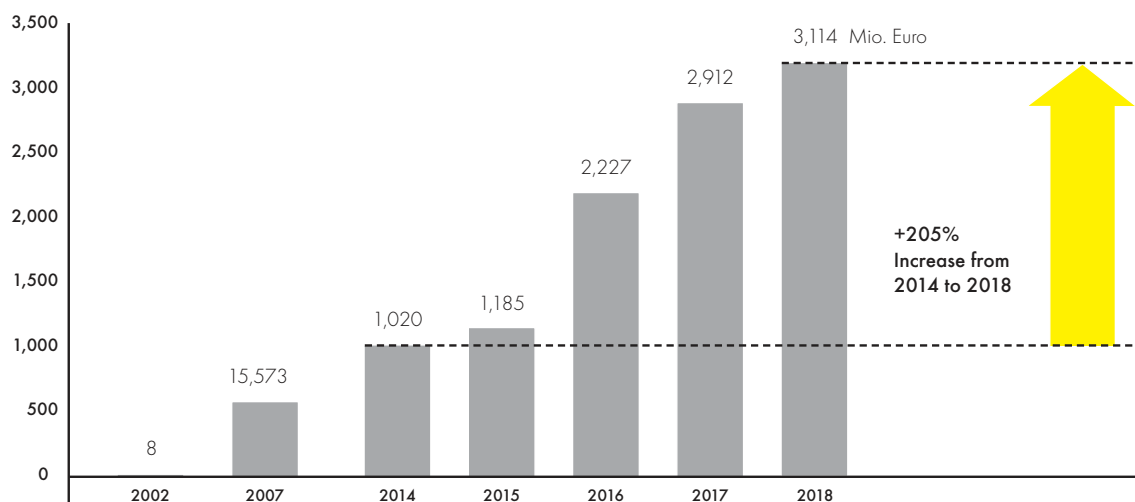


Sustainable investment

The volume of sustainable investments by RCM (excluding real estate) in this definition increased by seven percent year-on-year to € 3.11 billion in 2018.* In the difficult market environment in 2018, this was largely attributable to new inflows. The share of these sustainable investments in the total volume is now 9.3 percent.

The success of the “sustainable investment funds” product portfolio is illustrated by the volume statistics since 2014, the year in which the RCM sustainability funds were repositioned. The volume has more than tripled in the meantime.

Development of the sustainably managed RCM fund volume



(Raiffeisen KAG and RSI), excluding real estate funds
Source: Raiffeisen KAG, data as of December 28, 2018

Sustainable funds of Raiffeisen Capital Management

It is already possible to invest in all asset classes via Raiffeisen sustainability funds, thereby ensuring sufficient diversification. The company now offers a wide range of retail funds with different risk-reward profiles: several equity funds, two mixed funds with different proportions of equities, and pure bond funds.

Raiffeisen KAG has had the Raiffeisen-GreenBonds fund in its portfolio since 2015. This fund invests in bonds that finance climate and environmental protection projects. There is also a growing number of sustainability special mandates for institutional customers that are tailored individually.

* This volume increase also includes two new funds (€ 32 million in total) in the basis for 2017.

Sustainable funds	Volume (in € million)
Retail investment funds (RKAG)	
Raiffeisen-Nachhaltigkeit-ShortTerm	40.1
Raiffeisen-GreenBonds	94.9
Raiffeisen-Nachhaltigkeit-Solide	87.8
Raiffeisen-Nachhaltigkeit-Diversified	48.2
Raiffeisen-Nachhaltigkeit-Mix	745.7
Raiffeisen-Nachhaltigkeit-Momentum	89.6
Raiffeisen-Nachhaltigkeit-Aktien	151.9
Raiffeisen-Nachhaltigkeit-EmergingMarkets-Aktien	8.8
Further retail investment funds (RKAG)	
Raiffeisen-Österreich-Rent	281.1
Raiffeisen-Global-Aktien	492.7
Retail investment funds RSI	
Klassik Nachhaltigkeit Solide	30.6
Klassik Nachhaltigkeit Mix	23.8
Raiffeisen-Ethik-Anleihen	13.1
10 special funds and mandates (partly abroad)	617.8
RKAG fund administration (5 funds)	387.3
Total	3.114,0

Volume of RKAG and RSI sustainable funds

Source: Raiffeisen KAG, data as of December 28, 2018

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

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

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

In addition, progress is being made in expanding the integration of ESG principles to all funds. These ESG activities go beyond the product line of sustainability funds: For all retail investment funds, for example, a commitment has been voluntarily made in recent years to exclude investments in agricultural commodities and livestock, as well as controversial weapons. In 2017, companies whose business consists predominantly of the supply or use of coal were excluded. Compliance with these exclusions is regularly reviewed. There are only some limited restrictions for individual mandates or third-party funds (funds of funds).

In 2018, Raiffeisen-Immobilien KAG also made considerable progress internally. The pre-assessments for the more sustainable operation of the buildings held by the funds were performed. The measures to be implemented in 2019 will be reflected in corresponding certifications in accordance with DGNB, ÖGNI, or the country-specific BREEAM (Building Research Establishment Environmental Assessment Methodology). The aim is to ensure sustainable building operation after the building has been constructed in a way that encompasses operating costs and processes, user satisfaction, mobility services, and social sustainability strategies. In 2018, Raiffeisen-Immobilien KAG became a member of ÖGNI, the Austrian Society for Sustainable Real Estate.

Expansion of the sustainability agenda

Responsibility for the environment and society will present us all with new challenges, and the financial sector in particular. We need to embrace these challenges and seek to ensure balance in many areas: between the market and the state, between innovation and stability, between short-term and long-term thinking, and especially between people and nature.

In 2013, the PRI (Principles for Responsible Investment) were signed and, at the same time, the competence and capacity of the management was expanded as a significant step toward the integration of sustainability elements into the total investment, initially on the basis of KAG publicly offered funds (retail funds). Additional information systems were also purchased and integrated for the increased integration of ESG research. Furthermore, Raiffeisen KAG has been an active member of the Sustainable Investment Forum, the professional association for sustainable investment in Germany, Austria, Liechtenstein, and Switzerland since 2009 and, since 2016, a member of the Italian counterpart "Forum per la Finanza Sostenibile". RKAG is a founding member of the Raiffeisen Sustainability Initiative. This means high priority is given to the general integration of the sustainability principle into the investment business.

In light of the current positioning on the climate crisis, in 2015 Raiffeisen KAG signed the "Montreal Carbon Pledge", an initiative dedicated to publishing the carbon footprint of investment funds. As a result of climate change, withdrawing from investments in companies focused on fossil fuels ("fossil divestments") is entering the discussion of responsible business activities more and more. Other memberships include the "CDP" and "CDP Water" (formerly the Carbon Disclosure Project - a non-profit organization with initiatives in the area of



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Dieter Aigner, Managing
Director of Raiffeisen KAG

"Many people are becoming increasingly aware and more responsible with regard to the environment and society. They are separating waste, saving energy, actively buying organic products, and finding out about the conditions in which the goods they consume are produced. They are actively choosing to live a sustainable lifestyle. For some years now, sustainability has also been an important argument when it comes to investments. In fact, sustainable investments are currently enjoying immense popularity among investors. Customer demand aside, however, the finance industry is also obliged to actively participate in the process of addressing the immense challenges we are currently facing. After all, what is at stake is nothing less than the future viability of the places we live, our society and, ultimately, the human race. Raiffeisen KAG embraces this responsibility wholeheartedly. As a manager and provider of investment funds and asset management products, we are increasingly also getting involved in a (digital) dialog with customers and stakeholders and actively participating in the existential task of driving sustainability."

QUOTE



climate-damaging greenhouse gas emissions and water consumption). Raiffeisen KAG regularly takes on board the impulses and information provided by these initiatives while contributing its own experiences.

Progress in the stakeholder process

The advisory board for sustainable investment that was established in 2017 has met regularly ever since. Its purpose is to provide Raiffeisen KAG's activities in the area of sustainable investments with substantive, academic and inputs motivated from various stakeholder groups' perspectives. The advisory board acts as a specialized body representing the key stakeholder groups for sustainable investments.

As a manager and provider of investment funds and asset management products, Raiffeisen Capital Management intends to continue to intensify its dialog with customer and stakeholder groups above and beyond its service range in order to position itself even more strongly as a central point of contact for all issues relating to sustainable investment. Among other things, this will be supported by the information platform focusing on sustainable investment - www.investment-zukunft.at.

In 2018, the event series INVESTMENT ZUKUNFT was organized for the first time. This is a platform for the exchange of interest and information with stakeholders such as customers, companies, science, and the Raiffeisen Banking Group. Three events with the general topic of "water" attracted a high degree of public interest and resonance. This serves as good motivation to continue this event series in future. The "nachhaltig investieren" newsletter was also relaunched in order to offer space to a wide range of articles on specific topics, including by external experts in particular. The new edition continues the tradition of the existing newsletter (20 issues in five years).



INVESTMENT ZUKUNFT in Vienna, November 22, 2018, ©Raiffeisen KAG



INVESTMENT ZUKUNFT in Vienna, November 22, 2018, © Sabine Klimpt

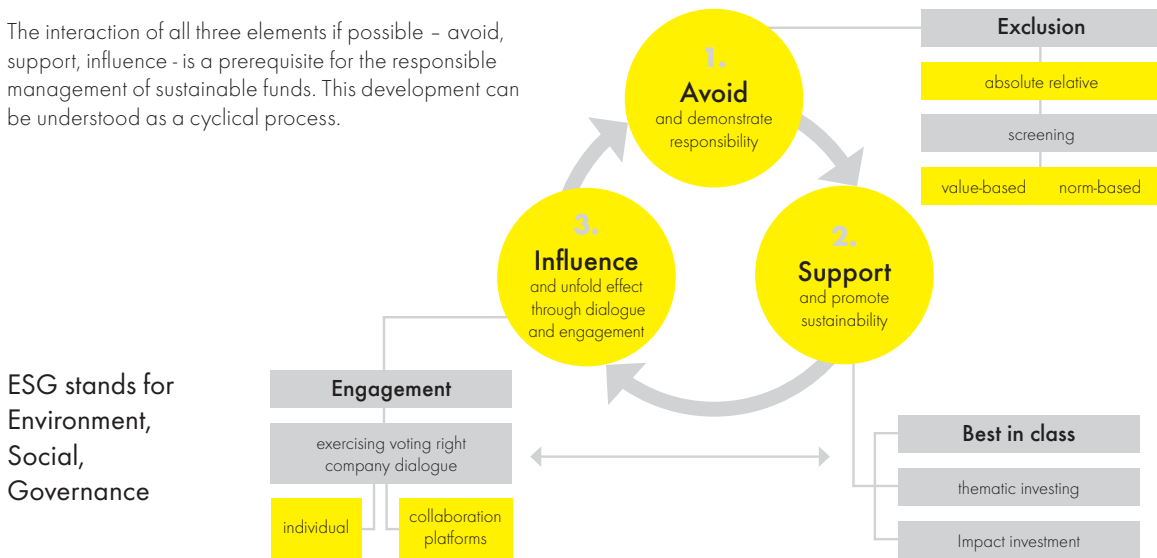
Other new elements of stakeholder integration include a commitment to "Fondsfrauen", a network for the promotion and equal treatment of women in the German-language investment fund industry. The aim is to connect women across hierarchical levels in order to enable a regular dialog and to support them in achieving their private and professional goals.

Sustainability philosophy and investment processes

There are different approaches to integrating ESG into investment. However, all of them are aimed at taking the social responsibility of investment into account to a greater extent alongside the income and risk targets.

An integrative sustainability concept

The interaction of all three elements if possible - avoid, support, influence - is a prerequisite for the responsible management of sustainable funds. This development can be understood as a cyclical process.



Sustainability at Raiffeisen Capital Management as an integrative concept
Source: Raiffeisen KAG

By its very definition, sustainability is active management. The goal of systematically enhancing sustainability in the core business is ensured by a dedicated “Sustainable Investments” team as well as an already large group of specialists in all of the fund and asset management teams working in close cooperation. This is reflected in our active commitment in the sense of exercising our right to vote or actively communicating with listed companies on ESG issues. In 2018, similarly to the previous year, 297 active company engagement activities took place and 149 votes were cast either directly at general meetings or via specific platforms. An annual engagement report is published on the website (rcm.at).

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

Certifications and quality seals



Confirmation of the quality of sustainability funds by external auditors serves to strengthen investor confidence. In late 2018, Forum Nachhaltige Geldanlagen (Sustainable Investment Forum), the umbrella association for sustainable investments in Germany, Austria, and Switzerland, issued the FNG seal 2019. This seal is awarded after an audit conducted by an external auditor (University of Hamburg) (information at www.fng-siegel.org).



Raiffeisen Capital Management's funds were again among the best sustainability funds in the German-speaking countries. The highest mark (3 stars) was awarded to a total of 25 funds, a third of which are managed by Raiffeisen Capital Management. Eight of the ten sustainability funds received this highest seal, with the other two receiving the 2-star seal. Raiffeisen's sustainability funds also have the Austrian Ecolabel that is awarded by the Austrian Federal Ministry of Sustainability and Tourism following a corresponding external audit.



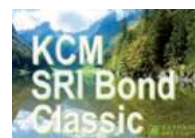
The European Transparency Code logo for sustainability funds (eurosif Transparency Code logo) identifies the obligation to provide correct, appropriate and timely information to interested parties, in particular customers, to enable them to understand the approaches and methods of sustainable investment 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).

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

Kathrein Privatbank Aktiengesellschaft

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

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



At Kathrein Privatbank, eight percent of the fund volume (retail investment and special funds) is currently managed sustainably. These are the "Kathrein Euro Core Government Bond" and the "Kathrein Euro Bond". At the wholly owned subsidiary Kathrein Capital Management Ges.m.b.H., 73 percent of the assets under management (retail investment and special funds) are managed sustainably – these are Hypo-Rent, MI Multi Strategy, KCM SRI Bond Select, KCM SRI Bond Classic, KCM Aktien Global, and three special funds. In total, this means that 29 percent of all retail investment and special funds managed by the Kathrein Group are managed sustainably.

The sustainability funds currently offered are::

- **Kathrein Euro Core Government Bond:** Invests primarily in government bonds of the former EU hard currency countries and euro states with historically stable budget policies. A minimum rating of AA applies as an allocation criterion.
- **Kathrein Euro Bond:** Invests exclusively in government bonds without the inclusion of corporate tangents. Since July 2011, government bonds with a minimum composite rating of BBB have been exclusively allocated to the fund.
- **HYPO RENT:** Gilt-edged pension funds that are suitable for severance payment and pension provisions.
- **MI Multi Strategy SRI:** A mixed fund that invests according to the investment regulations of the Austrian Corporate Employee and Self-Employed Pension Act (Betriebliches Mitarbeiter- und Selbstständigenvorsorgegesetz- BMSVG) and is therefore suitable for staff provision funds.
- **KCM SRI Bond Select:** A global investing bond fund focused on companies with a good credit rating. The fund has a broadly diversified portfolio across different countries and sectors. Social, ethical and ecological exclusion and quality criteria are applied in issuer selection.
- **KCM SRI Bond Classic:** A euro pension fund with active maturity management that invests solely in euro-denominated government and corporate bonds issued in the European Economic Area (EEA) with investment grade ratings (required minimum average: maximum drawdown <3 percent over a twelve-month rolling observation period). In realizing these ambitious aims, the fund meets the requirements of section 10 EStG, section 14 EStG, section 25 PKG, section 446 ASVG, and section 30 BMSVG.
- **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 instruments.

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. For safety-conscious investors, RCB issues capital protection certificates at regular intervals which enable participation in the development of the underlying assets or offer a predefined return if the underlying asset is higher than its starting value at the end of the term. 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, is the underlying for this investment product with capital protection. The guarantee certificate offers a 100 percent capital guarantee at the end of the term, 100 percent participation by the investor in the positive average index development and has a seven-year term. Between 2015 and 2017, a number of additional certificates were issued with sustainability indexes as their underlyings. To mark Friedrich Wilhelm Raiffeisen's 200th birthday, one of the biggest certificate issues of the year took place in April 2018 in the form of the "Raiffeisen 200 Nachhaltigkeits-Bond". The underlying is the STOXX® Europe ESG Leaders Select 30 Index, the European counterpart to the aforementioned global sustainability index. If the underlying is higher than or equal to its starting value at the end of the eight-year term, investors receive a return of at least 16 percent at the end of the term. If the STOXX® Europe ESG Leaders Select 30 Index is 16 percent or more higher than its starting value at the end of the term, this return increases to 32 percent (i.e. the certificate is 132 percent repaid).

Product overview:

		Underlying
Nachhaltigkeits Winner 100%	(ISIN: AT0000A1G791)	STOXX® Global ESG Select 100 Index
Nachhaltigkeits Winner 95%	(ISIN: AT0000A1G7A2)	STOXX® Global ESG Select 100 Index
Nachhaltigkeits Winner 98%	(ISIN: AT0000A1G7B0)	STOXX® Global ESG Select 100 Index
Nachhaltigkeits Winner	(ISIN: AT0000A19XZ4)	STOXX® Global ESG Select 100 Index
Nachhaltigkeits Winner 2	(ISIN: AT0000A1AEB8)	STOXX® Global ESG Select 100 Index
Nachhaltigkeits Winner II 100%	(ISIN: AT0000A1PK03)	STOXX® Global ESG Select 100 Index
Nachhaltigkeits Winner II 95%	(ISIN: AT0000A1PJZ4)	STOXX® Global ESG Select 100 Index USD
1,25% Nachhaltigkeits Winner	(ISIN: AT0000A1G783)	STOXX® GLOBAL ESG SELECT 100® USD
Europa Nachhaltigkeits Winner 90%	(ISIN: AT0000A1WCY8)	STOXX® Europe ESG Leaders Select 30
Europa Nachhaltigkeits Winner 90% 2	(ISIN: AT0000A1XA13)	STOXX® Europe ESG Leaders Select 30
Europa Nachhaltigkeits Winner	(ISIN: AT0000A1YGH0)	STOXX® Europe ESG Leaders Select 30
Europa Nachhaltigkeits Winner 2	(ISIN: AT0000A1Z0Y4)	STOXX® Europe ESG Leaders Select 30
Europa Nachhaltigkeits Winner 3	(ISIN: AT0000A1Z8F6)	STOXX® Europe ESG Leaders Select 30
Europa Nachhaltigkeits Bond	(ISIN: AT0000A21912)	STOXX® Europe ESG Leaders Select 30
Europa Nachhaltigkeits Bond 2	(ISIN: AT0000A21PG6)	STOXX® Europe ESG Leaders Select 30
Europa Nachhaltigkeits Bond 3	(ISIN: AT0000A239Z3)	STOXX® Europe ESG Leaders Select 30
Europa Nachhaltigkeits Bond 4	(ISIN: AT0000A23RB9)	STOXX® Europe ESG Leaders Select 30
Raiffeisen 200 Nachhaltigkeits Bond	(ISIN: AT0000A20B06)	STOXX® Europe ESG Leaders Select 30

Sustainable investments at the network banks

To date, the sustainable funds of Raiffeisen KAG and local sustainability funds have been offered at only some network banks.

Other sustainable products and services

Overview of measures

Measures	Austria						CE			SEE				EE						
	RBI AG	RBSK	RKAG	RL	Valida	RCB	Kathrein	TBSK	RBCZ	RBHU	RBAL	RBBH	RBBG	RBKO	RBHR	RBRO	RBRS	RBBY	RBRU	AVAL
Free donation transfers	n.r.	n.r.	n.r.	n.r.	n.r.	n.r.						✓	✓				✓	✓	✓	✓
Free account management and special credit for defined NGOs/charitable	n.r.					n.r.		✓	✓				✓	✓			✓	✓	✓	✓
Electronic bank statements	✓		n.r.	✓	✓	n.r.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Electronic product information	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Special conditions for pensioner	n.r.		n.r.						✓		✓	✓	✓	✓	✓		✓	✓	✓	✓
Special conditions for students and/or teenagers	n.r.	✓	n.r.					✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

The complete company names can be found in the abbreviation list.

Other sustainable products and services at the Vienna sites



Green Bond

In late June 2018, RBI AG successfully completed the first benchmark issue of a green bond by an Austrian bank. The bond has a volume of € 500 million and a term of three years. With an order volume of € 1.3 billion, the green bond was significantly oversubscribed. A project team comprising representatives of the Cover Pool and Public Finance, Group Investor Relations, Group Sustainability Management, Group Treasury and Legal Services Markets & Treasury departments worked intensively on the preparations for over a year. The completion of the issue was preceded by an extensive investor roadshow through Europe.

The green bond made it possible to serve the continuous growth in demand for green investment opportunities in line with the current global trend. The issue served to expand RBI's investor base. Green investors focus on long-term investments and hold investments for longer than other investor groups. The bond was also used to finance sustainable projects in Austria and CEE. Furthermore, RBI AG has been signed up to the "Green Bond Principles" of the International Capital Market Association (ICMA) since 2014.

Financing facilities linked to sustainability targets

- A financing facility in which RBI AG participates introduced an innovative structure with performance obligations in connection with sustainability targets for the first time in 2018. Since the one-year extension of a USD 745 million borrowing facility of the Gunvor Group, the interest rate is dependent on meeting sustainability targets. These targets are concentrated on the areas of the environment, social impacts, and governance. Specific topics, such as a reduction in CO₂ emissions, waste, and water management, improved personal safety at refineries and transparency reporting in connection with the origin of raw materials (within the parameters of company support for the Extractive Industries Transparency Initiative (EITI)), play an important role.
- In December 2018, RBI AG participated in an ESG-linked syndicated loan to Verbund AG, Austria's leading electricity company and one of Europe's leading hydro power generators. The syndicated loan of € 500 million has an interest rate over the entire term that is no longer based on Verbund AG's financial rating with the established rating agencies, but on its sustainability rating with Sustainalytics. Disregarding the established financial rating, the incentive mechanism agreed by the banks in the loan agreement is based solely on sustainability performance: If the borrower's sustainability rating deteriorates, the cost of the loan increases. Conversely, if the sustainability rating improves, the cost decreases. The Verbund Group's business model covers the entire value chain of an electricity company, from power generation and transportation through to international trading and distribution. Around 95 percent of the power it generates is from renewable energy sources, primarily hydro power but supplemented by wind power.

Incentives to renovate residential units

In the past year, Raiffeisen Bausparkasse Gesellschaft m.b.H. and the Austrian Institute of Ecology conducted a study entitled "The homeowner's #1 dream and climate protection targets - can they be reconciled?". The study looked at the exact number of single-family houses in Austria, their ecological footprint, and the measures that can be taken to reduce it. It focused primarily on space and energy requirements. Environmentally healthy and, above all, sustainable living requires a change of thinking among all involved, from developers to decision-makers. This requires awareness and the necessary political conditions, but also the corresponding financing. As a specialist institution for home financing, Raiffeisen Bausparkasse Gesellschaft m.b.H. is also the ideal partner when it comes to financing renovation measures.

Additional incentives for performing renovation measures that benefit the environment, the economy and residents alike were generated again in 2018 by the "Renovation Check" grant programs initiated by the Austrian federal government. As part of their social responsibility, the Austrian building societies again took over the free processing of the renovation check. Around 35 percent of all nationwide submissions were taken over by Raiffeisen Bausparkasse Gesellschaft mbH for their clients, together with the Raiffeisen banks.

Protection of nature through building society loans



© RBSK

As part of last year's annual construction and housing campaign, Raiffeisen Bausparkasse Gesellschaft m.b.H. initiated a project to protect wild bees together with the Austrian nature conservation association Naturschutzbund Österreich. During the promotional period from February 26 to April 27, 2018, 800 nest sites for wild bees were created by Raiffeisen Bausparkasse Gesellschaft m.b.H. for each new land-secured building society loan concluded. This resulted in the creation of 627,200 nest sites.

Raiffeisen Bausparkasse Gesellschaft m.b.H. rounded this figure up to 750,000. The nest sites are located in 15 large wooden nesting aids also known as "bee hotels". The nesting aids, each containing 50,000 nest sites, were placed in flower-rich areas throughout Austria.

Services in connection with alternatively powered vehicles



- Environmental fleet management:

As part of the environmental fleet management of Raiffeisen-Leasing Fuhrparkmanagement GmbH, driving profile analyses and TCO (total cost of ownership) calculations were again carried out in 2018 to compare electric and combustion vehicles in order to individually advise customers and other interested parties according to their needs. Corresponding environmental management and mobility solutions are recommended for implementation in co-operation with a variety of providers. Fleet management customers also receive specially prepared reports to assist them in generating the data for an energy audit or simply to obtain a good overview of their CO₂ emission values. All of these measures are aimed at offering customers an innovative, efficient, and environmentally friendly service and at counteracting the continued increase in CO₂ emissions. This is also supported by the integration of modern communication methods in daily business as well as the combination of various app solutions. Alongside the partnership with Smatrics, an innovative service provider for electric mobility, other nationwide fuel and charge card providers for cash-free charging have been included in the Raiffeisen-Leasing service program.

- Cooperation with electric car manufacturers:

Raiffeisen-Leasing has enjoyed a reputation among electric mobility manufacturers as a long-standing, expert partner for many years. The partnership with the carmaker TESLA continues to attract a great deal of interest. Another encouraging development is the fact that the fleet of electric vehicles increased considerably in 2018. A total of 6,757 electric vehicles were registered, of which around eleven percent were financed via Raiffeisen-Leasing. New additional services and car-sharing projects have also been developed for customers and are enjoying a positive response among "electric motorists". One particular highlight was the conclusion of the thousandth Tesla lease at Raiffeisen-Leasing in fall 2018.

Valida Vorsorge Management

The Valida staff provision fund is responsible for processing the obligatory contributions under “Abfertigung Neu” for a total of 2.3 million employees and self-employed persons. The contributions it manages are in the amount of approx. € 2.8 billion. The “Valida staff provision fund sustainability concept” (see valida.at/nachhaltigkeitskonzept) defines the ethical criteria for capital investment.

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



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

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

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

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

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

- All investments should be allocable to one of three sustainable investment classes. At the 2018 reporting date, the Valida staff provision fund held no conventional funds. This means that 100 percent of the assets were invested in the above three classes of sustainability.
- The sustainability score for the entire portfolio should be over 140 points.

