

# Corporate governance report

RBI attaches great importance to responsible and transparent business management, in order to maintain understanding and trust with its various stakeholders – not least the capital market participants. Hence, RBI is committed to complying with the Austrian Code of Corporate Governance (ACGC, or “the Code”), as in the version dated July 2012. The ACGC is publicly available on the Austrian Working Group for Corporate Governance website ([www.corporate-governance.at](http://www.corporate-governance.at)) and on the RBI website ([www.rbinternational.com](http://www.rbinternational.com) → Investor Relations → Corporate Governance).

Transparency is a key issue of corporate governance and thus of particular importance to RBI. This corporate governance report is structured following the legal guidelines of Section 243b of the Austrian Commercial Code (UGB) and is based on the structure set forth in Appendix 2 of the ACGC.

The ACGC is organized into rules L, C and R. L Rules (Legal Requirements) are based on compulsory legal requirements. C Rules (Comply or Explain) should be observed; any deviation must be explained and justified in order to ensure conduct that complies with the Code. R Rules (Recommendations) have the characteristics of recommendations; non-compliance does not need to be reported or justified.

RBI deviates from the below C Rule, but conducts itself in accordance with the Code through the following explanation and justification:

## **C Rule 45: non-competition clause for members of the Supervisory Board**

RBI is a company of the Austrian Raiffeisen Banking Group (RBG), which is also a majority shareholder through its central institution, RZB. Some members of the Supervisory Board therefore also hold executive roles in RBG banks. Moreover, a number of members of the Supervisory Board hold executive roles in other banks and financial services institutions. Consequently, know-how and experience specific to the industry are applied in exercising the control function of the Supervisory Board, to the benefit of the company.

With regard to R Rule 62 of the ACGC, the company commissioned KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft (KPMG) to conduct an external evaluation on compliance with the C and R Rules of the Code. The report on this external evaluation is public and available at [www.rbinternational.com](http://www.rbinternational.com) → Investor Relations → Corporate Governance → External Evaluation of the CG Code.

## Composition of the Management Board

In the 2014 financial year, the Management Board consisted of the following members:

Management Board member	Year of birth	Original appointment	End of term
Karl Sevelda Chairman	1950	22 September 2010 <sup>1</sup>	30 June 2017
Johann Strobl Deputy Chairman	1959	22 September 2010 <sup>1</sup>	30 June 2017
Aris Bogdaneris Member	1963	1 October 2004	31 December 2015
Klemens Breuer Member	1967	16 April 2012	31 December 2015
Martin Grill Member	1959	3 January 2005	30 June 2017
Peter Lennkh Member	1963	1 October 2004	31 December 2015

<sup>1</sup>Effective as of 10 October 2010.

Members of the Management Board held seats on the supervisory board or comparable functions in the following domestic and foreign companies that are not included in the consolidated financial statements:

- Karl Sevelda                      Oesterreichische Kontrollbank AG; Siemens AG Österreich (since 28 November 2014)
- Johann Strobl                    Raiffeisen-Leasing Management GmbH
- Aris Bogdaneris                Visa Worldwide Pte. Limited (advisory council)
- Peter Lennkh                    Raiffeisen-Leasing Management GmbH
- Klemens Breuer                FMS Wertmanagement AöR

## Composition of the Supervisory Board

During the 2014 financial year, the Supervisory Board comprised of:

Supervisory Board member	Year of birth	Original appointment	End of term
Walter Rothensteiner Chairman	1953	11 May 2001	Annual General Meeting 2016
Erwin Hameseder 1 <sup>st</sup> Deputy Chairman	1956	8 July 2010 <sup>1</sup>	Annual General Meeting 2015
Heinrich Schaller 2 <sup>nd</sup> Deputy Chairman	1959	20 June 2012	Annual General Meeting 2017
Markus Mair 3 <sup>rd</sup> Deputy Chairman (until 4 June 2014)	1964	8 July 2010 <sup>1</sup>	Annual General Meeting 2014
Martin Schaller 3 <sup>rd</sup> Deputy Chairman (since 17 September 2014)	1965	4 June 2014	Annual General Meeting 2019
Klaus Buchleitner	1964	26 June 2013	Annual General Meeting 2015
Stewart D. Gager	1940	24 January 2005	Annual General Meeting 2014
Kurt Geiger	1946	9 June 2009	Annual General Meeting 2019
Günther Reibersdorfer	1954	20 June 2012	Annual General Meeting 2017
Johannes Schuster	1970	8 July 2010 <sup>1</sup>	Annual General Meeting 2015
Bettina Selden	1952	4 June 2014	Annual General Meeting 2019
Christian Teuffl	1952	8 July 2010 <sup>1</sup>	31 December 2014
Martin Prater <sup>2</sup>	1953	10 October 2010	Until further notice
Rudolf Kortenhof <sup>2</sup>	1961	10 October 2010	Until further notice
Peter Anzeletti-Reikl <sup>2</sup>	1965	10 October 2010	Until further notice
Susanne Unger <sup>2</sup>	1961	18 January 2012	Until further notice
Helge Rechberger <sup>2</sup>	1967	10 October 2010	Until further notice

<sup>1</sup> Effective as of 10 October 2010.