At the reporting date of December 31, 2018, the Valida staff provision fund exceeded this target at 152 points. Valida therefore 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 2018, the Valida staff provision fund once again received the “ÖGUT Gold” award, the best possible, for the year 2017. This is the sixth ÖGUT Gold certification in a row. In addition to the ethical investment factor, communication and transparency in regard to sustainability, in-house ecological aspects, staff policy and corporate citizenship all play a role.



The Valida Group also supports the UN Sustainable Development Goals (SDGs). As part of its sustainability efforts, it contributes in particular to the attainment of three SDGs: Sustainable Energy (SDG 7), Combating Climate Change (SDG 13), and Justice (SDG 16). Sustainable energy generation is one of the positive criteria for investing in the staff provision fund, while investments in nuclear power are excluded (SDG 7). Valida has been regularly measuring the CO₂ footprint of the staff provision fund’s equity portfolio since 2016. Among the criteria for exclusion in the case of government bonds is a “Passive Climate Policy” (SDG 13).

With strict compliance regulations, RBI Code of Conduct, which applies to Valida employees and suppliers, as well as the strict exclusion criteria for investments of the staff provision fund, Valida applies regulations that go far beyond the legal requirements (SDG 16). As a member of the UNGC (United Nations Global Compact), Valida is the first member of the industry to have been included in the list of participants of the SDG movement. (see: <https://globalcompact.at/teilnehmerorganisationen-sdg-box/>)

Other sustainable products and services at the network banks

- Raiffeisen Bank Sh.A. in Albania (RBAL) offers special conditions for the lowest earners.
- RBAL also offers a community program: a partnership between the bank and the City of Tirana that offers a particularly low interest rate for mortgage loans to young families looking to buy a house in the Albanian capital. The aim of this program is to help young families to finance their own home. The first phase has already concluded successfully and the second is now in preparation.

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



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

Overview of measures																				
Measures	Austria						CE			SEE				EE						
	RBI AG	RBSK	RKAG	RL	Valida	RCB	Kathrein	TBSK	RBCZ	RBHU	RBAL	RBBH	RBBG	RBKO	RBHR	RBRO	RBR5	RBBY	RBRU	AVAL
Barrier-free access to all branches and ATMs	n.r.	n.r.	n.r.	n.r.	n.r.	n.r.	✓				✓		✓	✓	✓	✓	✓	✓	✓	✓
Website adaption for the visually impaired	✓	✓			✓			✓	✓	✓			✓							
Adaption of ATMs for the visually impaired	n.r.	n.r.	n.r.	n.r.	n.r.	n.r.	n.r.	✓		✓					✓				✓	✓
Multilingual ATMs for immigrants	n.r.	n.r.	n.r.	n.r.	n.r.	n.r.	n.r.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Guidance/assistance/training measures for dealing with people with special needs	✓			n.r.	n.r.					✓					✓				✓	✓
Product information for the visually impaired	n.r.	✓			✓				✓				✓							
Availability of sign language translators for the hearing impaired	n.r.												✓							✓

The complete company names can be found in the abbreviation list.

Austria

Visually impaired users in Austria have the opportunity to switch the websites of RBI and ELBA internet to high-contrast colors, making them easier to read. The web pages meet all standards in order to be read by screen readers. For people who have difficulty using the website due to limited hand mobility, there are now larger buttons and images. A further significant improvement was achieved through "Responsive Design". This means that the website is automatically modified to suit the end device. Another important measure is the "Sensing Journey", voluntary training that is provided to all RBI AG employees. This can help to improve their understanding of the concerns of people with disabilities and make it easier for them to meet their needs in connection with financial products.

Network banks

One of the most important requirements is barrier-free physical access to branches and ATMs. This also includes ensuring that ATMs are fitted with corresponding keyboards and headphone jacks for people with visual impairments. A web presence including digital product information with the option of switching to high-contrast colors represents a further significant improvement for many visually impaired people. The compatibility of digital publications with screen readers is also becoming increasingly important. The option of arranging for a sign language interpreter to attend consultations on financial services can make things considerably easier for people with hearing impairments. Language barriers for immigrants can also be overcome by using technology with language selection, at least at ATMs.

One best practice example is the “Silent Connection” application, which allows deaf or hearing-impaired customers in the Czech Republic to contact Raiffeisenbank a.s. It makes use of sign language interpreters or real-time transcription of the spoken word. This silent collaboration makes it easier for the hearing-impaired to obtain access to an account and other financial products and services. This service is also offered for web calls at Raiffeisen BANK d.d. Bosna i Hercegovina, for example. For visually impaired customers, on the other hand, special CDs with information on the bank’s products are produced.

Some banks have now established rules for assisting people with disabilities. At Raiffeisen BANK d.d. Bosna i Hercegovina, for example, witnesses can also be requested for greater transaction security depending on the severity of the customer’s disability. At Priorbank JSC in Belarus, standards for assisting people with disabilities have been developed as part of the “establishing and implementing service quality standards” project.

Future outlook and Sustainability program

As stated in the preface to this chapter, RBI has always sought assiduously to structure its business and business relationships for long-term resilience, to avoid social and environmental risks and to ensure that opportunities to improve environmental protection and social standards in all business areas and products are perceived. Making the financial sector as a whole even more sustainable now also enjoys high priority at EU level. The European Commission has launched an initiative on the topic of sustainable finance. The aim is to promote sustainable companies and projects in order to reinforce efforts to reduce global warming. The focus is also turning to other ESG topics. With the "Action Plan on Financing Sustainable Growth, a timetable for the next two years has been proposed including comprehensive regulatory and non-regulatory measures that will change the financial sector. The current proposed legislative package includes the creation of a uniform EU-wide classification system ("taxonomy") for sustainable economic activities, improved disclosure obligations, the inclusion of ESG criteria in advisory activities for securities clients, and the creation of a new category of benchmarks for comparing the performance of sustainable investments.

At RBI, we are already working intensively to increase the proportion of the overall portfolio attributable to environmentally friendly products and services as well as our own investments. We see considerable business potential in the financing of innovation and the development of sustainable technologies as well as in consulting for climatefriendly projects. In order to offer greater incentives for corporate customers to invest in green and societally desirable projects, we are currently working on an incentive model for sustainable finance ("green finance"). This will also support the establishment of a portfolio for future green bond and/or social bond issues.

In line with the climate strategy developed as part of the Raiffeisen Sustainability Initiative, Raiffeisen KAG has committed to offering at least 25 percent "green" investment products by 2030 and to reduce greenhouse gas emissions across all of its assets under management by 25 percent. A concept for the comprehensive, in-depth measurement and aggregation of greenhouse gas emissions in the portfolios is currently being developed with internal and external experts. The European Commission is also working on CO₂ benchmarking. This is more complex than it might seem at first glance. However, Raiffeisen KAG is well on the way to being a forerunner in the German-speaking region in terms of its climate performance.

This voluntary commitment makes Raiffeisen KAG's claim of being a qualitatively sustainable leading asset management company in the German-speaking region increasingly quantifiable. A further expansion of the product portfolio – and thus a continuous expansion of its assets under management in the area of sustainable investment – is planned over the coming years.

Excerpt from the Sustainability program

General objectives: Anchoring sustainability within the business processes; promoting sustainable products

SDGs	Objective	Measure	Status	Progress
	Increasing the share of environmentally friendly products and services	Incentive model for sustainable financing		
	Portfolio expansion for future green/social bonds	Training on green finance products to increase awareness among relationship managers		
	Implementing a climate strategy in the core business	Elaboration of a group-wide environmental policy		
	Increasing awareness regarding ethical behavior	Elaboration of a group-wide human rights policy		
	Specifying and ascertaining sensible business areas	Elaboration of a nuclear power, war material and gambling policy		
	Contribution to the Sustainable Development Goals (SDGs)	Expansion of financing to support the SDGs 7, 8, 9 and 13		
	Building infrastructure and promoting innovation (SDG 9)	Promoting an internal culture of innovation at RBI through the intrapreneurship program and expanding activities at a local level (local intrapreneurship programs)		
	Building infrastructure and promoting innovation (SDG 9)	Establishing a venture capital vehicle for investments in the growth phase of innovative fintech solutions		
	Entering into global partnerships for sustainable development (SDG 17)	Partnerships between the accelerator programs at the network banks to connect local and global start-up ecosystems		
	Increased integration of ESG research in funds managed by Raiffeisen KAG	Expanding resources (including people, database)		
	Expanding the top position and increasing the volume of sustainable investments of Raiffeisen KAG	Establishing/convertng further funds, further integration of ESG research in all managed funds		
	Securing and further developing sustainability standards in Raiffeisen KAG	Organization of sustainability events		

New In progress Complete Multiannual

Status (25% of target achieved per box filled)

SDGs

No Poverty	High quality education	Affordable and Clean Energy	Decent Work and Economic Growth
Industry, Innovation and Infrastructure	Climate Protection Measures	Peace, Justice and Strong Institutions	Partnerships to achieve the goals

**Field of action Fair partner – Human Resources:
Inclusion and empowerment for our employees**



Fair partner – Human Resources

The ongoing process of digitization is finding its way into companies as much as it is private life. Digitization is being driven by changing customer requirements and the opening up of new technological opportunities. With the pace of change growing rapidly, companies find themselves required to operate with greater agility within adaptive structures. This applies to companies as a whole, and hence also to the human resources (HR) function.

Just as the needs and expectations of customers are changing, employees' needs and expectations of their company are evolving too. Our HR agenda for the future will concentrate on efforts to think less in terms of functional processes and more from a customer perspective. This also involves adopting a more pronounced focus on our employees' experiences in working for the company and reshaping their employee experience. This guiding principle permeates all processes directly relating to employees, including recruitment, onboarding, performance management, and employee development. The implementation of this agenda requires us to examine and adopt new technologies to improve efficiency and user-friendliness, while also rethinking and reshaping our own working processes – for example, by using new methods like Design Thinking or Scrum, a particularly agile form of cooperation.

HR is also playing a central role in extensively preparing, assisting and supporting employees when it comes to the changes facing the banking world. The aim is to ensure a working environment in which employees from different functions, backgrounds or generations can continue enjoying their work and developing and realizing their potential in the future.

Impacts, risks and opportunities

As a large financial service provider, RBI has a special responsibility towards its employees. How the company conducts itself not only affects its employees, but also indirectly affects their families and society as a whole. RBI is aware of this responsibility and must take action to balance these competing forces every day – generating adequate profits for its shareholders while at the same time ensuring the well-being of its employees. The opportunity to create and maintain jobs – with positive socio-economic benefits for individuals and regions – is a fundamental concern of RBI within its 13 markets in CEE. This has an indirect impact on security, stability and prosperity in society. Nevertheless, RBI cannot escape technological changes and rising cost pressures and, as a result, cannot completely avoid economically necessary job losses. RBI considers a responsible approach to this topic to be essential. In addition, RBI tries to counteract the increased workload for individuals by improving efficiency to reduce the risk of illness and its possible impact also on the families of employees. RBI is committed to maintaining the physical and mental health of its employees. Through a variety of health care and sports provisions and opportunities, the company seeks to prevent potential negative effects of what is primarily sedentary office work and stress that can have a material impact on well-being.

RBI's foremost goal with its employees regarding sustainability involves the topic of meaningfulness. Within the Sustainable Development Goals (SDGs) and the goal number eight defined there (SDG 8), the transformation to "good jobs", RBI tries best to work towards achieving this goal. We understand this as an opportunity to increase employee satisfaction, productivity, loyalty and employees' identification with the company and what it stands for. The opportunity resulting from the SDG 1 would be to trigger a quality competition in terms of "good jobs" – in the case of RBI leading by example in CEE where possible. This goes hand in hand with fair remuneration, which is a concern of RBI, as it creates a win-win situation.

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

Adequate vocational education and training not only contributes to the success of RBI, but also motivates employees. The sum of all vocational education and training measures provided by the company also influences the educational level of our society. This is why RBI offers comprehensive learning opportunities for its employees.

Applying the General Data Protection Regulation

RBI is committed to protecting its employees' personal data as a matter of principle. With the entry into force of the General Data Protection Regulation (GDPR), we carefully examined how we handle employees' personal data and made changes to reflect the GDPR requirements. To ensure compliance with the GDPR principles, the personal data about employees that we collect and process is kept to a minimum and only where there is a legal basis for doing so (e.g. a legal obligation or explicit consent from the respective employee). Furthermore, employee data is stored for only as long as this is required to fulfill the respective purpose. Processes and mechanisms for managing the rights of data subjects (e.g. right of information, right of erasure) have been implemented.

Prior to the GDPR coming into force, all employees were provided with comprehensive information about the processing of their personal data and their rights under the corresponding provisions of data protection law. To create awareness and transparency with regard to data protection and data security, a wide range of information, including manuals, folders and videos, is available to all employees on the intranet. All of the relevant rules and regulations are set out in the internal company directive "RBI Group Data Protection". Furthermore, all employees have completed mandatory e-learning on the topic of data protection and data security. General GDPR training is also offered to all employees, while customized training is provided for specific target groups. HR, the Group Data Privacy Office, the data protection officer, the Staff Council and the divisional data protection managers work in close cooperation to ensure that the data protection provisions concerning employee data are implemented and continuously updated.

Development of personnel

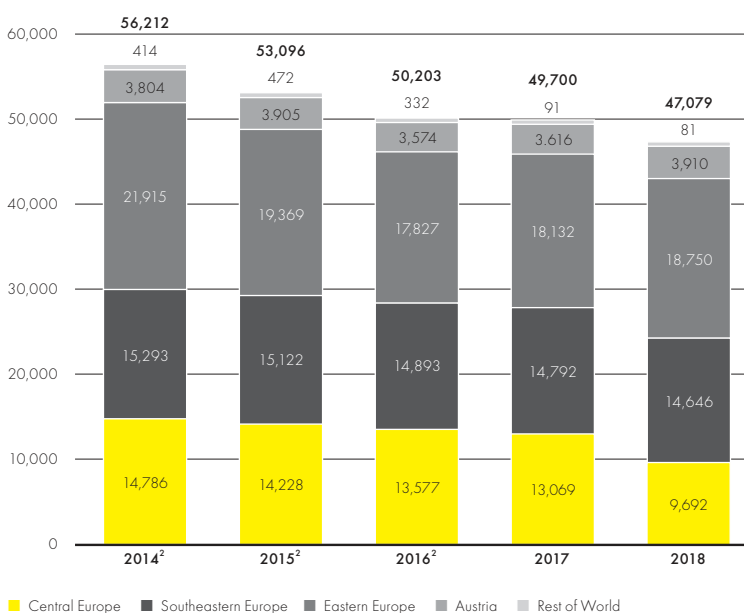
RBI employed 47,079 people as of 31 December 2018 (full-time equivalents). This is 2,621 people or five percent less than on December 31, 2017. The biggest reduction (down 3,675) was attributable to the sale of the core banking operations of Raiffeisen Bank Polska S.A. (see page 10). By contrast, Russia (up 769) and Austria (up 294) saw the biggest increases.

The average age of employees was a relatively young 37 years, and the ratio of women employed was 66 percent. The proportion of employees with university degrees was 76 percent, which indicates a very high level of qualification.

The following graphic shows the development in the number of staff over the past five years (in full-time equivalents).

Development of personnel

Number of staff at end of year¹



¹ Includes the employees of all consolidated companies

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

Employee development

Identifying, encouraging and retaining talented individuals is one of the key objectives and prerequisites for a long-term partnership between employees and the company. We work actively to create clear and individual development opportunities. Satisfied, committed and empowered employees achieve more both quantitatively and qualitatively and are likely to remain loyal to the company.

The following chart provides an overview of the employee development measures that are being implemented at the individual companies.

Overview of measures																				
	Austria							CE			SEE					EE				
Detail	RBI AG	RBSK	RKAG	RL	Valida	RCB	Kathrein	TBSK	RBCZ	RBHU	RBAL	RBBH	RBBG	RBKO	RBHR	RBRO	RBRS	RBBY	RBRU	AVAL
Performance management	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Talent management	✓		✓		✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Trainee programs	✓							✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

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

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

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

Performance management

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

Development of performance management

The fundamental values of our bank, such as customer focus, professionalism, quality, mutual respect, initiative, teamwork and integrity, which have been laid out in our Code of Conduct, have been successfully maintained in practice for many years. They continue to be the foundation of our business and ethical behavior. However, the digital transformation and the requirements that come with it also create the need to place certain cultural elements in a new general context. Therefore, individual responsibility remains a key part of our corporate culture, which should be further strengthened with the aim of promoting the new requirements for reorganizing the company so that it becomes a flexible and innovative organization. Performance management provides a framework for the common growth of employees and managers and creates the foundations for the positive future development of RBI in a changing business environment.

Our performance management is based on five guiding principles:

- Trust and empowerment instead of control: The possibilities for employees to collaborate should be strengthened by giving them a more active role in performance management. An essential aspect of individual performance for employees concerns understanding the corporate purpose behind the objectives.
- Goal-oriented: We seek to improve our employees' understanding and knowledge about the importance of their activities for the Group as a whole.
- Development-oriented: HR development is one of the most important focal points of performance management. Focused HR development can result in positive career development and hence sustainable performance.
- Real-time feedback: Another core element is the changed timeframe for feedback. Feedback should be given in real time and hence continuously, rather than just later or delayed at the end of the year.
- Feedback instead of ratings: Expanding and deepening the feedback culture in all directions is particularly important in our performance management system. The feedback should not only be related to the past but also directed toward the future by offering guidelines on how to act.

These guiding principles are set out in the Group policy "Performance Management RBI Group" and in the supplementary document "The Book of Group Performance Management". Furthermore, group-wide obligatory minimum requirements are defined and provide the framework for the local policies that are adapted to the country-specific conditions.

Training and development, talent management

Our strategic approach to training and development

Our approach to training and development is based on the philosophy that employees themselves play the key role in their further development. This is also set out in our "Learning & Development Policy". Development goals and measures are agreed in a structured dialog with the employee's direct manager (the "development meeting"), with further development ideally comprising a mixture of experiential, relational and training-oriented learning measures (80:20:10). HR provides a comprehensive portfolio of training programs and tools to achieve this. The managers are responsible for the training budget in their respective unit and can take advantage of both internal and external development programs. HR provides support for all issues concerning staff and organizational development, ensuring that the specific training and development needs of each unit can be addressed and met as precisely as possible.

The centralized and decentralized training offering encompasses three main areas: leadership development, professional development, and personal/soft skill development.

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

The development of professionals (non-management staff) is based on training goals that are derived from the strategic priorities in coordination with the Management Board and the heads of the business areas. Current focus areas are digital skills, risk management, IT, sales, treasury and financial markets, retail and corporate business, and operations and project management. For large-scale training initiatives, objectives and key performance indicators are regularly tracked. It is also necessary to carry out training and development that meets regulatory requirements to ensure that executive management staff and key function holders steadily expand their competence and knowledge in their area of expertise, stay up to date, and can furnish certifications as required (e.g. "fit & proper", MiFID II, GDPR, cybersecurity).

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. The teaching of languages and cultural know-how is also part of facilitating cross-border cooperation. Additionally, the employee survey provides starting points for training initiatives such as for work-life balance, mental/physical health, empowerment and motivation, or for communicating of corporate values.

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

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

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

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

Level 4: The cost-benefit ratios of larger development measures are analyzed by using predefined key performance indicators (e.g. results of the employee survey, 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. This includes the annual "Spot-Grow-Lead" process. This 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 87 percent of the Management Board positions were filled by internal candidates in 2018.

The program includes individual development tools such as 360° feedback, mentoring and coaching, on-the-job learning through challenging projects, and job rotation. Talented people are helped to network and learn from each other through "Talent Events," which are organized regularly for the whole of RBI AG as well as in individual areas.

Employees in the „talent pool“ are increasingly also working on cross-departmental internal projects, e.g. for identifying fields of action from our employee survey or participating in our intrapreneurship program "Innovation Garden". As a result, valuable ideas from this target group can be gathered and put into action. Employees in the „talent pool“ are also given the opportunity to network and learn on the job. The "Spot-Grow-Lead" process is proving extremely successful in various respects, particularly with regard to the career progress of the talented individuals identified and improved gender equality thanks to improved career opportunities for women. The data shows that 25 percent of all female employees in the „talent pool“ and 26 percent of all male talents made a career move to a function with greater responsibility in 2018 compared with 10 percent of female employees and 11 percent of male employees in the „talent pool“ at a company-wide level.



In order to further improve gender equality within RBI's talent pool and hence ensure equality of opportunity for male and female employees, we also worked with a number of new approaches. One of the changes in 2018 related to the inclusion of "additional female assessors" at talent review meetings. To ensure that the decision-making process at talent review meetings remains as fair as possible, the managers and the "additional female assessors" were offered gender bias training. Another new feature in some areas of the company was the introduction of self-nomination in order to further strengthen the role of the individual in the context of personal and career development. This approach has had a positive impact on the number of women applying for the talent pool, thereby helping to ensure a better gender balance.

In 2018, a comprehensive evaluation of employees without management responsibility took place in almost all organizational units in order to identify talented employees. This process focused on the potential and motivation of employees to develop new roles with increased complexity and responsibility. Suitable development measures were then defined in a dialog between the employees in the talent pool, managers and HR. This new concept is based on the idea of talking to talented employees and not just about them, thereby strengthening their responsibility for their own development and career path. Accordingly, the employees were invited to make a presentation to a talent review panel focusing on their motivation and suitable development opportunities and measures.



Talent_Lab, "collaborative" exercise © RBI AG

Already existing and successfully implemented elements of management staff development, such as the Talent Lab or the Basic Leadership Program, were continued and are actively used by managerial staff.

The Leaders' Breakfast that was introduced two years ago was also offered regularly once again, providing an efficient forum for communicating leadership expertise and promoting networking between managers. A total of ten Leaders' Breakfasts were held in 2018 with the participation of 215 managers from all levels. The topics discussed included bullying, brain research, diversity and generation management.

Training and development

The "Group Learning & Development and Talent Management Law" guideline sets out the group-wide pillars of our training, development and talent management programs. Among other things, this guideline covers:

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

The learning and development options at RBI AG and our fundamental commitment to permanent development with the supporting processes are defined in a company guideline, the "RBI Learning & Development Policy." Some of the central elements are the existence of an annual training budget, which is the responsibility of the line managers, as well as a central budget, which is used by HR for specific development measures. Furthermore, the annual development meeting and personal development plan of each employee form the structured basis of the individual development measures. In addition to fulfilling the regulatory training requirements, the training budget at RBI AG was used primarily for strategic objectives and initiatives in 2018.

Stringent implementation of regulatory training requirements

The regulatory training measures implemented and documented in the form of mandatory training and/or e-learning included the following in particular:

- “fit & proper”: Ensuring the permanent training of key function holders and mandate holders, e.g. members of the Management Board and Supervisory Board, as required by the regulator. This includes training and continuous updates on regulatory topics as well as specific training in the individuals’ areas of specialization.
- MiFID II: Communicating information on the provisions of the MiFID II Directive, particularly to employees with direct customer contact.
- GDPR: Knowledge of the provisions of the EU General Data Protection Regulation (GDPR), the resulting obligations and their implementation in the working context of the respective function.
- Cybersecurity: Raising awareness of the topics of information security and cybersecurity and their systematic implementation, particularly for senior managers and key function holders, as well as knowledge of the relevant regulations (e.g. PSD2, GDPR).
- Compliance: Refresher training on the directives and measures for combating fraud, bribery and corruption.

Strategic training initiatives

The strategic training topics in 2018 increasingly focused on business-critical areas such as digital banking, agile and adaptive transformation, retail banking, sales, high net worth retail banking, procurement and IT. Increased training on diversity was also provided at RBI in Austria.



Adaptive_Leadership Event, © RBI AG

The Management Board has initiated the adaptive transformation of RBI as a key initiative with the aim of gradually converting the entire bank to an agile and adaptive way of working.

An even stronger focus on customer benefit, the quicker, more flexible and more efficient implementation of innovations, constructively and proactively dealing with change, intensive, cross-divisional cooperation, greater responsibility and autonomy for each individual employee and a sustainable improvement in corporate profits are just some of the ambitious objectives of this initiative.

This change process was accompanied by a range of training sessions, workshops and dialog formats for all managers and employees, which will continue with similar intensity in 2019.

In order to meet the challenges of digital business, a range of measures aimed at improving the digital expertise of various groups of employees was also initiated. An e-learning platform entitled “Virtual Academy for Digital Literacy” was rolled out for all employees at the Vienna sites in order to comprehensively communicate the basic concepts of the digital world. RBI’s top executives were offered special training programs on leadership in the digital age and the evaluation of digital business models.

In addition to the initiatives detailed above, management development again focused primarily on strengthening management expertise in the areas of change management and employee leadership, motivation and communication. Reflective learning methods, such as 360-degree feedback, coaching, mentoring and experienced-based methods such as job rotation, were also used. This extensive training offering was supplemented by internal training sessions and workshops, seminars at the Raiffeisen Campus and various e-learning programs from a wide range of areas.

We train managers in the concept of unconscious bias as a key overarching diversity topic. A digital learning format in the form of an app has been available since mid-2018.

Furthermore, all Management Board areas are assisted in organizing specific diversity information events with external speakers in a relaxed breakfast or brunch setting. There were some division-specific initiatives on the topic of the empowerment of women in particular, such as presentations, seminars and personality analysis.



Sensing Journey, © RBI AG

A special event was held in connection with the DIVÖRSITY Days on the topic of disability - the "Sensing Journey". All employees were invited to get to know people with disabilities and their world at various learning stations.

Around 90 employees accepted the invitation and learned about topics such as language in terms of disability, with a special focus on face-to-face conversation. One particular challenge was sign language.

Infrastructure for digital and modern learning

The existing HR management system for the processing and administration of learning opportunities at RBI in Austria was replaced by our new learning management system, "cHaRLie", in June 2018. This tool, which is implemented as a software as a service (SaaS) solution, represents a big step towards modern learning: We expect the intuitive, user-friendly interface to drive a significant shift towards autonomous learning and growth in digital learning channels (e.g. learning videos, webinars, collaborative learning) compared with conventional classroom-based training. Further benefits include synergies in processing and the harmonization of processes. The system was successively rolled out at RBI AG and selected pilot network banks in 2018 and will be expanded further in the coming years. A "Group People Systems (GPS) Center" has been established in Prague in order to efficiently bundle the further roll-out and the operation of the system for the entire group, including continuous upgrades and second-level support.

All employees at the Vienna sites can view all of the available training programs in our "cHaRLie" learning management system and sign up for them directly in the system after approval by their manager. Seminars offered internally are centrally organized in the HR division of RBI.

The tool provides additional value added thanks to a whole range of state-of-the-art online programs, including on personality and management topics, that have been available to all employees free of charge and at the touch of a button since 2018 without being charged to the departmental budget.

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

Training and development initiatives at the network banks

The "GoIT Academy" was one of the biggest training initiatives at the network banks in 2018. This international development program has been in place for a number of years and has now been expanded to include various new topics. The main target group of the Academy is managers and employees of the IT departments in all of the network units, although settlement units and end-user departments are now also addressed in the spirit of cross-divisional cooperation. In 2018, a total of 156 employees participated in this multi-module training. This was twice as many as in the previous year, and a further increase in the number of participants is planned for 2019.

The "Branch Management Academy", RBI's biggest cross-border training initiative for sales managers to date, was continued in 2018 with refreshed content. Over 60 percent of all branch managers at RBI have already participated. The training was specially developed to strengthen management and leadership skills in retail banking. The training plan focuses on business coupled with social competence and interpersonal skills, which are covered by training on conflict resolution, coaching, critical and constructive feedback and stress management in particular. The Branch Management Academy will be offered again in 2019 in a revised form.

In many areas of RBI, especially in the corporate and private customer business as well as in IT management, international learning trips to exchange knowledge at the expert level were again successfully carried out. This form of practical training, away from the traditional classroom, is strongly on the rise. In 2018, more than 70 employees from the network banks took the opportunity of a working placement at RBI AG. The rotation and exchange programs for employees in the „talent pool“ and high potentials were also continued, with one example being the "International Young Potentials Program" that was successfully launched for the seventh time in 2018. All in all, 81 employees from ten countries have already participated or are in the current intake.

Employee involvement

Employee co-determination

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

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



Breakfast with the Management Board, © RBI AG

Seven times a year, the employees of RBI AG have the opportunity to have breakfast with a member of the RBI Management Board.

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

Employees can also ask the Management Board questions on an anonymous basis. The answers are posted online to all employees in a catalog of Q&A topics.

The active participation of employees is also made possible via their interest group, the Staff Council, which undertakes a wide range of activities throughout the year. This also includes employees' suggestions being processed in the various working groups of the Staff Council of RBI AG, some of them with the company physician and Human Resources, and measures are taken on an ongoing basis. The goal is the discernment and promotion of economic, social, health and cultural interests of the employees in the business. Some working groups are set up to run on a permanent basis (e.g. workplace conditions/health, work/family, nutrition, culture). Others are put together at short notice and work on a project-by-project basis. However, costintensive issues are only rarely discussed here. In 2018, examples included stress reduction, the new world of work, fairness and equal treatment. Often, it is a case of taking up an idea and putting it into practice. In total, around 100 measures are developed each year. This means that the working groups are always an important breeding ground for sustainable improvements.

In addition to the Staff Council's co-determination prescribed under labor law, co-determination and the exchange of information are also guaranteed through participation in various committees such as the Supervisory Board, the health and safety committee, the environmental committee as well as at individual "jours fixe," which are held by the Chairman of the Staff Council and the various members of the Management Board.

The Staff Council is connected to the Group Staff Councils, the Raiffeisen Staff Council in Vienna, the Raiffeisen Staff Councils in Austria and (via the European Staff Council) internationally.

47 percent (44 percent in 2017) of group employees are covered by collective bargaining agreements.

RBI with European Staff Council

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

During the course of 2018, the ESC held two ordinary meetings. A large number of topics were discussed with the RBI management, including digitization initiatives, employee surveys, and bonus and incentive systems in the RBI Group. The Management Committee of the ESC, consisting of four elected ESC representatives, met several times during the year in addition to the two plenary sessions, including with representatives of RBI's management, and further strengthened the cooperation within the ESC.

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

Employee surveys

At RBI, employee surveys are used as an important tool for the continued development of the company. Employee feedback on strategic topics is considered to constitute important input on improvement processes within the Group. In 2018, the Groupwide roll-out that takes place every two years was held for the third time with the participation of ten RBI companies.

All in all, around 24,000 employees were invited to participate in the survey in 2018, with 19,827 employees taking this opportunity to shape the company's future. The return rate of 85 percent represents a slight improvement of one percent point compared with the last survey cycle. At 73 percent and 75 percent respectively, the results in the categories "Employee Engagement" (commitment to the company and the willingness to volunteer for additional work) and "Employee Enablement" (the presence of an environment that promotes success) were up on the last survey and seven percentage points higher than the "Banking in CEE" market benchmark.



This encouraging result is due in particular to the systematic planning and implementation of measures following each survey. Employee feedback indicates the direction of future travel and, in particular, identifies subject areas that employees feel could be improved further, as well as highlighting the things that are already working well. Managers at all levels were called upon to continue expanding and optimizing these strengths together with their employees. The HR department assists the respective units of the company with analyzing the result reports and arranging workshops for planning measures, as well as providing them with support for implementing the agreed measures in some cases. One example from Russia illustrates the hard work that is being put into employee-oriented solutions. The home office workplace and flexible working hours were adopted at a company-wide level in direct response to the employee survey. Examples from the bank in the Czech Republic – including changes to the remuneration structures, office conversion work and the enhancement of the employer value proposition – also serve to demonstrate the sustainable changes that are being implemented based on the results of the employee survey. The final example is from the head office in Vienna, where the Management Board defined two strengths and two areas for development in which specific measures were planned by working groups consisting of volunteers from the entire company. Each group was supported directly by a member of the Management Board. As well as identifying specific solutions, the project provided scope for experimenting with new ideas and testing them out in small pilot projects. This reflects the company's new approach to increasingly adopting agile working methods.

One particularly notable achievement was the fact that our bank in Russia became the first Group company to receive the "Korn Ferry Employee Engagement Award" in 2018. This prize is awarded to the companies with the best results for employee engagement in the respective country. This again reflects how seriously employee feedback is taken and the positive impact that can be had by conscientiously implementing the resulting measures.

The new world of work

Technologies

Digitization is a technological shift that is driving changes in all areas of life. Taking advantage of this technological shift to the greatest possible extent as a company while enabling employees to accept the extensive changes to their working world requires the creation of a corresponding framework. After all, changes in how we communicate and interact will have a significant impact on how we will work together in the future. In order to shape this framework, the technological foundations were first put in place. This was followed by addressing the question of how we will live and work together in the future.

Seamless cooperation from anywhere and everywhere thanks to state-of-the-art technologies

We believe values like cooperation, individual responsibility and the exchange of information will be key factors in future success. Since 2016, we have had a department specifically dedicated to driving ahead virtual cooperation, geographical flexibility and innovation within the company. Since the implementation of Office 365 and a state-of-the-art IT infrastructure, RBI's employees can cooperate and share documents and information from anywhere and everywhere. This network encompasses not only all of the subsidiaries throughout Austria, but also ten network banks in Eastern Europe at present. Virtual meetings have replaced many air and land journeys, while location-independent access to data means employees can work while traveling or at home. This makes it easier for them to achieve a healthy work-life balance. In this transformation toward the new world of work, employees are supported in the form of the consulting, training, communication and events provided by the Group Collaboration Team and a particularly dedicated network of ambassadors (power users in each department that act as multipliers).

Collaboration Areas

The new, technically connected world of work satisfies many of the requirements for facilitating digital exchange. However, it will never fully replace direct and personal communication. This form of communication and collaboration requires a physical space. Highly employee-oriented solutions have been developed in this area on the basis of the MindXChange project, which arose directly from RBI AG's employee survey in 2017. In order to resolve some of the problems identified in the survey, workstreams were established and



© Arthur Michalek

Roswitha M. Reisinger,
Editor, BUSINESSART

The path is made by walking it

"Digitization will fundamentally change every industry and every profession. Although we are starting to recognize many of the outlines, the full picture of the new economy - and the impact it will have on companies and employees - remains indistinct.

The path is made by walking it - this proverb has never been as fitting as it is today. We need to focus on getting the next steps right. The ethical framework for getting it right could be provided by the SDGs (Sustainable Development Goals): High-quality education and decent work for all are aims that offer motivation and hope. This is precisely what counts when it comes to shaping the working environment, too. In order to be successful, companies must invest extensively in training and developing their employees. This begins with training on digital expertise and strengthening the entrepreneurial mindset and extends to options for testing out innovative concepts. Managers have a particular responsibility in this respect: They need to offer security and stability for their employees while also permitting chaos and creativity, all while safely steering the company ship through turbulent waters."

QUOTE



the members of RBI's Management Board invited employees to submit ideas for changes. Volunteers from various functions took on the task of designing a more creative environment for more open communication and cooperation.

The first phase involved creating inviting and open meeting spaces at RBI AG's head office in order to promote a cultural change. Former archive and IT rooms were identified for conversion into meeting spaces for all employees.

Following an agile approach, construction work on the first MeetUp! Collaboration Area at RBI AG's head office began in September and the opening took place as early as mid-December. Another area will be converted in the first quarter of the coming year.



MeetUp! Collaboration Area, © RBI AG

These MeetUp! Collaboration Areas offer greater comfort and a familiar and more flexible meeting environment, thereby facilitating cooperation and the exchange of information between the bank's employees.

We are confident that human interaction and face-to-face communication are valuable ways of stimulating innovation. These flexible meeting spaces will help to form communities, change discussion habits, keep chains of communication short and enable a creative flow of ideas.

Innovation – the companion of digitization

Innovation Garden is RBI's new Group-wide intrapreneurship program. It allows employees to develop new ideas and solutions for the future of RBI. The aim is to promote innovative strength, creativity and entrepreneurial thinking by forming multidisciplinary, multicultural teams throughout the entire banking group.

The program gives "intrapreneurs" the opportunity to act like entrepreneurs within the safe environment of the organization. They form cross-functional teams and are supported by experienced innovation trainers and RBI experts.

765 ideas were submitted to an idea contest in the spring 2018, while almost 300 people applied for the Innovation Garden program. The RBI Innovation Jam was held in June, with 100 intrapreneurs from eleven countries working to develop the 20 most promising ideas and build the first prototypes. Eight of these ideas were selected by the Innovation Board headed by CEO Johann Strobl for further development as part of the twelve-week Innovation Garden program. These projects were presented to the Innovation Board at the Demo Day. The Innovation Board selected the top two innovation ideas, which progressed to the next phase of realization.

Diversity management and the ability to reconcile work and family



RBI is a universal bank specializing in the regions of Austria and Central and Eastern Europe. Our 16.1 million customers across 14 markets and our almost 47,000 employees represent diversity.

We value this diversity of perspectives, abilities, experience and needs. We use the potential of our employees to indirectly generate added value for our customers and for society.

The RBI Group Diversity Policy was published in June 2018. It describes the relevance of this topic for RBI. The Policy defines the responsibilities and how a diversity strategy is to be implemented..

A key element of the Policy is the RBI Diversity Vision and Mission that was drawn up in 2017, which contains guidelines that are intended to provide guidance for dealing with diversity on a day-to-day basis.

Diversity Vision

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

Diversity Mission

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

Guiding Principles

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

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

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

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

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

The following chart provides an overview of the measures that are being implemented at the individual companies in order to promote a healthy work-life balance.

Overview of measures																				
	Austria							CE			SEE					EE				
Detail	RBI AG	RBSK	RKAG	RL	Valida	RCB	Kathrein	TBSK	RBCZ	RBHU	RBAL	RBBH	RBBG	RBKO	RBHR	RBRO	RBR5	RBBY	RBRU	AVAL
Part-time-work (parents)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Part-time-work (other than parents)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Teleworking	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓				✓	✓	✓	✓	✓	✓	✓
Flexi-time-models (regular)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓			✓	✓	✓	✓	✓	✓	✓	✓
Flexi-time-models (long time)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓			✓	✓	✓	✓	✓	✓	✓	✓
Company kindergarden or similar	✓	✓	✓					✓	✓	✓			✓	✓	✓	✓	✓	✓	✓	✓
Time off for fathers in event of a birth (statutory requirement)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Time off for father in event of a birth (beyond statutory requirement)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Educational leaves	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Sabbaticals	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

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

In order to further improve the framework conditions for profession and career, RBI is constantly working to improve the work-life balance. Work models, such as flexible working hours, part-time and tele-work are offered in accordance with statutory provisions. Where possible, company childcare with employee-friendly hours of operation is offered. These models are intended to enable targeted parental leave management that promotes re-entry into working life. RBI has a positive attitude towards paternity leave, which it sees as being an important way to advance equality. The RBI Group offers targeted training and development programs with the aim of expanding its competence in the field of leadership. These programs have been warmly received by both male and female employees. Accordingly, 56 percent of the participants in the Basic Leadership Program of RBI AG in 2018 were women, while in the Talent Lab for Management Staff, this number was 40 percent.

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



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

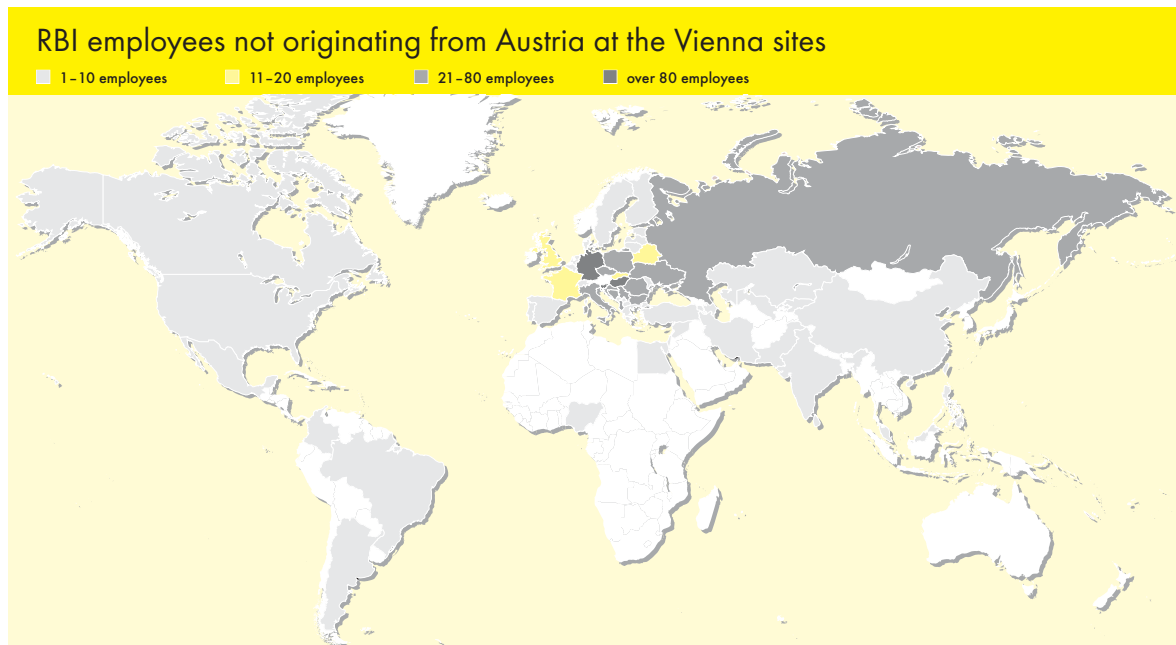
In 2017, RBI joined the Diversity Charter. In this way, we are sending a clear signal that diversity is an important concern for us.

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

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

Sustainable integration

Around 900 employees (23 percent of all employees) with a non-Austrian background from 60 countries worked at the two head office sites in Vienna in 2018.



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

The now long-standing tradition of the International Dinner was continued in 2018. New colleagues from various nations and colleagues from other areas of the bank can be met at this gathering over dinner. The relaxed, informal atmosphere is not only a good setting for talking about the cuisines and cultures of different countries but also helps new colleagues from other countries to integrate more easily.

The area of migration and integration is one focus of our Corporate Volunteering activities. Read more about our activities in this area on page 139 onwards.

“Diversity 2020” initiative



RBI AG launched the “Diversity 2020” initiative in 2016. The goal is to better promote and take advantage of diversity in the company through professional diversity management, thereby making a positive contribution to the corporate results.

Organizational anchoring of the topic was taken into account by nominating a diversity officer and establishing a diversity committee. Furthermore, in order to include as many perspectives as possible, around 20 diversity ambassadors were appointed from all executive areas. These ambassadors cooperate with the diversity committee and are tasked with strengthening diversity in their area as well as planning and implementing the measures.

One important factor that hinders diversity in companies and thus, among other things, hinders attempts to increase the appointment of women to management positions, is unconscious bias. There have already been “Sensitization Training Courses” in groups in which employees could participate voluntarily. Managers are currently being offered online training on this topic. Additional training and information formats are intended to increase awareness and knowledge around the subject of diversity (see page 91).

The first comprehensive package of measures related to the empowerment of women and was launched in 2016. It aims to sustainably increase the proportion of women in higher qualified positions. We believe it is essential to directly target HR processes in order to have a sustainable effect. For internal vacancies, the decision was made to include a waiting period in the appointment process in order to have enough time to find qualified female applicants. In addition, qualified female candidates are being actively approached by HR employees. Documents are „anonymized” for interviews and hearings so that there is more objectivity in the selection process. We also consider it important to change the structural conditions within the company to encourage women to apply for management positions. In 2017, RBI set a Group-wide overall target quota of women on the Supervisory Board, Management Board and in second level management of 35 percent by 2024. Mentoring for women is seen as an essential instrument for increasing the share of women in management and will therefore be continuously expanded. An in-house training course on “Empowerment of Women” is also offered; this was completed by twelve talented young female employees in 2018. (Further information on talent management measures can be found on page 88.)

Two of the graduates initiated the event series "RBI Women Forum - Our Future Networks". The kick-off event took place in October 2018.



RBI Women Forum, Heidi Aichinger (Forbes), Guadalupe Landa-Rosas, (RBI AG), © RBI AG



Participants of the RBI Women Forum, © RBI AG



RBI Women Forum, © RBI AG



Being family-friendly means enabling employees to find a balance between work and family life. This is why RBI AG is a partner of the "Companies for Family" initiative of the Austrian Federal Ministry of Women, Family and Youth. The topic of returning to work after parental leave has also been given its own platform. Two information events for parents on parental leave were held under the title "Stay Connected"

with the aim of helping them to plan their return to work. These events were attended by around 60 people from RBI AG and its associated companies in Austria.



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

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



„Fondsfrauen“ event 2018, © RBI AG



Since 2018, RBI AG and its subsidiaries Raiffeisen Capital Management and Valida have been among the first supporters of "Fondsfrauen in Österreich", helping this initiative to enter the Austrian market. Fondsfrauen is a career network for women with a focus on asset managers in the DACH region. Formed in Germany in 2015, Fondsfrauen is currently supported by 20 companies.

Two major events were held in Vienna in 2018, one of them at the head office of RBI AG with over 100 participants. RBI AG is represented on the Fondsfrauen Advisory Council, thereby ensuring that the local interests of women are represented.



The second diversity topic that we are focusing on is the inclusion of people with disabilities. For this reason, disability ambassadors were appointed from all board areas. The aim of the RBI AG project is to break down inhibitions, generate awareness, increase social skills and employ more qualified employees with disabilities.

RBI AG participated in the myAbility disability talent program in 2018. The Risk and Group Planning & Finance departments held shadowing days for students with disabilities for the first time. The program resulted in the appointment of one employee to our company. We also intend to give people on the autism spectrum an opportunity at our company in the future. The first workshops and job interviews with Specialisterne, an association specializing in the placement of people on the autism spectrum, have already taken place.

In order to improve awareness, we also organized a Sensing Journey as part of the first edition of DIVÖRSITY, the Austrian Days of Diversity (see page 91). In 2018, a strategy check on disability was conducted in conjunction with myAbility. This was completed in early 2019. Our aim is to optimize our program of measures, make it even more targeted and comprehensive, and define our objectives in greater detail.

RBI AG is a member of the DisAbility Business Forum of **myAbility**.



In 2018, sexual orientation was added as a third dimension of the "Diversity 2020" initiative. The activities were initiated by a diversity ambassador from the LGBTI (Lesbian, Gay, Bisexual, Transsexual, Intersex) community.



The business resource group "Embrace", comprising members of the LGBTI community and straight allies (heterosexual people who actively support LGBTI), was formed in 2018.

It has the aim of increasing awareness of LGBTI, promoting inclusion and enabling a working atmosphere in which no one has to fear being disadvantaged on account of their sexual orientation.



© Ludo Swinnen

Ludo Swinnen, RBI AG, Retail Sales & Distribution, Co-founder East meets West

"With the Diversity 2020 initiative, RBI shows that it takes diversity seriously and does not leave it with good intentions. After the topics 'Empowerment of Women' and 'Disability' started her with the more difficult topic of LGBTI - difficult because of the need to explain to employees why this is an essential part of diversity strategy. Since then a lot has happened. The business resource group 'Embrace', initiated by a diversity ambassador of the LGBTI community, is driving the topic forward. A three-page article on LGBTI, in which LGBTI employees and Straight Allies made very personal statements about the difference that an inclusive LGBTI workplace can make, not only for those affected, but also for RBI as an employer, was published in the employee magazine Raiffeisen Inside. The current online training on unconscious bias also supports LGBTI inclusion. In this way, we not only create an open and better working atmosphere for LGBTI employees, but for all our employees. We must admit that we did not opt for the easy path, but we believe that creating a culture that embraces LGBTI will increase RBI's innovativeness, make it a more attractive place to work for new talent and enhance its brand image."

QUOTE





RBI AG is a member of BRich, a network of the LGBTI business resource groups of Austrian companies. A meeting of the group was held at RBI AG in November 2018. This was opened by COO Andreas Gschwenter, who expressed his commitment to this important topic.

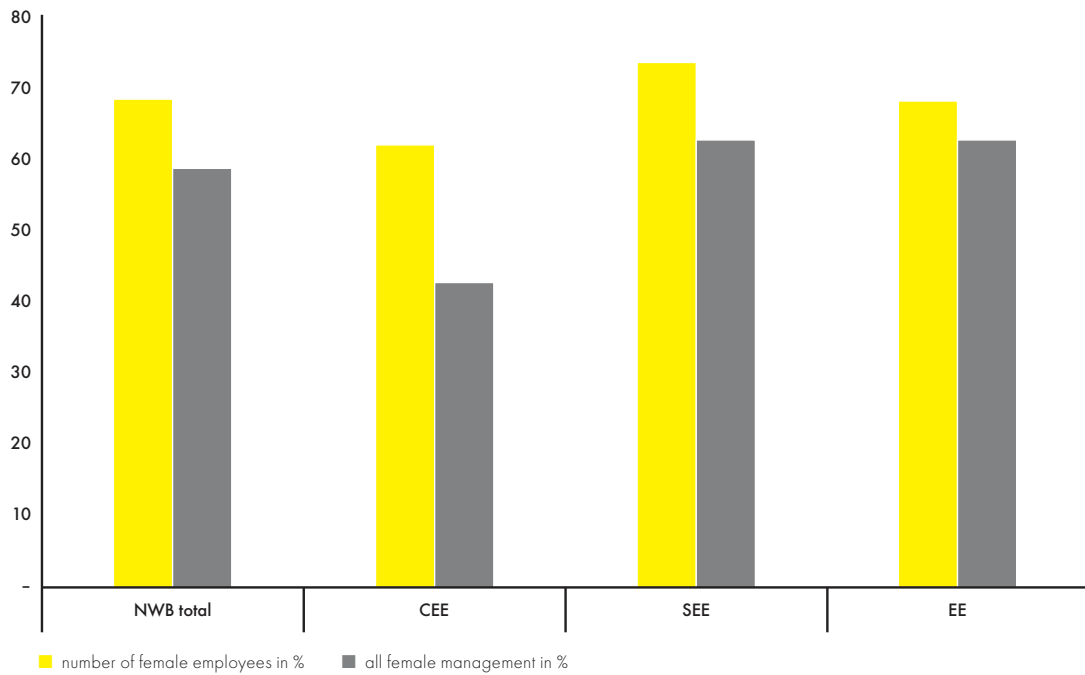


In Austria, RBI also participated in the first edition of DIVÖRSITY, the Austrian Days of Diversity. As one of 130 cooperation partners, we held several campaigns during the event. A folder entitled "Diversity at RBI" was created and distributed to all employees in order to remind them of our Diversity Vision and Mission and the guiding principles for day-to-day implementation. The "Sensing Journey" allowed employees to come into contact with people with disabilities (see page 91). The kick-off event for the "RBI Women Forum" also took place (see page 101).

Diversity initiatives at the network banks

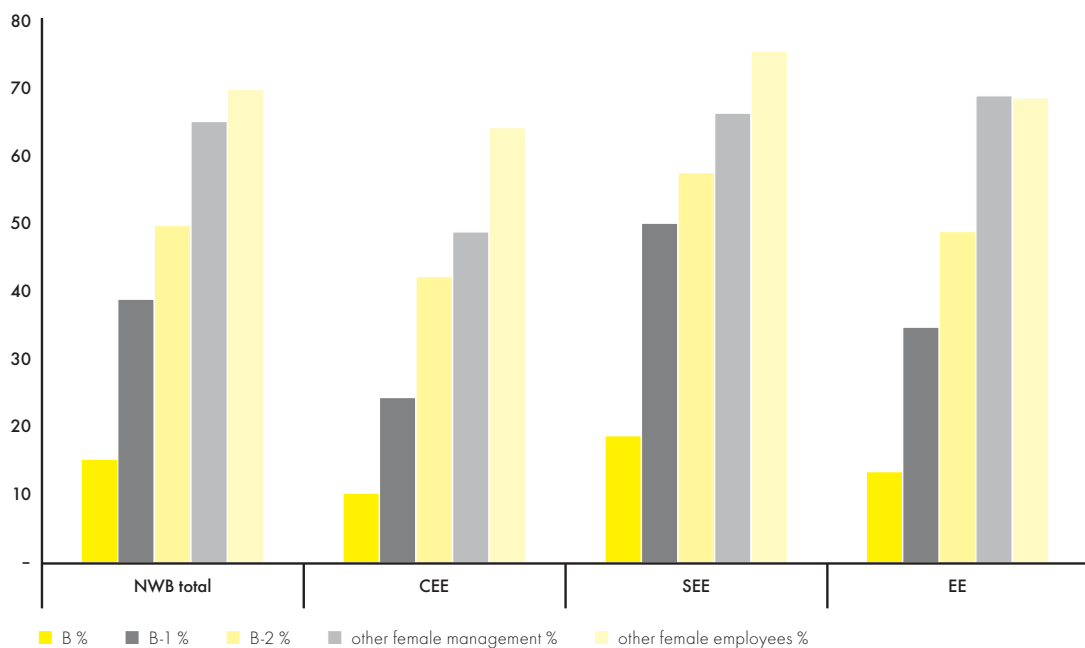
The share of women in management at the network banks of RBI has traditionally been very high:

Share of women in the network banks in 2018 in percent



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

Share of women at the network banks by employee category in 2018 in percent



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

Widely differing labor laws as well as family policies and health systems can be found in the various countries in which RBI operates. In order to offer employees more options for reconciling work and family life, as well as for a good work-life balance, the network banks provide a range of supplemental offers tailored to local needs and possibilities.