<sup>2</sup> Delegated by the Works Council.

## Independence of the Supervisory Board

In accordance with C Rule 53 of the ACGC, the RBI Supervisory Board prescribed the following criteria for the independence of the members of the company's Supervisory Board:

- The Supervisory Board member shall not have been a member of the Management Board or a senior executive of the company or one of its subsidiaries in the past five years.
- The Supervisory Board member shall not have, or have had in the previous year, any significant business relationships with the company or a subsidiary of the company. This also applies to business relationships with companies in which the Supervisory Board member has a significant financial interest, albeit not with regard to carrying out executive functions within the company. The approval of individual transactions by the Supervisory Board according to L Rule 48 of the ACGC does not automatically lead to a qualification of "not independent".
- Company circumstances and the mere exercise of the function of a board member or leading employee by a Supervisory Board member does not, as a rule, lead to the company concerned being regarded as a "company in which a Supervisory Board member has a significant financial interest," to the extent that circumstances do not support the presumption that the Supervisory Board member derives a direct personal advantage from doing business with the company.
- The Supervisory Board member shall not have been an auditor of the company, nor shareholder or employee of the auditing company in the previous three years.
- The Supervisory Board member shall not be a member of the management board of another company in which a Management Board member of the company is a member of the supervisory board.
- The Supervisory Board member shall not be part of the Supervisory Board for longer than 15 years. This does not apply to Supervisory Board members who are shareholders with business interests in the company, or who represent the interests of such shareholders.
- The Supervisory Board member shall not be a close family relation (direct descendant, spouse, partner, father, mother, uncle, aunt, brother, sister, nephew, niece) of a member of the Management Board, or of persons who fill one of the positions described in the preceding points.

In accordance with the criteria listed above for the independence of Supervisory Board members, all RBI Supervisory Board members are considered independent.

Bettina Selden and Kurt Geiger, as members of the Supervisory Board, are both neither shareholders with a shareholding of greater than 10 per cent, nor do they represent the interests of such shareholders. They are therefore "free float representatives" according to C Rule 54 of the ACGC.

Members of the Supervisory Board had the following additional supervisory board mandates or comparable functions in domestic and foreign companies listed on the stock exchange:

- Walter Rothensteiner           UNIQA Insurance Group AG (Chairman)
- Erwin Hameseder            AGRANA Beteiligungs-AG (Chairman), STRABAG SE, UNIQA Insurance Group AG, Südzucker AG, Flughafen Wien AG
- Heinrich Schaller           voestalpine AG, AMAG Austria Metall AG
- Johannes Schuster           UNIQA Insurance Group AG
- Klaus Buchleitner           BayWa AG, AGRANA Beteiligungs-AG
- Christian Teufl               VK Mühlen AG (listed on the stock exchange until 27 June 2014)
- Kurt Geiger                    Demir Bank OJSC

## Members of the committees

The rules of procedure of the Supervisory Board govern its organization and allocate particular tasks to the Working, Audit, Remuneration, Risk, Nomination, and Personnel Committees. These committees are comprised of the following members:

Supervisory Board member	Working Committee	Audit Committee	Personnel Committee	Remuneration Committee	Risk Committee	Nomination Committee
Walter Rothensteiner	Chairman	Chairman	Chairman	Chairman	Chairman	Chairman
Erwin Hameseder	1 <sup>st</sup> Deputy Chairman	1 <sup>st</sup> Deputy Chairman	1 <sup>st</sup> Deputy Chairman	1 <sup>st</sup> Deputy Chairman	1 <sup>st</sup> Deputy Chairman	1 <sup>st</sup> Deputy Chairman
Heinrich Schaller	2 <sup>nd</sup> Deputy Chairman	2 <sup>nd</sup> Deputy Chairman	2 <sup>nd</sup> Deputy Chairman	2 <sup>nd</sup> Deputy Chairman	2 <sup>nd</sup> Deputy Chairman	2 <sup>nd</sup> Deputy Chairman
Markus Mair (until 4 June 2014)	3 <sup>rd</sup> Deputy Chairman	3 <sup>rd</sup> Deputy Chairman	3 <sup>rd</sup> Deputy Chairman	3 <sup>rd</sup> Deputy Chairman	-	-
Johannes Schuster	Member	Member	Member	Member	Member	Member
Martin Schaller (since 17 September 2014)	3 <sup>rd</sup> Deputy Chairman	3 <sup>rd</sup> Deputy Chairman	3 <sup>rd</sup> Deputy Chairman	3 <sup>rd</sup> Deputy Chairman	3 <sup>rd</sup> Deputy Chairman	3 <sup>rd</sup> Deputy Chairman
Martin Prater	Member	Member	-	Member	Member	Member
Rudolf Kortenhof	Member	Member	-	Member	Member	Member
Peter Anzeletti-Reikl	Member	Member	-	Member	Member	Member