The inclusion of people with disabilities formed part of the diversity initiatives of some of the network banks in 2018. RBI is committed to focusing on people’s skills rather than their limitations. The aim is to offer an inclusive working environment and create awareness of the topic of disability.



In 2018, Raiffeisen BANK d.d. Bosna i Hercegovina expanded its recruitment campaign by presenting its employees’ profiles and success stories via the bank’s website and the online network LinkedIn. The aim is to show potential applicants the development and promotion opportunities offered by RBI as an employer. Statements by employees who are taking part in the campaign voluntarily and who want to share their own “success stories” are posted at regular intervals. One of them is Bojan Ninic (a colleague with paraplegia), who began his career in the bank’s call center and now works in the IT department. His statement underlines the company’s awareness and the appropriate working conditions provided to employees with disabilities at Raiffeisen BANK d.d. Bosna i Hercegovina, as well as equality of opportunity.



“I joined Raiffeisen BANK via the Uspon Agency, which offers work placement services for people with disabilities. At first I worked with customers in the call center and then in retail product development, before my career moved into information technology. My job allows me to participate actively in society, although it is important to note that I was employed solely on the basis of my skills and expertise. I understood the importance of a good work ethic, developed working routines and learned everything I needed to know about responsibility in the workplace.”

Raiffeisen BANK is the ideal place for people who want to learn and progress in their career. What I particularly appreciate about our company is that the premises and infrastructure are adapted for wheelchair users.”
(Bojan Ninic, Raiffeisen BANK d.d. Bosna i Hercegovina)

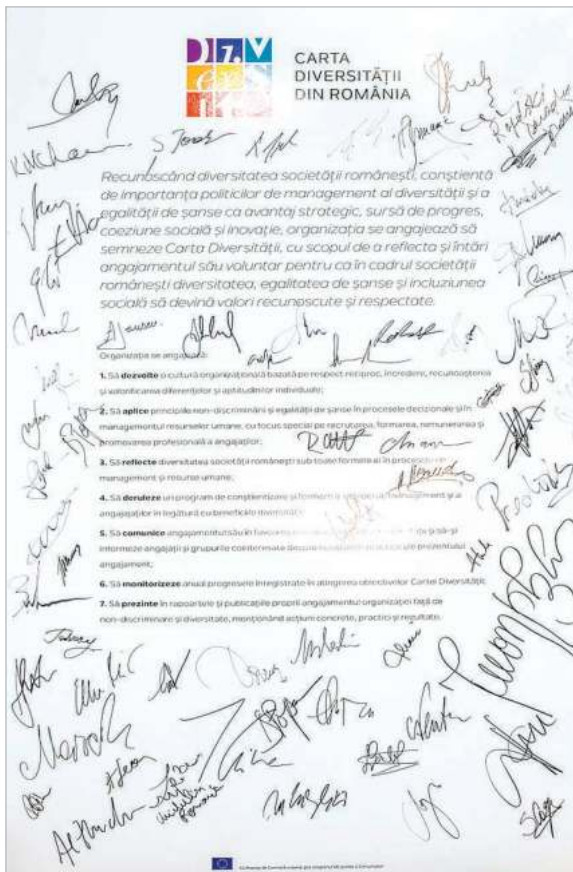
At AO Raiffeisenbank in Russia, the topic was communicated to counter staff through a specially designed training session, “How to meet the requirements of disabled customers”.

Raiffeisen Bank Kosovo J.S.C. has launched two initiatives primarily focusing on the topic of disability. In conjunction with World Down Syndrome Day in 2018, the HR department organized a visit to the bank’s premises for people with Down Syndrome so that they could find out more about the banking industry. In addition, an intern with Down Syndrome was employed by the HR department for a month. The HR and training department also initiated various projects for customers with disabilities in conjunction with the marketing and PR department. A targeted training program was developed and offered to people with disabilities. This is intended to improve their skills and expertise and help to prepare them for the employment market by training them in topics including law, marketing, human resources, retail and project management. The training is moderated by bank employees. The project began in late November 2018. In December 2018, flyers containing general information on bank products were printed and distributed in Braille for blind customers. Some of the bank’s advertising campaigns were also put into sign language for the hearing impaired.



Signature of Romanian Diversity Charter (from RBRU, from left to right: Corina Vasile, Dana Oancea, Irina Kubinski), © Inquam photos

In 2018, Raiffeisen Bank S.A. Romania signed the Diversity Charter as a measure of its support and commitment to the protection and development of diversity in the world of business.



Signature of Romanian Diversity Charter, © Inquam photos

Health and safety

Healthy and efficient employees are the basis for success for every company. RBI offers provision and support in the form of a range of initiatives and facilities. In addition to the legally prescribed measures in the area of health care, we offer numerous additional programs. 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 2018, the absenteeism rate for RBI was three percent (four percent in 2017 and 2016). There was one death. The injury rate according to ILO was 0.16 (0.25 in 2017 and 0.24 in 2016).

The following chart provides an overview of the measures that are being implemented at the individual companies in the area of health and welfare.

Overview of measures		Austria						CE			SEE				EE							
Topic	Detail	RBI	AG	RBSK	RKAG	RL	Valida	RCB	Kathrein	TBSK	RBCZ	RBHU	RBAL	RBBH	RBBG	RBKO	RBHR	RBRO	RBRS	RBBY	RBRU	AVAL
Health and safety	Safety management system	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Programs for mental health	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Health checks	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Promotion of sports and wellness activities	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Social benefits	Promotion of the company canteen	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Reimbursement public transport cost	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Promotion of private health insurance	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Promotion of pension fund	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Promotion of cultural events	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

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

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.

In 2018, for example, a comprehensive health examination was available free of charge at the RBI head office sites in Vienna in cooperation with "Health+Life Gesundheitsmanagement GmbH". Around 1,000 employees took advantage of this offer. Participation in optional supplemental modules (e.g. heart ultrasound, artery or vein checks, spinal or thyroid gland screening, arterial disease prevention) was again financially supported.

Employees could also make use of other medical services during working hours, such as having themselves inoculated with the tick-borne 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 ergonomic advice and even individual workplace configuration.

Employees also can take advantage of massages, osteopathy, physiotherapy, hypnotherapy, craniosacral therapy, shiatsu and nutritional advice in the appropriately adapted company premises on their own time and at their own expense. An internal forum for the exchange of information on various illnesses and disorders relating to the thyroid gland was created for the first time.

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

This preventive principle is also the main focus of the UNIQA Vital Truck, where 150 interested employees this year enjoyed a professional appraisal of their fitness levels and received advice on training.

To ensure that our sites can be reached in an environmentally friendly manner and to make short work trips, we offer our employees five bicycles (including three eBikes) for use free of charge. The topic of movement was also the focus of the global "10,000 steps a day for health" challenge, in which the company participated for the fifth time. In 2018, 119 employees across 17 teams enthusiastically and successfully pursued the team goals over a period of 100 days.

Special attention is also paid to maintaining good mental health. The company offers employees a free "Employee Assistance Program" that provides support during periods of mental stress, 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 anonymous basis.

Since 2017, RBI has offered support through an occupational psychologist in addition to the measures set out in the Employee Protection Act in the area of prevention assignments (occupational physicians and security specialists). To enable an easy and potentially quicker return to work after a longer period of illness, we offer our employees "reintegration part-time work". To the extent permitted by law, optimal reintegration variants are developed in cooperation between employees, HR, managers, the Staff Council, and occupational physicians.

The Family Days in 2018 were dedicated to the topics of "Puberty" (media and addiction, divorce and patchwork families) and "Dealing with dementia" (explaining dementia to children and young people, guilt and feelings of guilt). The events were attended by around 150 employees. Another information series - the "impulse presentations" - provided more than 160 employees with information on the topics of stress reduction, safe travel, and intestinal health.

The Austrian RBI subsidiaries have also placed a lot of emphasis on occupational healthcare for many years already. To this end, there are regular evaluations and training courses on, for example, occupational health and safety. Extensive internal sports and gymnastics courses are offered alongside programs for sport and culture. In the same way as at RBI, prevention assignments involving an occupational psychologist and the "Employee Assistance Program" have been introduced at all associated companies.

Health initiatives at our network banks

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

The available offers are illustrated by two examples from the network banks:

Since 2013 Raiffeisen Bank S.A. in Romania has offered a program with a variety of measures for a healthy work environment throughout the organization under the name "RStyle - A Balanced Lifestyle". The extremely comprehensive program is aimed at all employees and is based on three main pillars: physical health, mental-emotional balance, and healthy interpersonal relationships. It presents the employees with a set of measures that provide solutions for guiding them to a healthy lifestyle and improving the quality of life and performance at work. The program is intended to provide self-esteem and emotional balance for a good balance between working and working life. In 2018, a total of approximately 2,700 employees, corresponding to around half of the bank's

workforce, took advantage of the RStyle offers at 150 events. The RStyle program includes many offers tailored to the organization and its employees, from physical activity, nutrition and group recreational activities to education and family or development topics. Accompanying workshops and personal consultations are intended to help transform existing habits into “healthy” habits, such as in this year’s focus areas of stress management, self-esteem, fear management, and mindfulness. In order to assist personal well-being, the RStyle program provides a broad range of sporting activities, which this year took the form of a company-wide sports competition for cycling, tennis, trail running and various team sports such as football and volleyball.



Uniqua Vital Truck, © Raiffeisen Bank Zrt.Ungarn



Rowing team event, © Raiffeisen Bank Zrt.Ungarn

Raiffeisen Bank Zrt. in Hungary launched an extensive new health program in 2018. This comprises a range of sub-programs aimed at helping employees to maintain and/or improve their health. For example, the medical checks that are currently obligatory have been expanded to include additional health-related services. This includes the Uniqua Vital Truck, which stopped in Budapest for the first time this year to allow employees to undergo a health check. Various sporting activities are also offered, including football, basketball and rowing, with a view to promoting teamwork and cohesion. Individual sport is also supported with discounted rates at a nationwide chain of fitness centers. The program is completed with an information platform on the intranet giving employees comprehensive information about healthy lifestyles and sports facilities.

Employer branding and recruitment

The following chart provides an overview of the measures that are being implemented at the individual companies in the area of employer branding.

Overview of measures																					
Detail	Austria							CE			SEE					EE					
	RBI	AG	RBSK	RKAG	RL	Valida	RCB	Kathrein	TBSK	RBCZ	RBHU	RBAL	RBBH	RBBG	RBKO	RBHR	RBRO	RBRS	RBBY	RBRU	AVAL
Cooperations with Universities	✓						✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Attractive employer recognition	✓				✓				✓	✓			✓	✓		✓				✓	✓

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

Employer branding and recruitment at the Vienna sites

The advance of digitization is visible not only in the world of work, but is affecting every area of life. In particular, it is changing the way we communicate and interact. In turn, this has altered the way in which companies attract new employees. In order to reflect these changes and ensure optimal contact with all potential employees in the future, the existing approach has been revised and supplemented by new forms of contact.

The core of our employer branding strategy is communication, interaction and direct exchange with students, graduates, talented individuals, young professionals and specialists. New forms of interaction via social media, e.g. XING, LinkedIn, Twitter and our responsive careers page, allow applicants and interested parties to get the information they need more quickly and more comprehensively, whether that information is about RBI as an employer, HR marketing activities, vacant positions, or new professions in the IT, innovation and digital environment. To allow them to meet the requirements of the future even more effectively, selected individual areas of RBI are already operating in new agile settings (framework/environment) with digital tasks. This is based on the principle that skills from the IT environment – like handling volumes of data or using agile methods like Scrum or Kanban – will become increasingly relevant for banks in the future. The resulting new skills profiles are already being reflected in revised job postings for new positions in these areas.



Career Calling, © Ulrike Mikovits

As well as being strengthened through interactivity, communication is actively maintained through on-site conversations and direct exchanges with students and graduates. This takes place at educational institutions during career fairs and training days (e.g. “Technical college meets economy” at the technical colleges bfi Wien, HTL Pinkafeld), guest lectures and assignments (e.g. FH Krams, FH Wiener Neustadt, WU Wien) as well as during networking events (e.g. high potential day 18).

A very different kind of company presentation and interaction was employed for the first time at the “long night of companies”. RBI opened its doors and gave students from various disciplines an insight into the workplace of a digital bank.



MyBenefits, © RBI AG

Employer branding can also be aimed at employees. For example, the internal communication campaign “MyBenefits” highlighted RBI’s range of services as an employer – partially to arouse curiosity, and partly to strengthen our employees’ knowledge and awareness of the range and variety of services and benefits that go hand in hand with their job in order to ensure that we remain attractive as an employer.

We are particularly committed to diversity. Since 2018, we have highlighted this by using the following text in all RBI AG job advertisements: “We are proud of our employees’ diversity. Equal opportunities are a matter of principle for us. Our career paths are open to all – irrespective of origin, sexual orientation, culture, gender, age, language, political or religious beliefs, or disability.”



In 2018, RBI AG’s recruitment was dedicated to the topic of people with disabilities. In conjunction with the company “myAbility”, RBI AG acted as a partner and one of the sponsors of the “Disability Talent Program 2018”. A group of interested students with disabilities familiarized themselves with two specific areas of RBI AG and its work as part of the matching day and the job shadowing days. This resulted in the first successful appointments.



Job Shadowing Days, © RBI AG

In 2019, this economically oriented approach to inclusivity continued with the intensification of the partnership with the “Specialisterne” association for the employment of people with autism.

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



Trainee programs represent a sustainable investment in introducing student graduates to a career in banking. With the “Accounting & Reporting” trainee program that was newly introduced in 2018, RBI AG expanded the range of available career entry opportunities for business students. The continuous development of the existing “Corporate Banking” trainee program paid off:

RBI AG was recognized with the “excellent trainee program” accolade by “TraineeNet”, a platform of trainees from around 50 Austrian companies. In 2018, RBI AG was again one of the top ten most attractive employers in Austria among economics students. RBI AG is also the best-placed bank among IT students. (Source: <https://universumglobal.com/rankings/company/raiffeisen-bank-international/>). RBI AG also won in the „Best. Employer Branding Young Professionals” category at the “trendence Employer Branding Awards Austria 2018”. This accolade for outstanding performance in employer branding and HR marketing is awarded by trendence, a research institute for employer branding, and is based on nominations by 14,000 students and young professions as well as an independent jury (source: <https://www.trendenceawards.at/gewinner-2018.html>).

Employer branding and recruitment at the network banks

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

Addressing and cooperating with students is a key element that has been taken up by many of our network banks. This includes directly addressing them on site by giving them an insight into the work of a bank – for example, when employees of Raiffeisenbank Austria d.d. in Croatia presented the new career area of business intelligence to mathematics students at the university of business management in Zagreb. Raiffeisen Bank S.A.

in Romania also focuses on partnerships with student institutions and universities, e.g. with guest presentations at events or workshops at the bank's premises on topics like "Capital markets" or "How does a bank work?".

Various cooperation programs with universities and student associations have been initiated in Bosnia and Herzegovina, Romania, Ukraine, Kosovo, and the Czech Republic. This gives rise to specific programs such as internships lasting several months at Raiffeisen Bank in Kosovo, which attracted 150 participants in 2018, or practical semesters lasting up to one year at Raiffeisen BANK d.d. Bosna i Hercegovina, which involved 27 students. Raiffeisenbank a.s. in the Czech Republic also offers a one-year program in which practical work experience can be gathered; this most recently attracted 55 participants.

A number of trainee programs aimed at graduates have also been launched or expanded in recent years.

In 2018, Raiffeisen Bank S.A. in Romania signed up a total of 160 trainees for various programs, including retail, management, and the brand new IT program "codeRaiffeisen Bank". This is aimed at future IT developers and was launched in November 2018 with 15 participants. Other network banks are also focusing specifically on information science students and graduates. The aim is to make the bank attractive to digitally talented individuals.



AO Raiffeisenbank in Russia has established a dedicated team for employer branding projects focusing solely on digital talents with the aim of increasing the number of IT employees at the company by one-third. This team is responsible for the development and implementation of the employer branding and communication strategy for the employer brand. With the support of the recruitment department, it realizes PR projects, develops job portals and social networks, and organizes events like conferences and hackathons that are aimed at IT developers, software engineers, data scientists, quality assurance testers and others.

Another element of this broad-based strategy is the new "IT school" format. This includes the SAS School in Omsk and the Java School in Moscow, which offer a unique format for the education and career development of IT specialists in Russia. Young graduates receive full-time training for two to three months, including practical work as part of a real product team of experienced developers. Training and presentations communicate content on current topics like Agile, Scrum and Kanban that do not form part of a technical college or university syllabus. In this way, the bank is specifically developing students with a view to meeting the requirements of today's employment market. The success of this model is underlined by the large number of applications. A total of 500 candidates were interviewed, with 20 receiving a training contract and 17 subsequently entering fulltime employment. In light of the positive feedback, there are plans to expand the program with the conclusion of around 100 training contracts in the coming year.

For the past three years, AO Raiffeisenbank in Russia has also run the "Involve Internship Program", which is aimed at graduates in various disciplines and is similarly intended to make it easier for them to start their careers. In 2018, the one-year trainee program had a total of 52 participants and is set to be expanded to include a dedicated IT trainee program in the coming year.



Pact for Youth event, © Anatoliy Yevankov

In September 2018, Raiffeisen Bank Aval JSC signed up to the Ukrainian Pact for Youth 2020. This is an initiative bringing together businesses, universities and governments in order to help young people to develop professionally and find employment. Young people in Ukraine are aware how important good training is if they want to enjoy a successful career, but their expectations are not always met by the national education system.

Raiffeisen Bank Aval JSC offers practical placements and internship programs for high school and college students. There were 221 participants in the first half of 2018 alone. 37 students from the specialist internship programs for retail and IT entered full-time employment. Students in Ukraine obtained specific insights into professional life thanks to the more than 20 excursions to bank branches offered by Raiffeisenbank Aval JSC.

The bank also helps young people to prepare for the employment market. Three soft skills training programs (with around 75 young participants in all) were arranged in Kherson in partnership with an innovation company in November 2018. These covered the topics of financial expertise, time management, preparing a résumé, and having an interview.

Representatives of the bank participated in numerous events in cities including Vinnytsia and Kherson, presenting the available employment and internship opportunities at Raiffeisenbank Aval JSC at the national youth employment forum "Create the Color of Your Future" and communicating the topic of financial expertise in the form of workshops, among other things. As a socially responsible and sustainable company, the bank sees these activities as a contribution to youth development that is entirely consistent with the objectives of the Ukrainian Pact for Youth 2020.

Foreword

Overview

Management of sustainability

Responsible banker

Fair partner - Human Resources

Fair partner - Inhouse ecology

Engaged citizen

GRI index and Assurance report

Overview of key performance indicators

	RBI				RBI AG	
	2018	2017	Change over previous year	2016*	2018	2017
Employees by gender, type of occupation and employment contract						
Employees	45,423	48,649	-6.6%	48,731	2,893	2,622
Male	34%	33%	0 PP	33%	54%	54%
Female	66%	67%	0 PP	67%	46%	46%
Fulltime employees	95%	95%	0 PP	96%	73%	74%
Male	34%	33%	1 PP	34%	64%	64%
Female	66%	67%	-1 PP	66%	36%	36%
Part-time employees	5%	5%	0 PP	4%	27%	26%
Male	22%	28%	-6 PP	24%	28%	26%
Female	78%	72%	6 PP	76%	72%	74%
Employees with fixed contracts	87%	85%	1 PP	85%	84%	85%
Male	34%	34%	0 PP	34%	54%	54%
Female	66%	66%	0 PP	66%	46%	46%
Central Europe	20%	26%	-6 PP	27%		
Southeastern Europe	33%	32%	1 PP	32%		
Eastern Europe	38%	34%	4 PP	33%		
Austria	9%	8%	1 PP	8%	100%	100%
Employees with limited contracts	13%	15%	-1 PP	15%	16%	15%
Male	28%	27%	1 PP	26%	54%	52%
Female	72%	73%	-1 PP	74%	46%	48%
Central Europe	20%	27%	-7 PP	29%		
Southeastern Europe	18%	17%	2 PP	16%		
Eastern Europe	53%	50%	4 PP	49%		
Austria	9%	6%	2 PP	6%	100%	100%
Employees by region						
Central Europe	20%	26%	-7 PP	27%		
Male	38%	38%	1 PP	38%		
Female	62%	62%	-1 PP	62%		
Southeastern Europe	31%	29%	2 PP	30%		
Male	27%	27%	0 PP	27%		
Female	73%	73%	0 PP	73%		
Eastern Europe	40%	37%	4 PP	36%		
Male	32%	31%	1 PP	31%		
Female	68%	69%	-1 PP	69%		
Austria	9%	8%	1 PP	7%	100%	100%
Male	53%	52%	1 PP	53%	54%	54%
Female	47%	48%	-1 PP	47%	46%	46%
New hires						
Total	9,164	9,391	-2%	8,961	505	344
Share in percent of total headcount for:						
Employees total	20%	19%	1 PP	18%	17%	13%
Employees under 30 years of age	12%	12%	0 PP	12%	9%	7%
Employees between 30 and 50 years of age	8%	7%	1 PP	6%	8%	5%
Employees over 50 years of age	0%	0%	0 PP	0%	0%	0%
Men	8%	7%	1 PP	6%	10%	7%
Women	13%	13%	0 PP	12%	8%	6%
Central Europe	4%	5%	-1 PP	5%		
Southeastern Europe	4%	4%	0 PP	4%		
Eastern Europe	10%	9%	1 PP	8%		
Austria	1%	1%	9 PP	1%	17%	13%
Fluctuation						
Total	8,214	9,778	-16%	11,033	251	239
Share in percent of total headcount for:						
Employees total	18%	20%	-2 PP	23%	9%	9%
Employees under 30 years of age	7%	9%	-2 PP	10%	5%	4%
Employees between 30 and 50 years of age	9%	10%	0 PP	11%	3%	4%
Employees over 50 years of age	1%	1%	0 PP	2%	1%	1%
Men	6%	6%	-1 PP	7%	5%	5%
Women	12%	14%	-1 PP	15%	4%	4%
Central Europe	3%	6%	-3 PP	6%		
Southeastern Europe	4%	4%	0 PP	4%		
Eastern Europe	10%	9%	1 PP	12%		
Austria	1%	1%	0 PP	0%	9%	9%

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

	RBI				RBI AG	
	2018	2017	Changes over previous year	2016*	2018	2017
Average number of training hours for employees, by position						
B-1	79	64	23	54	29	27
B-2	62	52	29	50	33	31
Other executives	53	50	5	58	37	31
Other employees	51	54	-5	51	25	27
Share of employees with Performance Management						
Total	73%	69%	4 PP	69%	90%	91%
Men	77%	74%	2 PP	75%	91%	91%
Woman	72%	67%	5 PP	67%	90%	91%
B-1	99%	100%	-1 PP	99%	100%	100%
B-2	100%	99%	1 PP	99%	100%	100%
Other managers	83%	83%	0 PP	84%	100%	100%
Other employees	71%	67%	5 PP	66%	89%	90%
Diversity						
Share of women						
Board	14%	12%	2 PP	14%	0%	0%
B-1	35%	36%	0 PP	36%	19%	17%
B-2	46%	45%	1 PP	46%	20%	19%
Other managers	63%	62%	1 PP	61%	26%	27%
Managers total	55%	54%	1 PP	54%	23%	23%
Employees total	66%	67%	0 PP	67%	46%	46%
Share of minority groups						
Age groups						
Board						
Board under 30 years of age	0%	0%	0 PP	0%	0%	0%
Board between 30 and 50 years of age	61%	60%	1 PP	60%	57%	40%
Board over 50 years of age	39%	40%	-1 PP	40%	43%	60%
B-1						
Employees under 30 years of age	0%	0%	0 PP	0%	0%	0%
Employees between 30 and 50 years of age	81%	83%	-2 PP	83%	60%	50%
Employees over 50 years of age	19%	17%	2 PP	17%	40%	50%
B-2						
Employees under 30 years of age	2%	1%	0 PP	2%	1%	0%
Employees between 30 and 50 years of age	83%	85%	-2 PP	86%	72%	75%
Employees over 50 years of age	15%	14%	1 PP	12%	27%	25%
Other managers						
Employees under 30 years of age	4%	4%	0 PP	5%	1%	0%
Employees between 30 and 50 years of age	79%	80%	-1 PP	80%	82%	89%
Employees over 50 years of age	17%	15%	1 PP	15%	18%	11%
Other employees						
Employees under 30 years of age	28%	28%	0 PP	29%	20%	19%
Employees between 30 and 50 years of age	62%	63%	-1 PP	62%	67%	69%
Employees over 50 years of age	10%	10%	1 PP	9%	13%	12%

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

Future outlook and Sustainability program

In order to support RBI's efforts to become an adaptable and agile organization, we will experiment with some new elements and functions in 2019. For example, shorter service cycles and an iterative process in performance management have been implemented in order to enable the establishment of continuous feedback. This will also allow feedback and evaluation to be provided outside of the actual organizational structure by product owners and other project managers.



























The new HR learning management system "cHaRLie" that was implemented in 2018 will be further expanded in the future. Work is currently in progress to make online courses available on mobile devices from 2019.

The "Diversity 2020" initiative in Austria will be continued. The strategy and measure checks for the focal areas of the empowerment of women and the inclusion of people with disabilities that began in 2018 will be completed and the programs will be tailored accordingly. The topic of generation management will also be anchored in the strategy. The LGBTI program will be continued.

The four-year mandate of the elected representatives to the European Staff Council (ESC) expires in 2019. Representatives will be newly elected in all of the countries represented in the ESC in accordance with the respective national rules. Two ordinary ESC meetings are again planned for 2019, in May and November.

Employee engagement is and will remain the leading indicator of organizational health and sustainable performance and dedication. In these extremely fast-moving days, however, it is becoming clear that a measurement taken every two years is no longer timely enough. Accordingly, we will supplement this with "pulse surveys" at selected Group companies from 2019 onwards. This will allow managers to include employee feedback directly in their decisions, thereby increasing acceptance.

Excerpt from the Sustainability program

General objective: Inclusive employer, high employer attractiveness				
SDGs	Objective	Measure	Status	Progress
 	Publication of a Group-wide diversity policy	Drafting and coordination with all relevant stakeholders by June 2018 (see page 97)	●	██████
 	Increasing awareness of the "Diversity 2020" vision, mission and strategy	Creation of a folder for distribution to all employees as part of the DIVÖRSITY Days in October 2018	●	██████
	Increase in the proportion of women in executive management of the RBI Group to 35% by 2024	Implementation of the focus on "Empowerment of Women" that was launched in 2016 at RBI AG; expansion of the initiatives to include the entire RBI Group (see page 100 et seq.)	◐	███░░░
	Inclusion of people with disabilities	Implementation of the planned activities in connection with the "Diversity 2020" initiative (see pages 91, 102, and 105)	◐	███░░░
	Adaptation of the RBI working environment to changes brought about by digitization	Further development and implementation of the findings from the Stakeholder Council, continuously addressing and positively shaping the digital transformation for the working world (see page 95 et seq.)	◐	███░░░
 	Maintain high level of employee enablement and engagement	Development of a package of measures and their implementation on the basis of the employee surveys from 2018 to 2020 (see page 94)	◐	███░░░
	Realignment of the Performance Management System	Group-wide introduction for realigning the performance management concept developed in 2016 by 2019 (see page 86 et seq.)	◐	███░░░
       	Raising awareness of sustainability among employees	Expansion of the existing online training to the subsidiaries in Austria and CEE	◐	███░░░
       	Further development of the "Sustainability and corporate responsibility" blog	Regular publication of sustainability articles, expansion of author pool	🌐	██████

○ New ◐ In progress ● Complete 🌐 Multiannual

Status (25% of target achieved per box filled) █░░░

SDGs

 No Poverty	 High quality education	 Gender Equality	 Affordable and Clean Energy
 Decent Work and Economic Growth	 Industry, Innovation and Infrastructure	 Climate Protection Measures	 Peace, Justice and Strong Institutions

**Field of action Fair partner – Corporate environmental protection:
The importance of attaining the UN climate goals**



Fair partner – Inhouse ecology

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

We 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 with those of production industries. Nevertheless, RBI has the goal of limiting negative environmental impacts at all of its sites to the greatest possible extent, and – where possible – going beyond basic compliance with statutory requirements and demands.

RBI is committed to minimizing its environmental impact as much as possible. The company therefore works to continuously improve the main environmental parameters in the most relevant areas. The environmental management system in Austria is based on international standards (e.g. ISO 14001). The network banks in CEE are also conscious of their responsibility for the environment and work to continuously improve this.

In general, energy efficiency, renewable energy, environmentally friendly mobility and sustainable purchasing are particularly important in corporate environmental protection. Nevertheless, because of RBI's carbon footprints energy consumption in the contexts of building management and the mobility sector are the two most essential areas for action. These are also key for attaining the environmental targets (see page 120).

Impacts, risks and opportunities

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

The greatest risk for the economy, society and environment – if companies are unwilling to counter climate change – is the onset of global warming with the known negative impacts. For this reason, RBI defined environmental targets for the entire group in 2015. The base year is 2011, the first year in which corporate environmental protection figures were recorded for the entire group.

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

RBI is making a positive contribution to society with concrete steps related to environmental management. We are trying to contribute to meeting the goals of the UN Climate Change Conference in Paris (COP 21) by working to reduce greenhouse gas emissions, and promoting the renewable energy sector of the economy. The area of consistent cost-cutting offers an important opportunity for RBI in inhouse ecology. Because business transactions and energy consumption are among the largest generators of emissions in inhouse ecology, measures to reduce

these influence factors bring the greatest cost savings in the course of operations. Furthermore, reputation risks are minimized, new collaborations in research and development are fostered, and resilience in the face of the consequences of climate change is increased. Risks in the added value chain, for example due to delivery delays, are reduced by purchasing regional products. This risk is minimized with a regional procurement share of 70 percent at RBI. The impact of core business on the environment is described in the "Responsible Banker" chapter on page 61.

Sustainable Development Goals

Two of the 17 Sustainable Development Goals (SDGs) were classified as particularly relevant for RBI in inhouse ecology. These include SDG 13 "Climate Protection Measures" as well as SDG 7 "Affordable and Clean Energy". It is important to counteract climate change by reducing direct and indirect greenhouse gas emissions. RBI's options for exerting direct influence on the environment predominantly lie in the areas of energy consumption (electricity and heat) and the mobility sector, and to a lesser extent, waste production, as well as resource and water consumption. All these areas can be found in the Sustainable Development Goals, for example SDG 6 (water), SDG 7 (energy, and proportion of green electricity, energy efficiency), SDG 12 (consumption and production/waste) and SDG 13 (climate protection). Water consumption and waste have a relatively small footprint at RBI, which is why SDG 6 and SDG 12 are not listed separately.

Environmental targets



With reference to the UN Climate Change Conference in Paris (COP 21), RBI has set the target of reducing CO₂ emissions by 30 percent (Scope 1 and 2 and separately for Scope 3) by 2030 and by 60 percent by 2050, which is to be achieved by means of energy efficiency, a higher proportion of green electricity, and a reduction in business travel, among other things.



Since 2011, the CO₂ emissions in Scope 1 and Scope 2 have been reduced by 27 percent and by 12 percent in Scope 3. Overall (Scope 1-3), emissions have dropped 22 percent since 2011. RBI is well on the way to achieving the defined reduction targets by 2030.

At 35 percent, RBI's proportion of green electricity remained the same as it was the previous year - therefore already clearly above the EU target, which stipulates that the proportion of renewable energy should increase to 27 percent by 2030.



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

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

Digitization and environmental protection

Digitization and environmental protection are not incompatible. Among other things, this was clearly established in the small group discussions on the topic of environmental problems at RBI's Stakeholder Council in 2018 (see also page 34 et seq.). Digitization has revolutionized the way we live, work, and communicate. Without it, many facts about climate change would be unknown both locally and globally. These facts have enabled scientists to make more accurate predictions concerning the consequences of our actions and to derive recommended actions for politicians and businesses. The resulting action areas have led to technical developments and more intelligent heating and cooling systems that we are now using to significantly reduce energy consumption. The comfort of people and company employees has also benefited as a result. Digitization has been a key factor in the increased use of green electricity in the energy supply. The occasional volatility of green electricity can now be controlled using storage systems so that it can be supplied to consumers as needed.

Furthermore, digitization has helped to drive a breakthrough in the closed-loop economy. For example, 94 percent of RBI's waste is non-hazardous and almost 22 percent of it is recycled. Thanks to connected information, it is easier to track resources in terms of location and volume. We now also have the necessary transparency to control resource flows more efficiently in terms of the waste generated. These are just some examples of how companies - including RBI - can harness the opportunities provided by digitization in order to help them achieve their climate targets.

At the same time, data centers and new communication solutions consume a lot of energy. However, these applications also enable features such as web conferencing, which will cut down on business travel in the medium to long term. Increased energy consumption is more environmentally friendly than the emissions caused by business travel. This also explains why energy consumption accounts for the largest share of emissions at RBI.

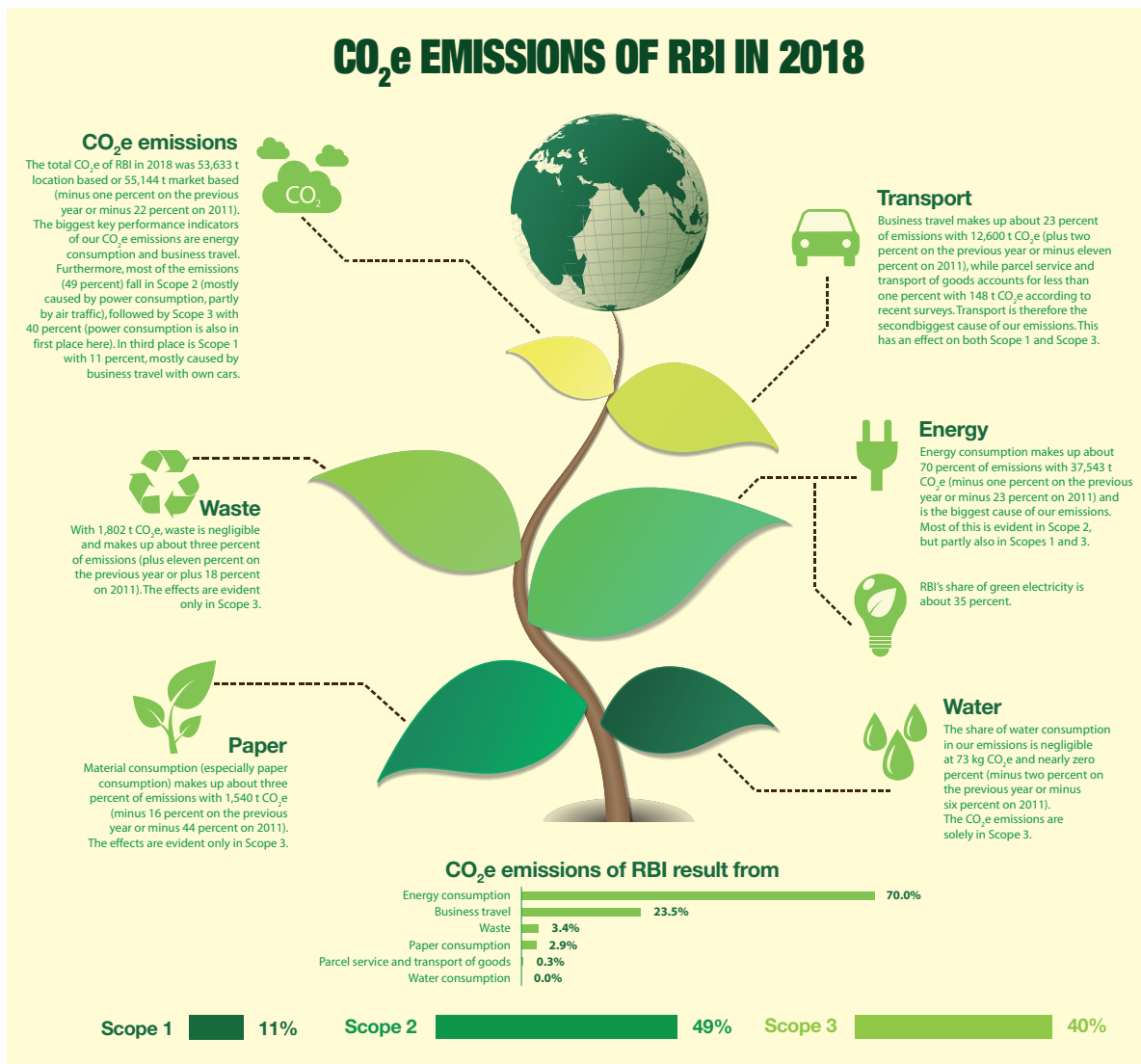
In order to minimize RBI's overall ecological footprint, the Environmental Committee regularly addresses RBI's environmental targets and their achievement and discusses their adjustment to reflect developments and trends.

Overview of greenhouse gas emissions

In order to ensure comparability, the environmental indicators contain only the head office data of the network banks. The key figures of the network banks have been summarized according to regions and are published on our website at www.rbinternational.com/sustainabilitymanagement.

There are no plans at present to collect environment-related data in all branches. The data is presented for RBI, which consists of the network banks in CEE, RBI AG and the Austrian subsidiaries. The graphic on page 122 shows the environmentally relevant areas of RBI and their impact on CO₂e emissions¹.

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



The graphic above shows that the biggest items of CO₂e emissions of RBI (total of 53.633 tons (t) location-based or down one percent compared to the previous year, or down 22 percent compared to 2011) relate to energy consumption and business travel. Particularly relevant is the division of the emissions into three "Scopes" which define the classification of the CO₂e emissions according to the Greenhouse Gas Protocol:

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

Most emissions, 49 percent, can be found in Scope 2 (mainly caused by electricity consumption), followed by Scope 3 with 40 percent (here too, electricity consumption is in first place). At eleven percent, Scope 1 is in third place and is caused by business travel (with the company’s own vehicle fleet), in addition to the purchase of electricity from third parties. Detailed assessments are published on our website (www.rbinternational.com/sustainabilitymanagement).

Compliance with legal regulations

Compliance with legal regulations is subjected to a stringent procedure defined in the management system. Thus, in 2018, at the Vienna sites as well as the network banks, there were no convictions for violations of environmental protection regulations.

Overview of measures		Austria						CE			SEE						EE				
Topic	Measure	RBI AG	RBSK	RKAG	RL	Valida	RCB	Kathrein	TBSK	RBCZ	RBHU	RBAL	RBBH	RBBG	RBKO	RBHR	RBRO	RBRS	RBBY	RBRU	AVAL
Compliance	No violation of environmental legislation	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

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

Environmental Committee

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

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

Environmental policy



7 AFFORDABLE AND CLEAN ENERGY



13 CLIMATE ACTION

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

Travel policy



13 CLIMATE ACTION

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

Environmental measures

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

Overview of measures		Austria						CE			SEE						EE					
Topic	Measure	RBI	AG	RBSK	RKAG	RL	Valida	RCB	Kathrein	TBSK	RBCZ	RBHU	RBAL	RBBH	RBBG	RBKO	RBHR	RBRO	RBRB	RBBY	RBRU	AVAL
Environmental certificates	ISO 14001	✓*	✓*	✓*	✓*	✓*					✓		✓									
	ISO 50001										✓		✓									
	Energy audit	✓	✓	✓	✓	✓				✓	✓						✓				✓	
Energy savings and efficiency	LED	✓	✓	✓	✓	✓			✓	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Light sensors	✓	✓	✓	✓	✓							✓	✓			✓	✓	✓	✓	✓	✓
	Evening/weekend mode	✓	✓	✓	✓	✓		✓			✓		✓	✓	✓		✓	✓	✓	✓	✓	
	Computer/printer with energy labels	✓	✓	✓	✓	✓			✓		✓	✓		✓	✓		✓	✓	✓	✓	✓	✓
	Adaptions in heating/cooling	✓	✓	✓	✓	✓		✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Other measures	✓	✓	✓	✓	✓			✓	✓	✓	✓		✓	✓		✓	✓	✓	✓	✓	✓
Renewable energy	PV/geothermal energy in/on the building	✓									✓							✓				
	Green electricity in the power mix	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓			✓	✓			n.r.	
Business travel & commuting	Support of public transportation	✓	✓	✓	✓	✓	✓				✓		✓	✓			✓				✓	✓
	Web and video conferencing	✓	✓	✓	✓	✓	✓			✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Bicycle parking spaces	✓	✓	✓	✓	✓	✓	✓	✓				✓	✓	✓		✓	✓	✓	✓	✓	✓
Fleet	Fleet cars with low CO ₂ emissions	✓	✓	✓	✓	✓	✓	✓	✓	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	E-cars, hybrid vehicles	✓	✓	✓	✓	✓	✓			✓								✓				
	Shuttle bus service									✓	✓											✓
Material consumption	Measures for reducing consumption	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Paper with an environmental label	✓	✓	✓	✓	✓	✓	✓	✓		✓			✓	✓		✓				✓	✓
Waste	Waste separation	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Waste management system	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓						✓			
	Increase of recycling waste	n.r.	n.r.	n.r.	n.r.	n.r.	✓	✓			✓		✓	✓			✓	✓			✓	
Water	Measures for reducing consumption	✓	✓	✓	✓	✓		✓		✓	✓	✓	✓	✓			✓	✓			✓	✓
Employee information	E.g. in the form of trainings and via intranet	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓		✓	✓	✓	✓	✓	✓	✓	✓
Compliance	No violation of environmental legislation	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

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

* ISO 14001 Facility Management

** Only paper

*** Waste outsourced

Supplier evaluation and purchasing

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

Overview of measures

Topic	Measure	Austria						CE			SEE				EE						
		RBI AG	RBSK	RKAG	RL	Valida	RCB	Kathrein	TBSK	RBCZ	RBHU	RBAL	RBBH	RBBG	RBKO	RBHR	RBRO	RBRB	RBBY	RBRU	AVAL
Supplier	Inquiry of environmental and social standards	✓*	✓*	✓*	✓*	✓*	n.a.		✓		✓		✓								

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

* Done by ZHS Office- & Facilitymanagement GmbH

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

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

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

Additionally, RBI's top suppliers, provided purchasing is performed centrally, are surveyed annually on topics including environmental and/or socially relevant certificates for the company and/or for products and/or services purchased from RBI, proceedings due to the infringement of environmental regulations, and indicators on mobility (km/tkm¹). 91 percent of suppliers responded, and 68 top suppliers (based on revenues) were surveyed. The feedback shows the following results:

- 47 percent of suppliers have environmental certificates and 43 percent have social standards for their company.
- 47 percent of suppliers publish their environmental and social data.
- 21 percent of suppliers have their data audited.
- 37 percent of suppliers have entered into a commitment with respect to sustainable aspects (e.g. UNGC, Diversity Charter).
- One supplier is in proceedings due to the infringement of environmental regulations.

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

¹ Ton kilometers or tkm are calculated on the basis of the transported mass in tons and the distance covered in kilometers.

CO₂e emissions



Average CO₂e emissions (calculated with the emission factor ecoinvent v3.3) for 2018 came to 53,633 tons (t) (location-based) and were reduced by 22 percent compared with 2011 (the first reporting date).

Of this figure, 5,944 t of CO₂e was allocated to Scope 1 (eleven percent), 26,283 t (49 percent) to Scope 2 (location-based) and 21,406 t (40 percent) to Scope 3. The greatest reduction compared with 2011 was achieved in Scope 2 (down 29 percent). In Scope 3, emissions have fallen by 12 percent since 2011, while Scope 1 has seen a reduction of 17 percent. Compared to the previous year, emissions were reduced by one percent.

Data quality is collected on the basis of three grades. The best data quality is 1 (exact), followed by 2 (calculated) and 3 (estimated). Most of the corporate environmental protection data is exact or calculated. Only the areas of materials and water are classified in the lower category 3 (estimated) in terms of their data quality. RBI is endeavoring to improve data quality in the last category.

- Energy consumption accounts for around 70 percent of emissions (down one percent compared with the previous year or six percent compared with 2011) at 37,543 t CO₂e and is the biggest source of emissions for RBI. Electricity consumption accounts for 92 percent of this, while heating demand accounts for approx. eight percent. The emissions particularly arise in Scope 2 as well as in Scope 1 and 3.

RBI's total energy consumption was around 117 GWh in 2018 (up one percent compared with the previous year. Energy consumption, particularly at RBI AG, increased slightly in 2018 on account of the extremely warm and long summer). Around 76 GWh was required for electricity and around 41 GWh for heating. In terms of one employee and year, the average energy consumption is 4,723 kWh.

The RBI's proportion of green electricity is around 35 percent.

- Business travel generates 12,600 t of CO₂e, which corresponds to around 23 percent of emissions (two percent more than the previous year and eleven percent less than in 2011). Travel is thus RBI's secondbiggest source of emissions. It arises in both Scope 1 and Scope 3.

Business travel at RBI amounts to around 63 million pkm (passenger kilometers; pkm are calculated on the basis of the number of persons carried and the distance covered). Business travel in the group, in terms of one employee and year, amounts to 2,555 pkm on average.



© K. Kamiki

Natalie Glas, Head of Green Finance Team, Environment Agency Austria

"RBI is committed to sustainable and environmentally friendly business. Fine words? Undoubtedly. But they are backed up by clear targets and specific measures encompassing the core business as well as corporate environmental protection. Since a long time RBI implemented quantitative climate targets for all relevant areas of inhouse ecology. Achieving these targets will be challenging. It means gradually bringing the entire company into line with the global climate and sustainability targets. How can this be achieved?"

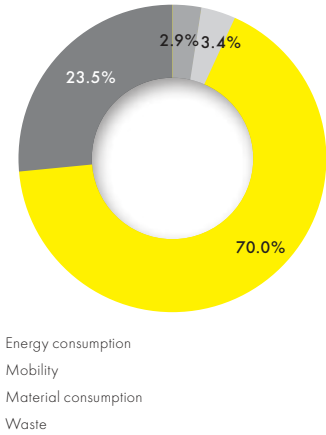
In addition to traditional climate protection measures, RBI is embracing sustainable digitization. This is intended to help uncouple growth from the increased consumption of resources and make processes sustainable. Business travel will be reduced and energy and material consumption will be cut. Corporate environmental protection figures are recorded digitally, which enables effective monitoring and continuous improvement in environmental performance. The fact that this effort is paying off and having an effect far beyond RBI was already illustrated by the first environmental balance sheet of the Raiffeisen Banking Group in 2015."

QUOTE



Comparing the means of transport (in terms of pkm), air travel accounts for the largest proportion at 49 percent, followed by car travel at 46 percent, and travel by train at around five percent. The RBI fleet is particularly friendly to the environment with an average of 123 g of CO₂ emissions/km.

Source of the CO₂ emissions of RBI

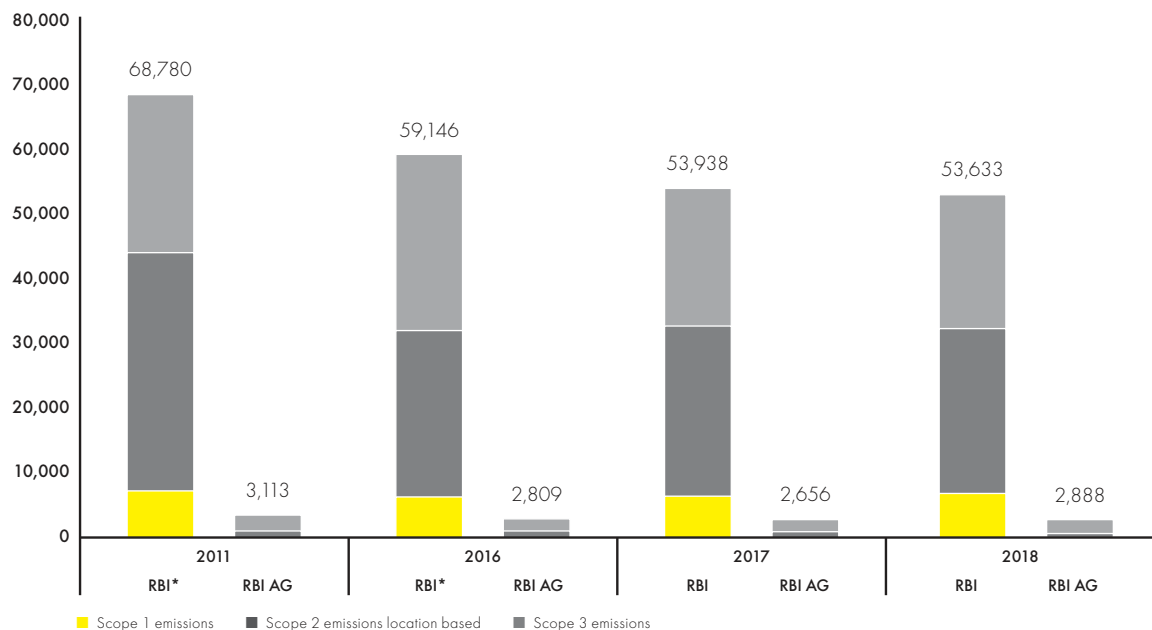


- At 1,802 t CO₂e (up eleven percent on the previous year and 18 percent compared with 2011), waste is also negligible and accounts for three percent of emissions. The effects are solely reflected in Scope 3. The quantity of waste produced by RBI amounts to about 3,163 tons per year or 128 kg/employee and consists of 94 percent non-hazardous waste. Almost 40 percent of waste is brought to landfill sites, approx. 33 percent is incinerated and more than 21 percent is recycled. Electrical devices account for almost six percent.
- Material use (particularly paper) amounts to 1,540 t CO₂e, which represents around three percent of emissions (16 percent lower than in the previous year, and 44 percent lower than 2011). The impacts are felt solely in Scope 3. The proportion of recycled materials in paper purchasing is 70 percent.
- The parcel service and transport of goods accounts for around 0.3 percent of emissions at 148 t CO₂e (a comparison with 2011 is not possible because this indicator was not recorded for the entire group in 2011). The km/tkm (ton kilometers; tkm are calculated on the basis of the weight transported and the distance covered) values of the suppliers reported in the supplier survey were collected internally but not included due to insufficient verifiability. The impacts of the emissions are felt primarily in Scope 3.

The parcel service and transport of goods at RBI amounts to around 148 million tkm.

- Water use (exclusively tap water) takes last place at 72 kg, thereby causing almost zero percent emissions. Total water consumption in 2018 amounted to 225,903 m³ or nine m³/employee and year.