## Functions of the Management Board and the Supervisory Board

### Allocation of competencies and functions of the Management Board

The RBI Management Board leads the company according to clearly defined goals, strategies and guidelines on its own authority, with a focus on future-oriented business management and in line with modern business principles. In doing so, the Management Board pursues the good of the company at all times and considers the interests of shareholders and employees. The Management Board's areas of responsibility have been defined by the Supervisory Board, without prejudice to the general responsibility of the Management Board, as follows (as at 1 January 2015):



RBI's Organization & Internal Control System was integrated into RZB during the financial year. It now deals with matters relating to the internal control system, instructions and organization for both the RZB Group and the RBI Group. The servicing of RBI AG is regulated through Service Level Agreements.

Effective as of 1 January 2015, RBI's Compliance division, part of the Legal & Compliance division until 31 December 2014, was transferred to RZB as a stand-alone division. This division also performs the compliance duties for RBI and is regulated through a Service Level Agreement.

The Management Board manages the company's business in accordance with the law, the Articles of Association and the Management Board's rules of procedure. The Management Board's weekly meetings are convened and led by the chairman. The meetings ensure mutual information gathering and decision-making for all matters requiring the board's approval. The internal regulations of the Supervisory Board and the Management Board contain information and reporting duties of the Management Board, as well as a catalog of measures that require the approval of the Supervisory Board.

## Decision-making authority and activities of the committees (of the Supervisory Board)

The internal regulations of the Management Board, as well as the Supervisory Board and its committees, outline the business management measures that require the approval of the Supervisory Board or of the responsible committee.

The Working Committee was responsible for all matters that were referred to it by the Supervisory Board. These included, in particular, the approval of the creation, closure and liquidation of subsidiaries, as well as the acquisition or disposal of participations, where the change in the capitalized book value of the company holding exceeded a certain amount (up to the ceiling amount for overall Supervisory Board responsibility). Moreover, the Working Committee deals with the execution of functions in the management bodies of other companies by members of the Management Board and the appointment of persons to the management boards and supervisory bodies of banks within the Group. Furthermore, the Working Committee approved the assumption of operational banking risk above a certain level up to the ceiling amount for overall Supervisory Board responsibility.

The Personnel Committee deals with the remuneration of Management Board members as well as their employment contracts. In particular, it is responsible for approving bonus allocation and stock allocation to members of the Management Board through the Share Incentive Program.

The Audit Committee monitors the accounting process and the effectiveness of the company's internal control, audit and risk management systems. Its tasks include the supervision of the annual audit of the financial statements and consolidated financial statements, as well as checking and supervising the independence of the Group's auditor, particularly with respect to additional work performed for the audited company. The committee examines the annual financial statements, the management report, the consolidated financial statements and the Group management report, and is responsible for the preparation of its approval. It also audits the proposal for earnings appropriation and the corporate governance report. The Audit Committee presented a report on the results of its audits to the Supervisory Board. The committee is also responsible for preparing the Supervisory Board recommendation for the selection of the external auditor and bank auditor. Moreover, the Audit Committee discusses the content of the management letter as well as the report on the effectiveness of the risk management system and the internal control system.

The Remuneration Committee's responsibilities include establishing guidelines for the company's general remuneration policies and practices, particularly on the basis of the Austrian Banking Act (BWG), as well as relevant sections of the Austrian Code of Corporate Governance. The Remuneration Committee supervises and regularly reviews the remuneration policies, remuneration practices, and relevant incentive structures to ensure that all related risks were controlled, monitored and limited in accordance with the BWG, as well as the company's capitalization and liquidity. In doing so, the long-term interests of shareholders, investors and employees of the company are also taken into account, as are the economic interests of maintaining a functioning banking system and the stability of the financial market. The Remuneration Committee directly reviews the remuneration of executives responsible for risk management and compliance.