Scope 1-3 emissions of RBI in t CO₂e from 2011-2018



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

Overview of key performance indicators

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

	RBI						RBI AG	
	2018	2017*	Change to previous year	2016*	Base year 2011*	Change from 2018 to 2011	2018	2017
Material								
Non-recycled paper in t	207	215	-4%	275	397	-48%	23	22
Recycled paper in t	467	495	-6%	647	796	-41%	42	41
Total paper in t	674	710	-5%	922	1,193	-44%	65	63
Paper consumption in sheets/employee	5,452	5,757	-5%	8,401	11,627	-53%	4,468	4,833
Energy								
Total energy consumption in MWh	116,970	116,174	1%	104,135	115,643	1%	19,552	17,605
Total energy consumption in kWh/employee	4,723	4,703	0%	4,711	5,625	-16%	6,749	6,724
Water								
Tap water consumption in 1,000 m ³	226	230	-2%	248	241	-6%	38	36
Water consumption in m ³ /employee	9	9	-2%	11	12	-22%	13	14
Waste								
Hazardous waste for incineration in t	0.0	0.0	n.a.	0.4	0.2	-75%	0.0	0.0
Hazardous waste for landfill in t	6	3	82%	4	6	-4%	0.0	0.0
Hazardous waste for recycling in t	8	11	-32%	10	11	-32%	0.4	0.5
Non-hazardous waste for incineration in t	1,040	1,008	3%	913	1,682	-38%	132	125
Non-hazardous waste for landfill in t	1,249	997	25%	1,087	929	34%	0.0	0.0
Non-hazardous waste for recycling in t	678	646	5%	771	781	-13%	324	281
Old-electronic devices for recycling in t	182	155	18%	162	31	496%	1	1
Total hazardous waste in t	14	14	-5%	14	18	-22%	0.5	0.5
Total non-hazardous waste in t	2,967	2,651	12%	2,769	3,392	-13%	456	406
Waste in kg/employee	128	114	12%	133	167	-24%	158	155
Business travel								
1,000 pkm total	63,272	60,660	4%	58,173	70,123	-10%	14,147	13,418
Business travel in pkm/employee	2,555	2,456	4%	2,644	3,411	-25%	4,884	5,125
CO₂ emissions¹								
Scope 1 emissions in t	5,944	6,270	-5%	6,027	7,150	-17%	261	238
Scope 2 emissions location based in t	26,283	26,442	-1%	25,801	37,197	-29%	229	179
Scope 2 emissions market based in t	27,795	26,203	6%	26,890	n.a.	n.a.	2,135	1,998
Scope 3 emissions in t	21,406	21,226	1%	27,318	24,433	-12%	2,398	2,239
Scope 1+2 emissions loc. based in t	32,227	32,712	-1%	31,828	44,347	-27%	490	417
Scope 1-3 emissions loc. based in t	53,633	53,938	-1%	59,146	68,780	-22%	2,888	2,656
Scope 1+2 emissions loc. based in kg/employee	1,301	1,324	-2%	1,440	2,157	-40%	169	159
Scope 1-3 emissions loc. based in kg/employee	2,166	2,184	-1%	2,676	3,345	-35%	997	1,015
Fleet								
CO ₂ emissions of the fleet in g/km	123	130	-5%	130	n.a.	n.a.	135	144
Purchasing								
Procurement from local suppliers	70%	82%	-12PP	79%	n.a.	n.a.	100%	100%

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

¹ CO₂ emissions for all years are calculated on the basis of the ecoinvent v3.3 factors.

Future outlook and Sustainability program

Environmental protection, along with conservation of resources and mobility, is one of the mega-trends of this century and is changing the awareness and behavior of humans and companies in a variety of ways.

The primary goal of international climate policy, agreed on during the Paris Climate Agreement (COP21) in December 2015 and implemented in October 2016, describes limiting global warming to below 2°C, which is consistent with the scientific findings of the Intergovernmental Panel on Climate Change (IPCC) and Agenda 2030.

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

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

RBI set environmental targets for the entire group many years ago. As a result of the dynamic developments in 2016, these goals were adjusted to the 2°C target of COP 21 with a long-term timeframe through to 2050. In the coming years, the climate targets defined by RBI will continue to be pursued.

Excerpt from the Sustainability program

General objective: Reduction in environmental impacts				
SDGs	Objective	Measure	Status	Progress
	Adaptations in inhouse ecology because of the changes brought about by digitisation	Ongoing evaluation of the topic and implementation of new and relevant opportunities		
	Implementation of a climate strategy in inhouse ecology	Elaboration of a group-wide environmental policy (see page 124)		
	Energy efficiency and increase of renewable energy	Increase in energy efficiency and the proportion of renewable energy in CEE		
	Reduction in business travel	Establishment of videoconferencing systems, software for video and voice calls in the workplace, etc.		
	Make the vehicle fleet more environmentally friendly	Conversion of fleet to more environmentally friendly vehicles with lower CO ₂ emissions		
	Increase in proportion of recycled materials in waste	Cooperation with partner companies offering corresponding waste recycling		
	Survey of the status of the top suppliers with regard to their environmental and social aspects	Implementation of a supplier survey, in which they receive a corresponding questionnaire once a year		
	Revision of RBI's environmental targets	Adaptation of the goals in accordance with the elaborated climate strategy as part of the Raiffeisen Sustainability Initiative		
	Expansion of employee information	Integration of awareness information on the intranet		
	Audit of climate-relevant emissions	Collection of inhouse ecology related figures for the calculation of RBI's CO ₂ e emissions		

○ New ◐ In progress ● Complete ☞ Multiannual

Status (25% of target achieved per box filled)

SDGs

Affordable and Clean Energy
 Decent Work and Economic Growth
 Industry, Innovation and Infrastructure
 Climate Protection Measures

**Field of action Engaged citizen:
As a designer of a sustainable society and the environment**



Engaged citizen

We consider ourselves to be an engaged corporate citizen who actively champions sustainable development in our society. The commitment of RBI as a corporate citizen extends beyond its core business. It involves combatting social problems, promoting culture, and protecting the environment. Diversity, tolerance, and a strong focus on people are the mainstay of our efforts to bring about future-oriented development of society. As defined in its sustainability strategy, RBI's key areas of action – including in its role of committed corporate citizen – always take economic, social and environmental factors into consideration.

At the head office, a regulation that applies to all employees governs the procedure for donations, sponsorship and advertising requests as well as for memberships. While there are national rules at the network banks, the Code of Conduct (see page 20 et seq.) forbids any employee from using charitable contributions under any circumstances as a condition or means of influencing decisions or public officials.

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

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

Cooperation with the relevant socio-political representatives and stakeholders is very important, as new systems can be created through cooperation only and also mean a new quality to economic activity. The RBI Group champions an active civil society and social well-being. It supports an open society and considers itself to be a promoter of integration, awareness, and openness. Social awareness is a driving force for sustainability. This means that RBI is trying to show the effects of social action and to make discussion of sustainable solutions public.

At Raiffeisen, protecting the environment and the climate has been incorporated into the "Raiffeisen Nachhaltigkeits-Initiative" (Raiffeisen Sustainability Initiative, RNI) since 2007 and is implemented through a multitude of projects and measures. The RNI is considered a platform, service, and representational device for all the activities of its members (RBI AG is one of its founding members) in the area of sustainability. It supports its members in the conception, implementation, and communication of measures related to this issue. Driving sustainability and raising awareness are among the priorities of the platform.

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

Impacts, risks and opportunities

The great significance of commitment to society and the environment and the associated high expectations of internal and external stakeholders have been repeatedly confirmed in numerous surveys.

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

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

Derived from the cooperative principle and the motto "Help for self-help", RBI sees its contribution in upholding positive social values. Its commitment in this area is visible in, among other things, support for all kinds of cultural projects. Furthermore, RBI is not only a regional economic multiplier, but also takes numerous measures to strengthen the regional economic and social structures of the markets in which it operates. The declared goal of RBI is to establish responsible corporate management and to promote sustainable innovations – including by strengthening the business locations group-wide. RBI creates and secures jobs in these regions. And, the company promotes sustainable business via strategically-chosen memberships, and activities in organizations (see also the "Economic Footprint in Austria" chapter starting on page 45).

Of course, as a financial sector company, RBI believes that improving knowledge about how to handle money is very important. It therefore actively supports such initiatives, such as by seeking to increase individuals' responsibility for their personal finances whether they are RBI clients or not. In addition, RBI contributes to society by initiating corporate volunteering programs, supporting various social projects, and entering into partnerships with NPOs and NGOs.

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

Digital change

To interpret digitization as a purely technological advance – the provision of new tools to make people's lives easier – would be overly simplistic. The digital shift is being accompanied by broad-based changes in society. From RBI's perspective, digitization as a societal process can be successful only if people are included at every stage.

The fact that more and more companies are getting involved as corporate citizens shows that society increasingly expects them to engage in responsible corporate management. This involves in particular the need for information, transparency, and participation. The topic of connectivity, which digitization makes easier than ever to achieve, is a perfect reflection of what Friedrich Wilhelm Raiffeisen stood for more than 130 years ago: People working together can achieve what one person cannot manage alone. This principle is something that needs to be transferred into the future. Digitization and corporate social responsibility are not a means to an end, but must involve a benefit for people.

Supported projects and initiatives

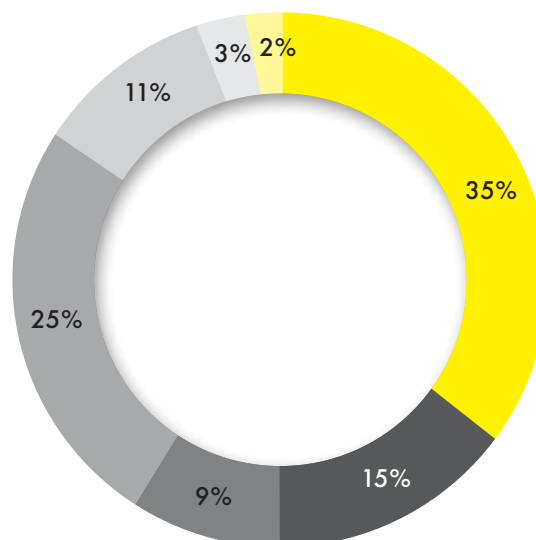


RBI invested a total of € 2,721,646 in the community in 2018. It supported projects in the communities in which it is operationally active. The projects it supported are diverse and have different focal points depending on the respective countries.

Key indicator (in €)	2018	2017	2016
Investments in the community	2,721,646	3,471,757	4,010,047

Percentages of monetary donations by the RBI in 2018, by topic¹

	in €	in %
(Financial) Education	957,927	35
Culture and art	406,224	15
Other	238,618	9
Social	683,915	25
Sports and health	303,074	11
Environmental protection	74,475	3
Science and research	54,849	2



¹ Breakdown as recorded in the "mona" monitoring tool

In addition to the above-mentioned donation amounts, RBI supports numerous projects and activities through sponsorship as part of its social and cultural commitment. As the projects supported are in a position to make a contribution to society, we also report on corresponding initiatives.

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

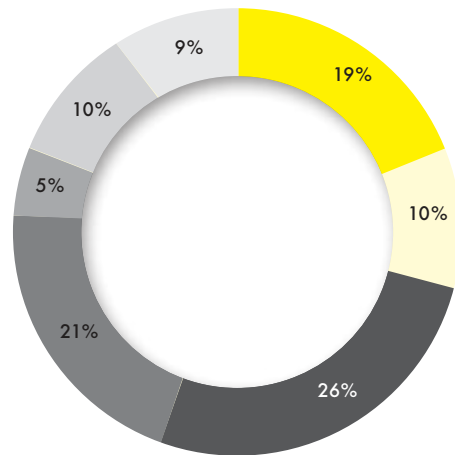
In line with the principle of helping others to help themselves, RBI provides support in the field of education, science and research, culture and art, sports and health, as well as charitable initiatives and environmental protection activities, often in cooperation with various NGOs.

Total number* of projects supported in 2018



*The figures of TBSK include the Tatra Banka Foundation and those of RBAL, also Raiffeisen INVEST.

Percentages of all implemented projects by RBI in 2018, by topic*



- (Financial) Education
- Cultural initiatives
- Social initiatives
- Sports and health initiatives
- Environmental initiatives
- Science and research initiatives
- Other initiatives

An overview of measures implemented in the area of engaged citizenship by country can be found below:

Overview of measures

Topic	Austria							CE			SEE					EE					
	RBI	AG	RBSK	RKAG	RL	Valida	RCB	Kathrein	TBSK	RBCZ	RBHU	RBAL	RBBH	RBBG	RBKO	RBHR	RBRO	RBRS	RBBY	RBRU	AVAL
Financial education/financial literacy	✓			✓					✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Other education initiatives	✓								✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Cultural initiatives	✓			✓					✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Social initiatives	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Corporate volunteering	✓				✓	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Sports and health initiatives	✓			✓					✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Environmental initiatives	✓		✓						✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Science and research initiatives	✓			✓				✓											✓		✓
Other initiatives	✓							✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Please see the list of abbreviations for the complete company designations. The figures of TBSK include the Tatra Banka Foundation and those of RBAL, also Raiffeisen INVEST.

1
NO POVERTY

4
QUALITY EDUCATION

7
AFFORDABLE AND CLEAN ENERGY

8
DECENT WORK AND ECONOMIC GROWTH

13
CLIMATE ACTION

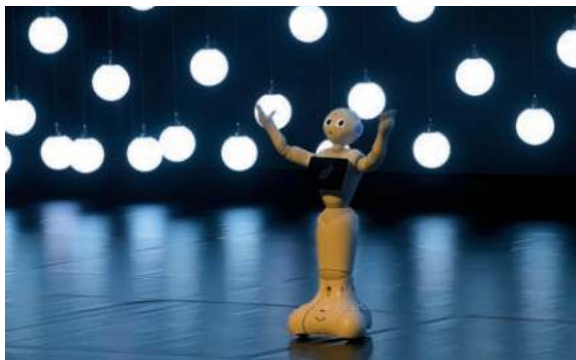
Personal commitment is necessary considering the comprehensive changes that the global community of nations is striving to achieve by the end of 2030 with its "Sustainable Development Goals (SDGs)" (see page 28). In the same way that each company can play a role and get actively and directly involved, every individual has an opportunity to get personally involved and be part of the sustainable change required for achieving the goals through activities such as corporate volunteering. The many measures implemented by RBI in 2018 in its role as "engaged citizen" supported multiple SDG objectives such as SDG 1 (end poverty in all its forms everywhere). With its initiatives in the area of (financial) education, RBI offers an opportunity to take on another urgent social challenge and thereby takes into account SDG 4 (ensure inclusive and equitable quality education and promote lifelong learning opportunities for all). This results in a possible effect on SDG 8, which envisions the promotion of sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all, which should help considerably to reduce the proportion of young people without jobs or academic or occupational training by 2020. RBI is convinced that its corporate volunteering projects in particular can always support several goals at the same time. RBI also addresses

various environmental initiatives in terms of modern energy and climate protection (SDG 7 and SDG 13). For example, RBI AG is actively involved in the Raiffeisen Sustainability Initiative as part of its membership. Both internal and external measures regarding the topic of climate protection are monitored and further developed.

We see it as particularly positive that many of our employees not only make the projects supported by RBI possible through their personal commitment but also take on social activities in their free time.

The examples selected for this chapter are just a small sample of the many initiatives within the Group.

Long-term initiatives



© Tatra Banka Foundation

Many of RBI's cooperations with its partners and its work in projects and associations are geared toward continuity. This involves a wide range of focal points.

Tatra Banka, a.s. in Slovakia has placed the focus of its social responsibility on philanthropy. To this end, it formed the Tatra Banka Foundation in 2004. The foundation supports education at high schools and universities and is seen as a patron of original Slovakian art. It endeavors to support everyone who wants to be the best in their field through continuous learning.

It uses scholarships and partnerships to facilitate meetings with internationally recognized experts, Nobel Prize winners, and Pulitzer Prize winners and supports students, talented young artists and designers. For more than twenty years, it has presented the "Tatra Banka Foundation Art Award" to artists whose work has contributed to the development of Slovakian art.

It also organizes its own projects in which employees can get involved by making donations and working directly with non-profit organizations.

Since its formation, the Tatra Banka Foundation has supported 3,266 projects with funding totaling € 7.5 million, including 371 projects in 2018 alone.



© RBI, Marlin Schreiber

Paul Pasquali, RBI AG, Head of Group Governmental and Public Affairs

"Social solidarity, self-help, and sustainability. RBI is committed to these Raiffeisen principles that Friedrich Wilhelm Raiffeisen formulated more than 130 years ago. We consider Austria, Central Europe, and Eastern Europe as our home market. This defines the societies in which we are primarily aware of our responsibility as a corporate citizen.

Because of our international focus, we place great value on promoting diversity. Our primary goal is to contribute to improving people's lives in a relevant manner. Accordingly, RBI believes in fundamental human rights and respect for human dignity. Our aim is a society that allows all individual groups to participate freely in civic, economic, academic and cultural life. European integration and international cooperation are key factors in ensuring peace, prosperity, and sustainable development. Democracy and the rule of law are fundamental requirements for safeguarding these values.

RBI defines its donation and sponsorship mission on the basis of these pillars. Put into practice, we support the pursuit of excellence as a means of fostering the relevant progress in society - whether in civic, economic, academic, or cultural life."

QUOTE





© RBL, McCann Sarajevo Agency

As part of its social responsibility, Raiffeisen BANK d.d. Bosnia i Hercegovina extends an invitation to associations and institutions that help children and people with disabilities to submit their projects every year.

To date, it has supported 526 projects assisting children and people with disabilities in the areas of culture, education, sport, and the environment. A total of 65 projects received financial support in 2018.



© RBBG

Raiffeisenbank (Bulgaria) EAD supports projects in accordance with its established principles. The principle of non-division states that Raiffeisenbank should not support initiatives that lead to division in society. The principle of transparency requires that the projects supported are publicly visible. The principle of institutionality states that support must be given to initiatives, events, and projects arranged by organizations, associations, societies, and institutions,

not by private persons. The local community principle requires Raiffeisenbank to provide financial assistance for projects only in the regions in which it is also active.

Over the years, Raiffeisenbank has supported numerous future-oriented projects in the areas of education, culture, and society – including environmental protection – as part of its “Choose to help” initiative. Employees are also actively involved in its charitable campaigns. Just like customers, they can participate by making donations. The media also provides support in the form of donation appeals.

The initiative, which is the only one of its kind in Bulgaria, was held for the tenth time in 2018. In all, 233 projects were supported with more than € 1.4 million. Every year, about 75 percent of Raiffeisen employees make a private donation. Raiffeisenbank matches every donation up to € 50 per person. Employees can also make project proposals that are realized following an internal review. In 2018, more than 500 employees took part in a total of 13 corporate volunteering events.

Corporate Volunteering

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



H. Stepic CEE Charity – supported by Raiffeisen Bank International

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



© Caritas

Among other things, it provides children and adolescents with a home in a family-like environment, carries out education projects for street children, and promotes the self-preservation ability of young people through access to school and vocational training. All charity projects are carried out in collaboration with local or international partner organizations.

They are served by dedicated RBI employees, in Vienna as part of the corporate volunteering program that was launched in 2015, and at most Central and Eastern European locations on a voluntary basis. This reduces administrative costs to

a minimum, and nearly all financial contributions go directly to the projects.

In Serbia, the “Puzzling the Support” project for preschoolers and first- and second-graders whose parents are mostly illiterate has been supported since 2016 in conjunction with the project partner, the Center for Youth Integration. Its main aim is to integrate children into the education system at an early age to prevent them from dropping out of school. A study by the project found that 80 percent of those supported stay in school afterwards, putting them on the right path to obtaining their compulsory schooling. Together with the Center for Youth Integration, the charity has been providing children and young people living on the streets in Belgrade with psychological and medical support at a day center and facilitating their school education since 2011. The families of the children and young people between five and 15 years old live far below the poverty line and often rely on even the youngest family members earning money or begging on the streets. At the day center, they can drink clean water and eat hot meals, enjoy space and time to learn, and gain social skills by playing with other children. 92 percent of the children and young people cared for by the center now have the necessary documents to receive government assistance, while 84 percent of them currently attend school regularly.

Since 2015, children and young people between the age of six and 14 have been cared for by the “A Chance for Education” project at the Hercules Day Care Center run by the Hercules Association in Costești, Romania. In addition to social support, educational policy support, and material support, the project aims to promote solidarity in the impoverished town and the participation of all members of the community through their involvement in the day care center.

To take part in the Hercules project, the children must regularly attend school. This has helped to reduce the absence rate to near zero. The school dropout rate is also zero.

The charity, which partners with Caritas, runs another project called “Ways out of the Ghetto for Girls” in Satu

Mare and Baia Mare in Romania. Over half of socially disadvantaged children and young people in Satu Mare and Baia Mare – many of them members of minority communities – fail to complete elementary school. Girls in particular are liable to drop out of school early. Since 2017, education professionals have been helping these children, young people, and adults between the age of seven and 20 to learn at four after-school clubs. Within three years, the project has considerably reduced the school dropout rate and opened the door to an independent future for many children.

In Bulgaria one-fifth of children, young people, and young adults between the ages of three and 19 live below the poverty line of 150 euros a month. Many young people are unemployed and up to 4,000 children live on the streets. In many cases, social hardship drives parents to leave their children to be cared for by grandparents or neighbors while they search for work abroad – one in every four children grows up without at least one parent.

Roma children are particularly hard hit by poverty: Language barriers and social exclusion mean they have few opportunities to complete their schooling with a positive outcome. With the charity's support, around 200 children and young people were cared for at one of the three Caritas day centers in Kuklen, Malko Tarnovo, and Sofia in 2018. A Caritas social worker and volunteers also work with particularly disadvantaged children at the elementary school in Banya. As well as improving the health and hygiene of the children and their parents, the project helped to integrate the younger children into the education system, while the older ones improved their grades at school.



© K.Thym

In Austria, "Haus Roshan", a container hostel for 48 refugees including 36 unaccompanied minors and six pairs of brothers, was constructed in November 2015 in conjunction with Caritas (see the RZB Group Sustainability Report 2015, pages 144 and 145). After constructing the furniture, around 250 RBI employees got involved in various activities – including cooking together, playing football and volleyball, and running. Regular assistance in learning German proved to be particularly

popular. Some of the mentoring relationships that began in September 2016, which were intended to last two months, have become real friendships as close as family in some cases.



© IBM

Isabella Gassama-Luschin,
Corporate Citizenship, IBM
Österreich Internationale Büro-
maschinen Gesellschaft m.b.H.

Petra Rösler, coordinator covo.at

"Corporate volunteering in Austria is still in its relative infancy according to a qualitative study by the covo.at networking platform on the development potential of corporate commitment. Large companies in particular already have experience in corporate volunteering. They release their employees to perform manual volunteer work or to assist on outings, typically as part of 'social days'. However, associations and non-profit organizations see this trend as a donation of time that, in turn, requires time and effort on their part when it comes to initiation and implementation. The resulting cost/benefit discussion could be resolved with specific target agreements and impact assessments. In any case, the value of corporate volunteering for society as a whole is undisputed, as it enables face-to-face encounters and helps to work against divisions in society. This is also important for digital pioneers like IBM Österreich, as digitization will benefit society only if we succeed in making it inclusive and ensure that everyone is on board as we develop into a digital society. This has also given rise to an important new area of action for corporate volunteering: preparing the population for the digital professions of the future."

QUOTE



Caritas closed "Haus Roshan" in June 2017. The inhabitants moved into various permanent residences in Lower Austria. However, this was no reason for the Roshan core team to stop working for youth integration in Austria. In November 2018, the corporate volunteering project looked back at a number of success stories on the occasion of its third anniversary. Some of the young people have already found employment or apprenticeships, largely with the help of the core team. However, most of the "Roshanis" are still looking, hindered by still imperfect German skills or their respective asylum status.

Contact with all of the "Roshanis" is maintained through hikes, cultural excursions, and celebrations on holidays such as Eid, Nowruz (New Year), Christmas, and Easter. This commitment is not limited to the Management Board: The help of employees is also still required, e.g. when it comes to teaching assistance for compulsory school courses or vocational diplomas, support letters, or providing personal accompaniment to meetings with the authorities. The scholarship program of RBI AG and the entire Management Board is currently allowing some particularly gifted and hard-working students to attend a trade school or trade academy. The weekly mathematics course, which is given by RBI employees with the help of retired teachers, remains popular.



© Rut Center

All children have the right to education irrespective of the environment into which they were born. However, only one-third of vulnerable children in Romania complete elementary school. When parents are struggling with everyday life, their children's education often loses out. Without real opportunities and access to education, there is a high risk that these children will experience economic difficulty when they grow up.

This is where United Way comes in. The organization believes that dropping out of school is the problem not of the individual child, but of society as a whole. With its comprehensive intervention program "Learn to

Succeed", it works with parents, teachers, caregivers, and volunteers to solve the problem. The aim is to provide socially disadvantaged children, children with serious intellectual impairments, children on the autism spectrum, and young adults with the necessary educational services. In addition to help with homework and obtaining learning materials, the children are given daily meals and can participate in extracurricular activities like excursions and creative workshops.

In 2018, Raiffeisen Bank S.A. in Romania supported the United Way organization as part of its corporate volunteering program. Raiffeisen Bank employees in Bucharest, Cluj, and Timișoara got involved by establishing mentoring/care relationships with the children in line with the high standards of the cooperation partner. This helped to expand the children's horizons, show them positive lifestyles and motivate them to achieve better results in school through various extracurricular activities. More than 160 children between six and 15 years old took part in the activities offered. These ranged from canvas/T-shirt painting, napkin folding workshops and cooking workshops to reading sessions, basketball, football, and workshops for making Christmas decorations.

Education and financial education initiatives (Financial Literacy)

Education is one of the most important issues of the 21st century. RBI contributes to the improvement of education, an important tool in the fight against poverty. It actively promotes an understanding of financial products and services, and imparts banking expertise as part of its advisory role in day-to-day operations. It is closely linked with the subject of financial education, i.e. the competent handling of money and financial matters, also referred to under the term "financial literacy" due to its core business. Raiffeisenbank a.s. in the Czech Republic supports, for example, Junior Achievement, Europe's largest provider of educational programs for entrepreneurship, willingness to work, and financial literacy. It has awarded the „Raiffeisen Students Leadership Award" every year since 2014/15. Raiffeisenbank employees also provide IT security and financial education expertise at the „Bankers to School" corporate volunteering initiative as part of high school workshops. Junior Achievement is also supported by Raiffeisen Bank Sh.A. in Albania (see page 143).

Junior Achievement Romania has been working with Raiffeisen Bank S.A. in Romania since 2010. The concept of financial education is characterized by various age-appropriate programs ("Ourselves", "My Family", "My Town", "My Community", "Our Economy", and "ABCdar Bancar") in elementary and high school students. Appealing to various age groups and integrating employees into corporate volunteering programs makes it possible to reach everyone from school children and students through to the wider public via a variety of channels. Across various projects, considerable effort goes into improving individuals' everyday lives and, through financial education, to laying the foundations for the responsible handling of money in the future.



© Matthias Streibel, matthiasstreibel.com

RBI AG's cooperation with the social welfare organization Diakonie at the Evangelisches Realgymnasium Donaustadt has been continued for the 2017/18 school year. The secondary school (Gymnasium) which is operated at the lower level as a Viennese middle school, offers its students in the so-called free work phase financial education workshops. About 30 RBI employees got in touch for this corporate volunteering program.

Together with the students of the three fourth grades classes, they worked on financial literacy issues – in line with the company's executive license – with the priorities "Money and its function in the economy", "The monetary economy", "Overview of payment methods", and "Debts and assessment value". To make the class as attractive as possible, teacher tandems were set up. In total, more than 65 students took part in the workshops.



© BONEVET Prishtina

Raiffeisen Bank Kosovo J.S.C. supported the first educational robotics competition for elementary, secondary, and high schools in Kosovo called the "Kosova Makers League", which was organized and led by the BONEVET foundation.

The competition seeks to involve a wide range of school-age children in the subjects of robotics and automation. The children and young people were encouraged to solve tricky tasks under time pressure using a robot, working both on their own and as part of a team. This allowed them to experience and learn about all of the steps in a real product development process.



© RBHR

"Better education for a better Croatia" is the motto of Croatia's biggest educational conference, which is held once a year to great public interest.

Raiffeisenbank Austria d.d. in Croatia, which shares the opinion that education is the key to a better future, supported the conference in 2018 for the second successive year. The CEO of Raiffeisenbank Austria d.d., Michael Müller, contributed to a podium discussion entitled "Can we finance school life in Croatia?".

The conference aims to promote change and increase awareness of the importance of education for Croatia's future. For example, this includes creating a space for all education stakeholders to express their opinions, stimulating public discussion, and promoting education in STEM professions (science, technology, engineering, and mathematics) that are currently seeing shortfalls. These measures are intended to make education into one of the most important topics in Croatian society.



© Junior Achievement

In the 2017/18 school year, 18 volunteers from Raiffeisen Bank Sh.A. taught at secondary schools in Albania once a month as part of the “Junior Achievement” project arranged by the organization of the same name.

High school students developed various business ideas as part of the “Innovation Camp 2018” competition. 25 students between 16 and 17 years old from 15 schools took part in 2018. They spent a day working intensively on their ideas in multiple teams with the support of a mentor, focusing in particular on the aspects of profitability, market

requirements, technology, and societal needs (keyword: youth employment). A jury reviewed the subsequent presentations in terms of their realizability and potential impact. Six employees from the Raiffeisen branches in Kukës, Bulqizë, Gjirokastër, Korçë, Berat, and Shkodër assisted the jury in their work.

Cultural initiatives

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



© Prishtina International Film Festival

Culture as key - this is of particular importance for Raiffeisen Bank Kosovo J.S.C. In 2018, it again supported the Prishtina International Film Festival, or “PriFilmFest” for short, with €40,000. “PriFilmFest” is the largest and most important event in the Kosovo film industry. It is addressing the need to resume and rebuild the cinema culture that appeared to be lost after years of suppression and war. The film festival celebrated its tenth anniversary in 2018.

Every year, the “PriFilmFest” film program includes the latest films from around the world and special programs focusing on topics such as human rights, tolerance, and the lack of acceptance for minorities in society. It is the only festival in the Balkans to have a special LGBTIQ-themed film program (organized in cooperation with the US LGBT film festival “Outfest” in Los Angeles).

In addition to movies, the festival has an extremely good regional development platform offering training, presentations, inspirational master classes with high-profile guests, and extensive opportunities for filmmakers from Kosovo and neighboring countries. Filmmakers from Europe, and Kosovo in particular, can also present their film projects to European distributors and sales agents under the title “Prishtina Rendezvous”.



© Yugoslav Drama Theatre

Raiffeisen banka a.d. in Serbia has been the main sponsor of the Yugoslav Drama Theater for more than a decade. In the anniversary year, tickets were sold at a symbolic price as part of the month-long “Discount on Art” project thanks to a €25,000 sponsorship by Raiffeisen banka a.d.

For the second time, this allowed people to attend high-quality art events practically free of charge. 12,000 tickets were sold in just two days, thereby also enabling people on low income to visit the theater.



© Sasha Solt

Since 2016, Raiffeisen Bank Aval JSC has engaged in a partnership with the “Promotion of Cinema Development – Watch Ukrainian” association. In 2018, this included supporting the second edition of the wide-ranging communication project “Watch Ukrainian – Create your Future!”. The project has a cultural and social vision and is aimed at developing a new Ukrainian cinema. It popularizes general human values via a broad discussion within society and movie scripts that highlight positive lifestyles and encourage people to take an active role in bringing about change for the better. The project involved not only 18 Ukrainian producers, but also 100 experts from the cinema industry and the non-profit sector. A total of 501 short scripts from 314 authors were submitted to the movie script competition “Our Cinema” (“Svoje kino”). From these submissions, 20 were selected to be shown as part of the project. In 2018, Raiffeisen Bank Aval JSC made a contribution of € 65,015.

Social initiatives

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



© RBSK

In 2018, Bauspartage organized by Raiffeisen Bausparkasse Gesellschaft m.b.H. supported the SOS Children’s Villages in Austria with € 45,000.

Every building savings agreement concluded during the promotional period helped to fund new equipment for sports and recreation.

A playhouse at the SOS Children’s Village in Hinterbrühl (Lower Austria) has already been completed.



© Srdjan Dundjerovic

Up until 2012, Raiffeisen BANK d.d. Bosna i Hercegovina bought greetings cards for its customers in celebration of New Year and other religious holidays from various associations working to support children and people with disabilities. Since then, it has sent electronic greetings cards and donated the money it would have spent on physical cards and postage. The electronic cards show customers which organizations were supported. To date, the bank has donated over € 109,000 in connection with religious holidays and more than € 107,000 at New Year.



© AVA, I Can Hear the World

“Dachny” rehabilitation camp for 165 children in the Volyn region following their cochlear implant surgery.

Four of every thousand children in Ukraine are born deaf. In 2017 and 2018, the government provided funding for cochlear implant surgery for 102 children. However, it did not provide any funds for the subsequent rehabilitation that children need after this surgery and before their fifth birthday, as this is the phase in which children develop their listening and speaking skills. Children do not automatically hear better right after the operation. The “I Can Hear the World” project supported by Raiffeisen Bank Aval JSC in Ukraine offers rehabilitation for children and training in audiology and physiology for parents. In 2018, Raiffeisen Bank Aval JSC supported the

Sports initiatives

For RBI, sports are not only a part of a brand’s self-image, but also mean taking on social responsibility. For this reason, RBI has promoted sports for many decades – from upcoming talent to sports stars.



In 2018, RBI was the official sponsor of the Ice Hockey World Championships for the eleventh time. The competition was held in Denmark (Copenhagen and Herning) in May 2018. RBI AG’s commitment was based on the high popularity that this sport enjoys in certain countries in Central and Eastern Europe. A total of 16 teams played 64 matches to determine the world champion. The tournament, which was won by Sweden, was followed by more than 1.2 billion television viewers. This makes the Ice Hockey World Championships the largest winter sports event after the Winter Olympics.



© Svetlana Sushkevich

Priorbank JSC in Belarus has been supporting sport initiatives for a number of years, especially in the area of youth development. For example, it sponsors the international “Mowgli Cup” children’s gymnastics festival, which allows young athletes to participate in international competition in front of a wide audience, unlocking the athletic potential of children between three and nine years old.



© Inna Kolomyshuk

For the fifth year in succession, Raiffeisen Bank Aval JSC in Ukraine was the main sponsor of the 100-kilometer “Kyivska Sotka” road cycling event. Open to both individuals and company teams, the competition attracted around 1,600 amateur cyclists on all kinds of bicycles. This sporting event also helped to draw attention to the bicycle as an environmentally friendly mode of transportation.

Environmental initiatives

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



© RBHR

From April to October 2018, Raiffeisenbank Austria d.d. in Croatia supported ecological work to clean the seabed and rivers in partnership with the diving club AdriatiCro Zagreb.

As part of this project, the following six ornithological habitats were cleaned up: the mouth of the Vuka River (Danube River), Slavonski Brod (Save River), Jadro beach on the island of Vir (Adriatic Sea), Svežanj Bay in the town of Kostrena (Adriatic Sea), Oštro-Kraljevica cape (Adriatic Sea), and the Savica neighborhood of Zagreb.



© RBSK

There are still around 700 species of wild bees in Austria. A wild bee pollinates up to 5,000 flowers a day, making a huge contribution to the diversity of plant life. Together with the Austrian nature conservation association Naturschutzbund Österreich, Raiffeisen Bausparkasse Gesellschaft m.b.H. initiated a project to protect wild bees as part of its annual construction and housing campaign. During the two-month promotional period, 800 nest sites for wild bees were created for each new land-secured building society loan concluded.

This resulted in the creation of 627,200 nest sites. Raiffeisen Bausparkasse rounded this figure up to 750,000. The nest sites are located in fifteen large wooden nesting aids, also known as “bee hotels”. The nesting aids were placed in flower-rich areas throughout Austria.

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 doing so, RBI is taking a stance against corruption and economic crime. It also seeks active dialog with politics and public administration.

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

We stand for the promotion of sustainable thinking and action. We are strengthening the drive for sustainable development in our own sphere of influence by lobbying (see page 24) where topics such as sustainability and safeguarding the future are concerned.

Sustainable entrepreneurship and sustainable innovations

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

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

Memberships

Via select memberships and activities, RBI becomes involved in organizations that promote sustainable business and the relevant framework conditions. Some of them are listed below:

ÖGUT

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

UNEP

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

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

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

UNGC

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

The vision of the UN Global Compact is a worldwide movement of sustainable companies and stakeholders. At present, about 10,000 companies in more than 160 countries have signed up to this initiative. So far nearly 60,000 reports have been written, testifying to the high level of commitment. www.unglobalcompact.at

VfU

VfU Verein für Umweltmanagement und Nachhaltigkeit in Finanzinstituten e.V. (Association for Environmental Management and Sustainability) was founded in 1995 and is oriented toward sustainability professionals in financial institutions. The VfU supports the contribution of the financial sector to sustainable development through its functions as an industry network, organizer, and think tank for its 49 members. RBI AG has been a member since 2006. The association seeks to create a competition-free, confidential space in which the member institutions can exchange viewpoints regarding sustainability topics and the integration of sustainability into their business operations. The VfU also offers networking opportunities with science, society, and politics. In 2015, a Scientific Advisory Board composed of researchers from the cross-sectional business areas of business management, banking, finance, and sustainability was formed with the role of inspiring and assisting in the work of the VfU. www.vfu.de

In addition, there were a number of other memberships in 2018:

Raiffeisen KAG memberships	
Eurosif	www.eurosif.org
FNG Forum Nachhaltige Geldanlagen (Sustainable Investment Forum)	www.forum-ng.org
Forum per la Finanza Sostenibile (Italian Sustainable Investment Forum - ItaSIF)	www.finanzasostenibile.it
VÖIG (Association of Austrian Investment Fund Management Companies)	www.voeig.at
Initiatives involving a voluntary commitment	
Montreal Carbon Pledge	www.montrealpledge.org
Raiffeisen Nachhaltigkeits-Initiative (Raiffeisen Sustainability Initiative -RNI)	www.raiffeisen.at/nachhaltigkeit
UN Principles for Responsible investment (UNPRI)	www.unpri.org
Additional product-specific memberships and initiatives	
CDP and CDP Water	www.cdp.net
Green Bond Principles/Investor	www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/
Green Infrastructure Investment Coalition	www.giicoalition.org
Investor Statements on Green & Climate Bonds	www.climatebonds.net/get-involved/investor-statement
Memberships at the network banks	
Business Leaders Forum (Slovakia)	www.blf.sk/o-blf
Czech Capital Market Association (Czech Republic)	www.akatcr.cz
Debt Advisory Center - Counselling in Stringency (Czech Republic)	www.financnitisen.cz/english_resume.php
American Chamber of Commerce in BiH (Bosnia and Herzegovina)	www.amcham.ba
Centralni registar hartija od vrijednosti Republike Srpske (Bosnia and Herzegovina)	www.crhovrs.org
Bulgarian Business Leaders Forum (Bulgaria)	www.bbhf.bg
Bulgarian Donation Forum (Bulgaria)	www.dfbulgaria.org
KRIB - Confederation of Employers and Industrialists in Bulgaria (Bulgaria)	www.krib.bg
Kosovo CSR Network (Kosovo)	www.csrkosovo.org
ASPEN (Romania)	www.aspeninstitute.ro
Romanian Business Leaders (Romania)	www.rbls.ro
Inicijativa Digitalna Srbija (Serbia)	www.dsi.rs
Renewable Energy Association (Belarus)	www.energy-aven.org
Fintech Association (Russia)	www.fintechru.org
American Chamber of Commerce in Ukraine (Ukraine)	www.chamber.ua

Member of the Corporate Social Impact Committee in Bosna and Herzegovina

Raiffeisen BANK d.d. Bosna i Hercegovina has been a member of the Corporate Social Impact Committee since 2018. Part of the American Chamber of Commerce in Bosna and Herzegovina (AmCham BiH), this committee aims to initiate and support corporate social responsibility projects at companies and raise public awareness. In 2019, a mentoring program will be launched in which company representatives support students in developing and/or realizing projects relating to sustainability.

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

Raiffeisen Sustainability Initiative

With RBI as a founding member and 23 member organizations, the Raiffeisen Sustainability Initiative (Raiffeisen Nachhaltigkeits-Initiative, RNI) is a platform for and driver of sustainable corporate management and social responsibility. For more than eleven years, initiatives and measures for a future worth living in have been conducted jointly in the action areas of the economy, the environment, and society.

Examples of the measures, projects, and events realized in 2018 include:

Raiffeisen Sustainability Award



© Wolfgang Voglhuber

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

Sustainability Award is presented by the RNI. The "Analysis of the reuse of fine ore at the Erzberg mine" project of HTL Leoben in Styria won in 2018. As part of the project, three students analyzed the raw material content of the sludge at the Erzberg mine in Styria.

Raiffeisen Banking Group Value Added Report



The Raiffeisen Banking Group in Austria (RBG) is the largest banking group in the country and represents around 30 percent of domestic banking in terms of the lending volume. This makes it one of the leading companies in the Austrian economy and unique in its structure. To present its economic performance and the corresponding fiscal contribution, an updated version of the Raiffeisen economic value added report was prepared in cooperation with the Economica Institute of Economic Research in fall 2018 on the basis of the audited data for 2017. The report showed that the Raiffeisen Banking Group generated total gross value added of € 5.9 billion in 2017. RBG paid taxes and duties of more than € 1.5 billion directly in Austria in the period under review. The total fiscal contribution - including indirect and induced effects - was € 2.3 billion. RBG had a total employment effect of around 55,800 people, which corresponds to the population of the city of St. Pölten. This means that one in every 68 jobs in Austria is attributable to the Raiffeisen Banking Group.

Implementation of the Sustainability Weeks



© wdw4friends

The Sustainability Weeks were held at the Raiffeisen employee restaurants in Vienna for the tenth time in September 2018. The focus was on regional and vegetarian food. A competition was organized for employees in which five hampers of Austrian specialties were raffled off. The feedback was positive and many guests participated. As a result, the awareness-raising campaign will be held once again in 2019.

“Ökoenergieblog” (Eco Energy Blog)



© RBI

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

Vehicle fleet assessment



© Fotolia

RNI members have assessed their own vehicle fleet every year in cooperation with Raiffeisen-Leasing GmbH. This gives the participating organizations an overview of their vehicle fleet’s average CO₂ emissions as well as a corresponding benchmark. The 2018 evaluation of the fleet survey shows that the CO₂ value has fallen by an average of 6g CO₂/km compared with the previous year, with the average now amounting to 131g CO₂/km. Ten of the 17 participating RNI companies are currently below the target of 130g CO₂/km.

RNI networking event



© wdw4friends

The sixth RNI networking event was held at RBI on June 13. Andrea Sihl-Weber (Managing Director of the RNI) welcomed guests with a presentation entitled “Can digital transformation make society more sustainable?”. This was followed by a podium discussion with Christine Antlanger-Winter (CEO of Mindshare Austria), Roland Fink (Managing Director of niceshops), Franz Fischler (Chair of the RNI), and Walter Mösenbacher (Managing Director of Raiffeisen e-force). The podium discussion was led by Stephan Strzyzowski, editor-in-chief of “Die Wirtschaft” magazine.

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



© wdw4friends

2018 marked the third year of cooperation with the Good Food Festival, which took place from May 11 to 13. The “Raiffeisen Sustainability Initiative Product Award 2018” was presented to environmentally friendly and sustainable projects among the around 190 exhibitors. There were more than 50 submissions in all. The specialties under consideration were selected by an expert jury on the basis of clearly defined criteria, such as the raw materials used, lack of chemical additives, use of energy, environmentally friendly packaging, and use of local resources. The prizes were awarded to the ADAMAH food basket, Mauracher Laib bread, and the “Sportsfreund” tea blend.

Cooperation with the “Resource Forum Austria”



A two-year cooperation with the association “Resource Forum Austria” was launched for the first time. The association was formed in September 2013 and is based in Salzburg. Its aim is to build up knowledge of resource efficiency, which is becoming an increasingly important topic in national and international politics and is one of the biggest challenges of the 21st century. The symposium “Bioeconomy as an opportunity for innovation” was held on March 15, 2018. A conference will be held in early 2019.

Future outlook and Sustainability program

Corporate citizenship initiatives

RBI will also continue to make a contribution to improving the living conditions of as many people as possible by supporting various projects and initiatives. Numerous projects at head office and the network banks as well as the H. Stepic CEE Charity and the Tatra Banka Foundation, will be continued with the long-term cooperation partners in 2019.

The topic of digitization is becoming an increasing factor in everyday life. The possibilities of making a difference in society range from impact-oriented investment and online volunteering at the touch of a button to the use of online donation platforms. In this context, RBI is confronted with the topic of corporate digital responsibility and the expansion of traditional CSR approaches to encompass the digital aspect.

The first step was taken in December 2018 with a digital alliance between Post, RBI AG, and the Austrian Federal Ministry of Digital Affairs to create the new platform "fit4internet" in Austria with a view to improving digital skills in society. The new fundamental of business and society is knowing how to successfully use the new technologies. The association "fit4internet" has begun by offering training for senior citizens throughout Austria. The "Digital Innovation Hubs" initiated by the Austrian Federal Ministry for Digital Affairs are intended to strengthen expertise among small and medium-sized enterprises in Austria and promote digital innovation with a particular focus on future topics such as artificial intelligence, security, blockchain, and 3D printing. Nationwide training courses are planned for 2019.

In cooperation with the network banks, the focus in 2019 will be on support funding in the EU and CEE, including participation in the EUROFI conferences and the European Forum Alpbach.

Raiffeisen Nachhaltigkeits-Initiative (Raiffeisen Sustainability Initiative)

The main area of focus in the past two years was the "Climate Policy and Climate Strategy" for the Raiffeisen Sustainability Initiative (RNI) member organizations. The most important elements of this strategy are the climate goals for 2030 and 2050. They should serve the RNI member organizations as a framework for orientation and action for their respective climate-relevant business activities. In June 2019, a full-day meeting of the working group will be held to intensify work on the additional steps needed to implement the goals.

Additional priority projects for 2019 include cooperative work for the 2019 "Good Food Festival" and cooperation with VÖNIX – the Austrian sustainability index. Another priority project is the Sustainability Weeks, which are carried out in cooperation with the SV Group. These take place at the Raiffeisen employee restaurants in Vienna. In addition, the vehicle fleets of the member organizations will again be analyzed and assessed in terms of their contribution to the environmental targets. An important specific cooperative project is the long-term partnership "Raiffeisen Sustainability Award". This will also be continued and supported in 2019 in conjunction with "Jugend Innovativ" (Innovative Youth).

RNI will continue to engage more closely with important topics within the social aspects of sustainability, such as diversity and corporate volunteering. Diversity management means viewing diversity within the company as an opportunity and harnessing it to achieve company success. Presentations by experts and a best practice exchange are planned. The goals are to raise awareness of this important topic, to transport the business case diversity and to discuss measures, especially in the core business.

Excerpt from the Sustainability program

SDGs	Objective	Measure	Status	Progress
	CC: Fostering the relevant progress in society – in civic, economic, academic, and cultural life – and supporting initiatives relating to social causes	Focused use of donation and membership resources in order to satisfy the objective (see page 135 et seq.)		
	CC: Strengthening digital literacy in Austria	Prominent companies, including RBI AG, are supporting the “fit4internet” association. Nationwide training courses are planned for 2019 in order to ensure a competitive Austria (see page 152).		
	CC: Fostering international exchange and understanding with a particular focus on the European Union in general and CEE in particular	Focusing of support funding in EU and CEE in cooperation with the network banks, e.g. support and participation in EUROFI conferences, the Open Medical Institute (OMI) program		
	CC: Expansion of the current corporate volunteering program at head office	Evaluation of current pilot projects in order to develop new projects together with NGOs by the end of 2019		
	CC: Intensify cooperation with NGOs and scientific organizations	Partnerships, including with ICEP and the international education network PILGRIM (hosting the annual certification event) Hosting a certification event with PILGRIM for the 15th anniversary in May 2018		
	CC: Control and support for the RBI AG corporate volunteering program (migration/integration in Austria, H. Stepic CEE Charity, financial education)	Full-year continuation Full-year continuation in 2018 (see page 139 et seq.)		
	RNI: Generating awareness for sustainable nutrition for employees (Sustainability Weeks at the staff restaurants)	The focus of the Sustainability Weeks is on regional and organic products, and this project is implemented as part of the membership of the Raiffeisen Sustainability Initiative.		
	RNI: Helping young people come up with creative and innovative ideas for sustainability by supporting the student competition “Jugend Innovativ” (Innovative Youth)	Sponsorship of the “Sustainability” category as part of the Austria-wide student idea competition “Jugend Innovativ” (Innovative Youth)		
	RNI: Continuation of vehicle fleet assessment	Assessment and comparison of the average CO ₂ emissions of the vehicle fleet of all member organizations.		
	RNI: Advancement of the “Ökoenergieblog” (eco energy blog)	Continuation of the sustainability section to cover economic and social topics		

New In progress Complete Multiannual

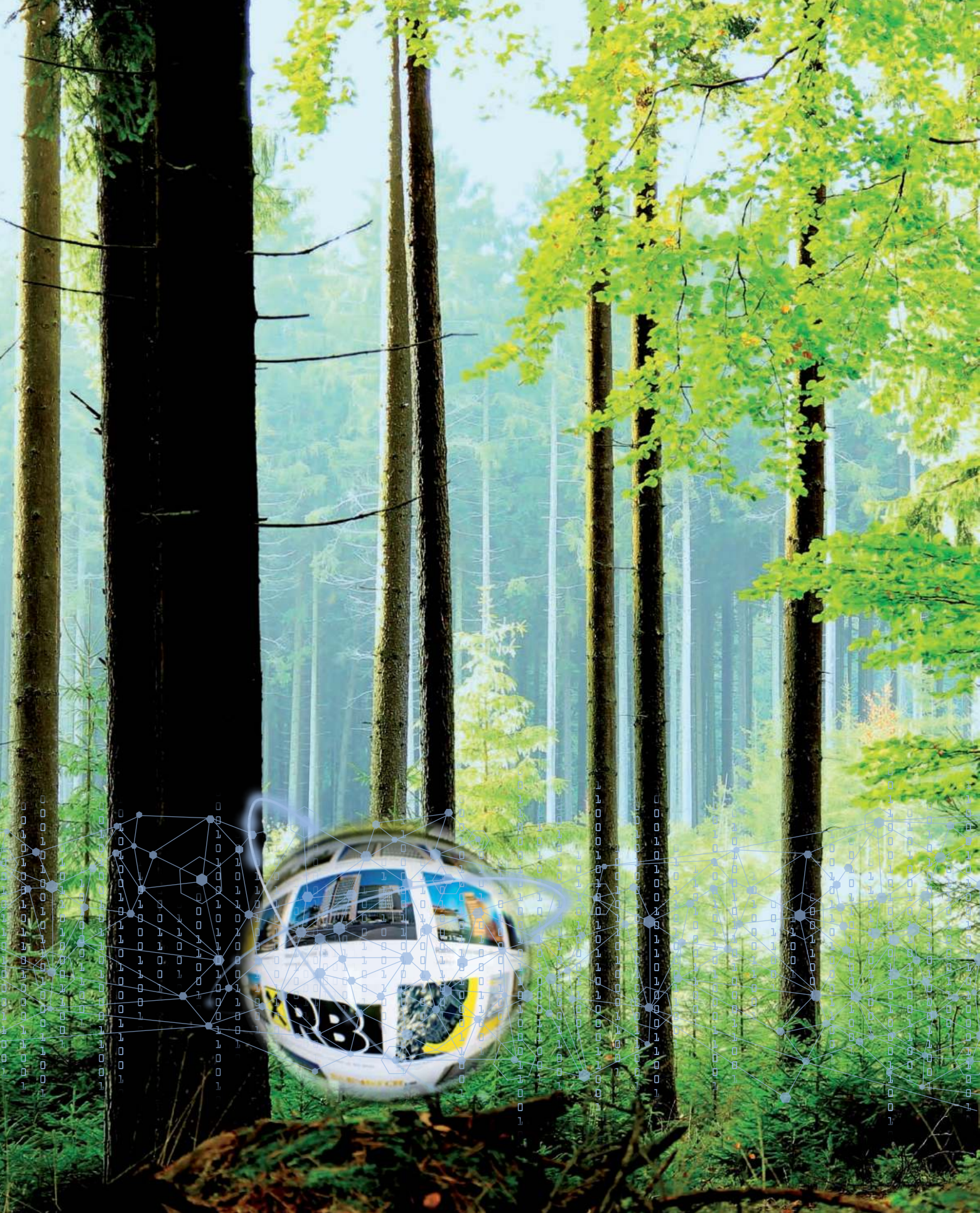
Status (25% of target achieved per box filled)

SDGs

No Poverty	High quality Education	Affordable and Clean Energy	Decent Work and Economic Growth
Industry, Innovation and Infrastructure	Climate Protection Measures	Peace, Justice and Strong Institutions	

CC: Corporate Citizenship
RNI: Raiffeisen Nachhaltigkeits-Initiative (Raiffeisen Sustainability Initiative)

Sustainability transparent and compact – documented and audited



GRI content index

Universal Standards			
GRI Code	Description	Reference	Explanation
Organizational Profile			
102-1	Name of the organization	Imprint	
102-2	Activities, brands, products, and services	10-11, 42-43, 50-51, 66-68, 72-75 AR RBI: 14-16, 68	
102-3	Location of headquarters	Imprint AR RBI: 262	
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102-8	Information on employees and other workers	114	
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102-11	Precautionary Principle or approach	41-42, 52, 54-56, 62-68, 74-77, 119-120, 133-134 CoC	
102-12	External initiatives	11, 17, 28-29, 56, 69-70, 99, 101, 147-149	
102-13	Membership of associations	11, 17, 24, 103, 147-149	Relates solely to the organizations relevant for sustainability.
Strategy			
102-14	Statement from senior decision-maker	4-5	
102-15	Key impacts, risks, and opportunities	4-5, 18-19, 41-42, 83-84, 119-120, 134 AR RBI: 6-7, 10-13, 44-52, 180-212	Voluntary disclosure.
Ethics and Integrity			
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102-18	Governance structure	17, 20 AR RBI: 8-9, 21-31	
102-19	Delegating authority	17	Voluntary disclosure.
102-20	Executive-level responsibility for economic, environmental, and social topics	17	Voluntary disclosure.
102-21	Consulting stakeholders on economic, environmental, and social topics	17, 18, 34	Voluntary disclosure.
102-22	Composition of the highest governance body and its committees	AR RBI: 8-9, 23-28	Voluntary disclosure.
102-23	Chair of the highest governance body	AR RBI: 23-25	Voluntary disclosure.
102-24	Nominating and selecting the highest governance body	AR RBI: 29-30, 36-37	Voluntary disclosure.
102-25	Conflicts of interest	AR RBI: 21-28, 38	Voluntary disclosure.
102-26	Role of highest governance body in setting purpose, values, and strategy	17-18 AR RBI: 26-31	Voluntary disclosure.
102-27	Collective knowledge of highest governance body	17-18	Voluntary disclosure.
102-28	Evaluating the highest governance body's performance		Voluntary disclosure. Under the Austrian Stock Corporation Act, evaluating the highest governance body's performance is not the responsibility of the reporting organization.
102-29	Identifying and managing economic, environmental, and social impacts	17-18, 25-26 AR RBI: 26-31	Voluntary disclosure.
102-30	Effectiveness of the risk management process	AR RBI: 26-31	Voluntary disclosure.
102-31	Review of economic, environmental, and social topics	AR RBI: 26-31	Voluntary disclosure.
102-32	Highest governance body's role in sustainability reporting	7, 17 AR RBI: 27	Voluntary disclosure. The sustainability report is approved by the members of the Management Board of RBI AG. Key points are discussed in the Sustainability Council.
102-33	Communicating critical concerns	17, 93 AR RBI: 28-31	Voluntary disclosure. Critical concerns are also communicated directly to the Management Board.
102-35	Remuneration policies	AR RBI: 31-34	Voluntary disclosure.
102-36	Process for determining remuneration	AR RBI: 31-34, 218-219	Voluntary disclosure.
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	GRI Code	Description	Reference	Explanation
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	Reporting Practice			
	102-45	Entities included in the consolidated financial statements	8 AR RBI: 221-243	
	102-46	Defining report content and topic boundaries	8, 25-28	
	102-47	List of material topics	27-28, 30	
	102-48	Restatements of information	9	
	102-49	Changes in reporting	8-9	
	102-50	Reporting period	7	
	102-51	Date of most recent report	7	
	102-52	Reporting cycle	7	
	102-53	Contact point for questions regarding the report	7	
	102-54	Claims of reporting in accordance with the GRI Standards	7	
	102-55	GRI content index	155-160	
	102-56	External assurance	163-164	

Material Topics						
GRI Code	Description	RBI	RBI AG	Reference	Explanation	
Material Topic: Commitment to society and the environment						
GRI 103-1,-2,-3 2016	Management approach			4-5, 11, 15-16, 18-19, 20-21, 41, 52-53, 55-56, 78-79		
GRI 412: Human Rights Assessment 2016						
412-2	Employee training on human rights policies or procedures	■	■		In 2018, 31 percent of employees received training on human rights as part of compliance training totalling 10,181 hours were invested.	
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	■	■		Human rights aspects are set out in our Code of Conduct, which must be observed by all employees and in all business transactions.	
Disclosures for the sector						
G4-FS14	Initiatives to improve access to financial services for disadvantaged people	■	■	78-79		
Material Topic: Organizational management						
GRI 103-1,-2,-3 2016	Management approach			4-5, 15-16, 18-19, 52-60, 68-70		
GRI 417: Marketing and Labeling 2016						
417-2	Incidents of non-compliance concerning product and service information and labeling	■	■	60		
Disclosures for the sector						
Active Ownership						
G4-FS11	Percentage of assets subject to positive and negative environmental or social screening			67,71	This indicator applies only to companies involved in asset management.	
G4-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			67-68,71		
Product portfolio						
G4-FS1	Policies with specific environmental and social components applied to core business			20-21,52-56		
G4-FS3	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions				The agreed credit terms are also assessed as standard as part of the annual analyses all riskrelevant transactions.	
G4-FS4	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines			22, 56		
G4-FS5	Interactions with clients, investees and business partners regarding environmental and social risks and opportunities			57-59,69-70		
Material Topic: Economic added value						
GRI 103-1,-2,-3 2016	Management approach			4-5, 15-16, 18-19, 41-43, 52, 61, 66-74		
GRI 201: Economic Performance 2016						
201-1	Direct economic value generated and distributed	■	■	43-44		
201-2	Financial implications and other risks and opportunities due to climate change	■	■	41-42, 52, 66-74, 119-120		
GRI 203: Indirect Economic Impacts 2016						
203-1	Infrastructure investments and services supported	■	■	62-63, 65		
203-2	Significant indirect economic impacts	■	■	41-42, 61-65		
Disclosures for the sector						
Product portfolio						
G4-FS6	Percentage of the portfolio for business lines by specific region, size and by sector	■	■	44 AR RBI: 118 et seq. and 184 et seq.		

Responsible banker

GRI Code	Description	RBI	RBI AG	Reference	Explanation
Material Topic: Sustainability of products and services					
GRI 103-1,-2,-3 2016	Management approach			4-5, 15-16, 18-19, 41-43, 50-56	
Disclosures for the sector					
Product portfolio					
G4-FS2	Procedures for assessing and screening environmental and social risks in business lines			54-56, 68-69, 71	
G4-FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	■	■	62-65, 74	
G4-FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	■	■	61-62, 64-65, 67-68	
Material Topic: Regulations and controlling					
GRI 103-1,-2,-3 2016	Management approach			4-5, 15-16, 18-19, 22-23, 50, 53-54, 60, 68, 77	
GRI 205: Anti-Corruption 2016					
205-1	Operations assessed for risks related to corruption	■	■	22	In 2018, we assessed all 20 group units included in this report, i.e. 100%, as part of a threat analysis.
205-2	Communication and training about anti corruption policies and procedures	■	■	22	
205-3	Confirmed incidents of corruption and actions taken	■	■	22	No incidents of corruption were identified in the period under review as part of the continuous compliance review process.
GRI 206: Anti-competitive Behavior 2016					
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	■	■	60	
GRI 418: Customer Privacy 2016					
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	■	■	54	
GRI 419: Socioeconomic Compliance 2016					
419-1	Non-compliance with laws and regulations in the social and economic area	■	■	23	
Disclosures for the sector					
Audit					
G4-FS9	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures			23, 68, 77	
Labeling of products					
G4-FS15	Policies for fair design and sale of financial products and services			50, 53-54	
Material Topic: Transparency and disclosures					
GRI 103-1,-2,-3 2016	Management approach			4-5, 15-16, 18-19	
GRI 415: Public Policy 2016					
415-1	Political contributions	■	■	24	

Responsible banker

GRI Code	Description	RBI	RBI AG	Reference	Explanation
Material Topic: Work environment					
GRI 103-1,-2,-3 2016	Management approach			4-5, 15-16, 18-19, 83-111	
GRI 401: Employment 2016					
401-1	New employee hires and employee turnover	■	■	114	
GRI 403: Occupational Health and Safety 2016					
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	■	■	107	The type of injuries, the occupational illness rate, and the absence rate are not reported as they are not relevant for internal controlling.
GRI 404: Training and Education 2016					
404-1	Average hours of training per year per employee	■	■	115	This disclosure will be broken down by gender in the next reporting year.
404-3	Percentage of employees receiving regular performance and career development reviews	■	■	115	
GRI 405: Diversity and Equal Opportunity 2016					
405-1	Diversity of governance bodies and employees	■	■	115	
GRI 406: Non-Discrimination 2016					
406-1	Incidents of discrimination and corrective actions taken	■	■	97-98	No incidents of discrimination were reported to the whistle blowing hotline in the 2018 financial year.
GRI 407: Freedom of Association and Collective Bargaining 2016					
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	■	■	93-94	In Austria and the countries where this is required by law, the staff councils represent the employees in all matters of labor and employment law. All legal conditions are strictly complied with in all countries.
Material Topic: Inhouse ecology					
GRI 103-1,-2,-3 2016	Management approach			4-5, 15-16, 18-19, 119-128, 130-131 www.rbinternational.com/sustainabilitymanagement	
GRI 301: Materials 2016					
301-1	Materials used by weight or volume	■	■	122, 128-129 www.rbinternational.com/sustainabilitymanagement	
301-2	Recycled input materials used	■	■	128-129	
GRI 302: Energy 2016					
302-3	Energy intensity	■	■	129 www.rbinternational.com/sustainabilitymanagement	
GRI 303: Water 2016					
303-1	Water withdrawal by source	■	■	128-129 www.rbinternational.com/sustainabilitymanagement	
GRI 305: Emissions 2016					
305-1	Direct (Scope 1) GHG emissions	■	■	122, 127-129 www.rbinternational.com/sustainabilitymanagement	
305-2	Energy indirect (Scope 2) GHG emissions	■	■	122, 127-129 www.rbinternational.com/sustainabilitymanagement	
305-3	Other indirect (Scope 3) GHG emissions	■	■	122, 127-129 www.rbinternational.com/sustainabilitymanagement	
305-4	GHG emissions intensity	■	■	129 www.rbinternational.com/sustainabilitymanagement	
305-5	Reduction of GHG emissions	■	■	120, 123-125, 127-129 www.rbinternational.com/sustainabilitymanagement	
GRI 306: Effluents and Waste 2016					
306-2	Waste by type and disposal method	■	■	128-129 www.rbinternational.com/sustainabilitymanagement	
Material Topic: Organizational management					
Disclosures for the sector					
Product portfolio					
G4-FS5	Interactions with clients, investees and business partners regarding environmental and social risks and opportunities			126	

	GRI Code	Description	RBI	RBI AG	Reference	Explanation
Engaged citizen	Material Topic: Commitment to society and the environment					
	GRI 103-1,-2,-3 2016	Management approach			4-5, 15-16, 18-19, 133-153	
	GRI 201: Economic Performance 2016					
	201-1	Direct economic value generated and distributed			135	
	Disclosures for the sector					
	Product portfolio					
	G4-FS5	Interactions with clients, investees and business partners regarding environmental and social risks and opportunities			147, 150-151	
Marketing and Labeling						
G4-FS16	Initiatives to enhance financial literacy by type of beneficiary			136, 141-143		

Status/Indicator: RBI, RBI AG:

Reported in its entirety Reported in part Not reported

Key			
AR	Annual report	GRI	Global Reporting Initiative
FS	Financial Sector	RBI	RBI Group
CoC	Code of Conduct	RBI AG	Raiffeisen Bank International AG

Statement of all legal representatives

We confirm to our best knowledge that the summarized, consolidated, non-financial report provided in accordance with the international framework "GRI Standards" (option "core") contains that information pursuant to sections 267a(2), 243b(2) of the Austrian Commercial Code that is necessary for an understanding of the course of business, business results and position of RBI as well as the impacts of its activities and at least refers to environmental matters, social matters, employee matters, the respect of human rights and the fight against corruption. The information comprises a description of the business model of RBI as well as the concepts followed with regard to the concerns of inclusively applied due diligence processes essential risks that will probably have negative impacts on the matters as well as the results from the concepts and the most important performance indicators.

Vienna, February 27, 2019

The Management Board



Johann Strobl

Chief Executive Officer responsible for Chairman's Office, Group Communications, Group Compliance, Group Executive Office, Group Governmental & Public Affairs, Group Human Resources, Group Internal Audit, Group Marketing, Group Participations, Group Regulatory Affairs, Group Strategy & Innovation, Group Sustainability Management, International Banking Units and Legal Services



Martin Grill

Member of the Management Board responsible for Active Credit Management, Group Investor Relations, Group Planning & Finance, Group Treasury and Group Tax Management



Andreas Gschwenter

Member of the Management Board responsible for COO Strategy, Governance & Change, Group Efficiency Management, Group IT, Group Procurement, Cost & Real Estate Management, Group Project Portfolio & Security and Head Office Operations



Łukasz Januszewski

Member of the Management Board responsible for Group Competence Center for Capital Markets Corporate & Retail Sales, Group Business Management & Development, Group Capital Markets, Group Investment Banking, Institutional Clients and Raiffeisen Research



Peter Lennkh

Member of the Management Board responsible for Corporate Customers, Corporate Finance, Group Corporate Business Strategy & Steering, International Leasing Steering & Product Management and Trade Finance & Transaction Banking



Hannes Mösenbacher

Member of the Management Board responsible for Financial Institutions, Country & Portfolio Risk Management, Group Corporate Credit Management, Group Risk Controlling, Group Special Exposures Management, International Retail Risk Management and Sector Risk Controlling Services



Andrii Stepanenko

Member of the Management Board responsible for International Retail Business Management & Steering, International Mass Banking, Sales & Distribution, International Premium & Private Banking, International Small Business Banking, International Retail Online Banking, International Retail CRM, International Retail Lending and Group Asset Management

Assurance report



This report is a translation of the original report in German, which is solely valid.

Independent Assurance Report on the Non Financial Reporting for the Financial Year 2018

We have performed an independent assurance engagement in connection with the combined consolidated non-financial report 2018 (the “NFI-report”) of

Raiffeisen Bank International AG,

(“the Company”).

Management’s Responsibility

The Company’s management is responsible for the proper preparation of the NFI-report in accordance with the reporting criteria. The Company applies the legal requirements of the Austrian Sustainability and Diversity Improvement Act (§§ 243b and 267a UGB) and the sustainability reporting guidelines of the Global Reporting Initiative (GRI Standards, Option “Core”) as reporting criteria and publishes the NFI-report as “Sustainability Report 2018”.

The responsibility of the legal representatives of the company includes the selection and application of reasonable methods for sustainability reporting (especially the selection of material topics) 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, processes and internal controls relevant for the preparation of the sustainability reporting in a way that is free of – intended or unintended – material misstatements.

Auditors’ Responsibility

Our responsibility is to state whether, based on our procedures performed, anything has come to our attention that causes us to believe that the NFI-report of the Company is not in accordance with the legal requirements of the Austrian Sustainability and Diversity Improvement Act (§§ 243b and 267a UGB) and the sustainability reporting guidelines of the Global Reporting Initiative (GRI Standards, Option “Core”) in all material respects.

The engagement scope included the Sustainability Report regarding the GRI Standards listed in the GRI-Index. References to other formats of reporting stated in the GRI-Index were assessed for GRI conformity.

Our engagement was conducted in accordance with the International Standard on Assurance Engagements (ISAE 3000) applicable to such engagements. These standards require us to comply with our professional requirements including independence requirements, and to plan and perform the engagement to enable us to express a conclusion with limited assurance, taking into account materiality.

An independent assurance engagement with the purpose of expressing a conclusion with limited assurance is substantially less in scope than an independent assurance engagement with the purpose of expressing a conclusion with reasonable assurance, thus providing reduced assurance. In spite of conscientious planning and execution of the engagement it cannot be ruled out that material mistakes, unlawful acts or irregularities within the non-financial reporting will remain undetected.

The procedures selected depend on the auditor's judgment and included the following procedures in particular:

- Inquiries of personnel on corporate level, which are responsible for the materiality analysis, in order to gain an understanding of the processes for determining material sustainability topics and respective reporting boundaries of the Company;
- Conduct a media analysis on relevant information concerning the sustainability performance of the Company in the reporting period;
- Evaluation of the design and implementation of the systems and processes for the collection, processing and control of the disclosures on environmental, social- and employees matters, respect for human rights and anti-corruption and bribery, including the consolidation of the data;
- Inquiries of personnel on corporate level responsible for providing and consolidating and for carrying out internal control procedures concerning the disclosures on concepts, risks, due diligence processes, results and performance indicators;
- Inspection of internal and external documents in order to determine whether qualitative and quantitative information is supported by sufficient evidence and presented in an accurate and balanced manner;
- Visit of the network bank Raiffeisenbank Austria d.d. (Croatia) to inquire personnel to assess local data collection and reporting processes and the reliability of the reported data.
- Analytical evaluation of the data and trend explanations of quantitative disclosures, submitted by all sites for consolidation at corporate level;
- Evaluation of the consistency of the for the Company applicable requirements of the Austrian Sustainability and Diversity Improvement Act (§§ 243b and 267a UGB) and the GRI Standards (Option "Core") with disclosures and indicators in the report;
- Evaluation of the overall presentation of the disclosures by critical reading of the NFI-report;

The procedures that we performed do not constitute an audit or a review in accordance with Austrian professional guidelines, International Standards on Auditing (ISA) or International Standards on Review Engagements (ISRE). Our engagement did not focus on revealing and clarifying of illegal acts such as fraud, nor did it focus on assessing the efficiency of management. Furthermore, it is not part of our engagement to review future-related disclosures, figures from previous periods and statements from external information sources and expert opinions. Disclosures which were audited within the scope of the Annual Financial Statement were assessed for correct presentation (no substantial testing).

This assurance report is issued based on the assurance agreement concluded with the Company. Our responsibility and liability towards the Company and any third party is subject to paragraph 7 of the General Conditions of Contract for the Public Accounting Professions. The respective latest version of the AAB is accessible at <http://www.kpmg.at/aab>.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the NFI-report of the Company is not in accordance with the legal requirements of the Austrian Sustainability and Diversity Improvement Act (§§ 243b and 267a UGB) and the sustainability reporting guidelines of the Global Reporting Initiative (GRI Standards, Option "Core") in all material respects.

Vienna, February 27, 2019

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Mag. Peter Ertl
Austrian Chartered Accountant

Abbreviations

AA	AccountAbility
ABC	Anti-Bribery and Corruption
AktG	Aktiengesetz (Stock Corporation Act)
AML	Anti Money Laundering
AR	Annual Report
ASRA	Austrian Sustainability Reporting Award
ASVG	Allgemeines Sozialversicherungsgesetz (General Social Security Act)
AT	Austria
AVAL	Raiffeisen Bank Aval JSC, Ukraine
B-1	"Board minus 1" - direct management level (or first management level) under the Management Board
B-2	"Board minus 2" - second management level under the Management Board
BIENE	Bildungseinrichtungen Neubauprogramm (Educational facilities new construction program)
BMSGV	Betriebliches Mitarbeiter- und Selbstständigenvorsorgegesetz (Corporate Staff and Self-Employment Provision Act)
BREEAM	Building Research Establishment Environmental Assessment Methodology
CDP	Carbon Disclosure Project
CE	Central Europe
CEE	Central and Eastern Europe
CEESEG	CEE Stock Exchange Group
CEO	Chief Executive Officer
CEF	Customer Experience Framework
CFO	Chief Financial Officer
CG	Corporate Governance
CO₂e	CO ₂ -equivalent
CoC	Code of Conduct
COO	Chief Operating Officer
COP 21	21 st Conference of the Parties (21 st Climate Conference in 2015 in Paris)
Covo.at	Company platform of the association Freiwilligenmesse (Volunteer fair)
CRO	Chief Risk Officer
CSR	Corporate Social Responsibility
CSS	Customer Satisfaction Score
CTF	Counter Terrorist Financing
DGNB	Deutsche Gesellschaft für Nachhaltiges Bauen (German Sustainable Building Council)
EACB	European Association of Co-Operative Banks
EBA	European Banking Authority
EBRD	European Bank of Reconstruction and Development
ECB	European Central Bank
EE	Eastern Europe
EEA	European Economic Area
EIB	European Investment Bank
EIF	European Investment Fund
ELBA	Electronic Banking
EMAS	Eco Management and Audit Scheme
EMEA	Europe Middle East Africa
ESC	European Staff Council
ESG	Environment Social Governance
E&S	Environmental & Social
ESMA	European Securities and Markets Authority
ESMS	Environmental and Social Management System
ESt	Einkommenssteuer (Income Tax)
EStG	Einkommensteuergesetz (Income Tax Act)
EU	European Union
FH	Fachhochschule (University of applied sciences)
FNG	Forum Nachhaltige Geldanlagen (Sustainable Investment Forum)

FS	Financial Sector
FSME	Frühsommer-Meningo-Enzephalitis (Tick-Borne Encephalitis)
FTE	Full time equivalent
GDPR	General Data Protection Regulation
GRI	Global Reporting Initiative
GWh	Gigawatt hour
HBOR	Croatian Bank for Reconstruction and Development
HLW	Höhere Lehranstalt für wirtschaftliche Berufe (Federal College of Business Administration)
HR	Human Resources
HTL	Höhere Technische Bundeslehranstalt (Technical College)
ICC	International Chamber of Commerce
ICEP	Institut zur Cooperation bei Entwicklungs-Projekten (Institute for Development Cooperation)
ICMA	International Capital Market Association
IFC	International Finance Corporation
IFRS	International Financial Reporting Standards
ILO	International Labour Organization
IMAS	Institut für Markt-Sozialanalysen Ges.m.b.H. (Institute for Market and Social Analysis)
IPCC	Intergovernmental Panel on Climate Change
ISIN	International Securities Identification Number
ISO	International Organization for Standardization
Kathrein	Kathrein Privatbank AG
KCM	Kathrein Capital Management GmbH
KESt	Kapitalertragsteuer (Capital gains tax)
km	Kilometer
KÖSt	Körperschaftsteuer (Corporate tax)
kWh	Kilowatt hour
LEED	Leadership in Energy and Environmental Design
LED	Light-emitting diode
LGBTI	Lesbian, gay, bisexual, transsexual, intersexual
LobbyG	Lobbying- und Interessenvertretungs-Transparenz-Gesetz (Lobbying and advocacy transparency Act)
MA	Employee
MA	Management approach (in GRI Content Index)
M&A	Mergers and Acquisitions
MiFID	Markets in Financial Instruments Directive
MIGA	Multilateral Investment Guarantee Agency
MONA	Sustainability monitoring tool
MW	Megawatt
MWh	Megawatt hour
NaDiVeG	Nachhaltigkeits und Diversitätsverbesserungsgesetz (Austrian Sustainability and Diversity Improvement Act)
NGO	Non Governmental Organization
NPO	Non Profit Organization
NPS	Net Promoter Score
NWB	Network bank
OeKB	Oesterreichische Kontrollbank AG (OeKB)
ÖGNI	Österreichische Gesellschaft für nachhaltige Immobilien (Austrian Society for Sustainable Real Estate)
ÖGUT	Österreichische Gesellschaft für Umwelt und Technik (Austrian Society for Environment and Technology)
ÖHT	Österreichische Hotel- und Tourismusbank GmbH (Austrian Tourism Bank)
PEP	Politically exposed person
PKG	Pensionskassengesetz (Pension fund Act)
pkm	Passenger kilometers
PR	Public Relations
PRI	Principles of Responsible Investment
PSD2	Payment Services Directive 2

PV	Photovoltaics
Q&A	Question and Answer
RBAL	Raiffeisen Bank Sh.A., Albania
RBBG	Raiffeisenbank (Bulgaria) EAD
RBBH	Raiffeisen BANK d.d. Bosna i Hercegovina
RBBY	Priorbank JSC, Belarus
RBCZ	Raiffeisenbank a.s., Czech Republic
RBG	Raiffeisen Banking Group in Austria
RBHR	Raiffeisenbank Austria d.d., Croatia
RBHU	Raiffeisen Bank Zrt., Hungary
RBI	Raiffeisen Bank International Group
RBI AG	Raiffeisen Bank International AG
RBI AT	Raiffeisen Bank International AG with Austrian subsidiaries and financial interests
RBKO	Raiffeisen Bank Kosovo J.S.C.
RBRO	Raiffeisen Bank S.A., Romania
RBRs	Raiffeisen banka a.d., Serbia
RBRU	AO Raiffeisenbank, Russia
RBSK	Raiffeisen Bausparkasse Gesellschaft m.b.H.
RCB	Raiffeisen Centrobank AG
RCM	Raiffeisen Capital Management
respACT	Austrian Business Council for Sustainable Development
R-IT	Raiffeisen Informatik GmbH
RKAG	Raiffeisen Kapitalanlage-Gesellschaft m.b.H.
RL	Raiffeisen-Leasing GmbH
RNI	Raiffeisen Nachhaltigkeits-Initiative (Raiffeisen Sustainability Initiative)
RSI	Raiffeisen Salzburg Invest
RZB AG	Raiffeisen Zentralbank Österreich AG
SaaS	Software as a Service
SASB	Sustainability Accounting Standards Board
SC	Staff Council
SDGs	Sustainable Development Goals
SEE	South Eastern Europe
SMB/SME	Small and medium business/Small and medium enterprises
SMS	Short Message Service
SRI	Socially Responsible Investment
STEM	Science Technology Engineering and Mathematics
TBSK	Tatra banka, a.s., Slovakia
TCO	Total Cost of Ownership
tkm	Tonne-kilometer
UGB	Unternehmensgesetzbuch (Austrian Commercial Code)
UN	United Nations
UN-PRI	United Nations Principles for Responsible Investment
UNEP FI	United Nations Environment Programme Finance Initiative
UNGC	United Nations Global Compact
UNO	United Nations Organization
VfU	Verein für Umweltmanagement und Nachhaltigkeit in Finanzinstituten e.V. (Association for Environmental Management and Sustainability)
VÖIG	Vereinigung Österreichischer Investmentgesellschaften (Austrian Association of Investment Fund Management Companies)
WBEDIF	Western Balkans Enterprise Development and Innovation Facility
WKO	Wirtschaftskammer Österreich (Austrian Economic Chambers)
WU	Wirtschaftsuniversität Wien (Vienna University of Economics and Business Administration)
ZHS	Office- & Facilitymanagement GmbH



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