A Risk Committee was established during the 2014 financial year. Its responsibilities include advising the Management Board on current and future risk propensity and risk strategy, monitoring the implementation of this risk strategy with regard to the controlling, monitoring and limitation of risk in accordance with the Austrian Banking Act (BWG), as well as the observing of capitalization and liquidity. It is also responsible for ensuring proper consideration of the pricing of offered services and products, as well as the business model and credit risk strategy, and where applicable, to submit a plan with corrective measures. The Risk Committee also monitors if the incentives offered by the internal remuneration system give adequate consideration to risk, capital, liquidity, and the probability as well as timing of realized gains.

The Nomination Committee also met for the first time during the financial year. It concerns itself with the filling of any posts on the Management Board and the Supervisory Board that have become vacant. Consideration is given to the balance and diversity of knowledge, skills and experience of all members of the governing body in question. The Nomination Committee also sets a target ratio for the under-represented sex on the Management Board and the Supervisory Board, as well as a strategy for achieving the defined target. In its decision-making process, it ensures that the Management Board and the Supervisory Board are not dominated by one individual person, or a small group of persons, in a way which is contrary to the company's interests. The Nomination Committee's other responsibilities include:

- regularly evaluating, and in all cases where events indicate a need for a reevaluation, the structure, size, composition and performance of the Management Board and Supervisory Board, as well as suggesting changes to the Supervisory Board where necessary;
- regularly conducting, but at least once a year, an evaluation of the knowledge, skills and experience of the individual members of both the Management Board and Supervisory Board, and also of the respective governing body as a whole, and informing the Supervisory Board of the results; and
- reviewing the Management Board's policy with regard to the selection of executives and supporting the Supervisory Board in preparing recommendations for the Management Board.

At its meeting on 21 January 2014, the Supervisory Board established a temporary Project Committee to take further decisions on matters relating to RBI's capital increase. It comprised of Walter Rothensteiner, Erwin Hameseder, Heinrich Schaller, Johannes Schuster, Martin Prater and Rudolf Korten Hof. The Project Committee was authorized, in particular, to decide on the final extent of the capital increase, the subscription ratio, as well as the subscription and offer price, and to decide on corresponding adjustments to the Articles of Association. The committee's work ended on 10 February 2014 after the corresponding decisions had been taken.

## Number of meetings of the Supervisory Board and of the committees

The Supervisory Board held eight meetings during the reporting period. In addition, the Management Board fully informed the Supervisory Board on a prompt and regular basis of all relevant matters of the company's performance, including the risk position and risk management of the company, and material Group companies, especially in case of important matters.

The Working Committee held eight meetings in the 2014 financial year. The Audit Committee met twice, the Personnel Committee once, and the Remuneration Committee, the Risk Committee and the Nomination Committee each met twice. The Project Committee met once.

Only one member of the Supervisory Board (Markus Mair) was hindered from personally attending more than half of the sittings of the Supervisory Board.

In addition, the Supervisory Board and the Working, Project, and Nomination Committees also passed circular resolutions.

Further information on the activities of the Supervisory Board can be found in the Report of the Supervisory Board.

## Management Board and Supervisory Board remuneration disclosure

### Management Board remuneration

The following total amounts were paid to the Management Board of RBI:

in € thousands	2014	2013
Fixed remuneration	5,101	5,477
Bonuses (incl. portions for prior years)	2,798	2,947
Share-based payments	0	0
Other remuneration	2,103	1,013
<b>Total</b>	<b>10,002</b>	<b>9,437</b>

Fixed remuneration, as shown in the above table, includes salaries and benefits in kind. Performance-based components of the Management Board's remuneration basically consist of bonus payments (immediately payable shares of the cash portion of the bonus for 2013 and deferred bonus amounts from previous years) and share-based remuneration under the Share Incentive Program (SIP).

For the 2014 year (payable in 2015), there was no bonus allocation for the Management Board due to the operating result. Furthermore, there was no allocation of share-based payments in 2013, as no SIP tranche had been issued in 2010 owing to the merger between Raiffeisen International and the principal business areas of Raiffeisen Zentralbank Österreich AG (RZB). Moreover, the maturity of the program was extended to five years in accordance with legal regulations. Therefore, the next SIP tranche will not mature before 2016.

The measurement of bonuses is linked to the achievement of company goals in relation to profit after tax, return on risk-adjusted capital (RORAC), and cost/income ratio, as well as to annually consented on personal goals. Payment of bonuses is deferred as set forth in the Austrian Banking Act (BWG) and implemented according to internal RBI regulations.

Management Board members' contracts specify a maximum bonus. Similarly, SIP includes a cap amounting to three times the allocation value. A maximum limit is thus in place for all variable compensation components. Other remuneration consists of compensation for board-level functions in associated companies, payments to pension funds and reinsurance policies, as well as to other insurance and benefits.

**The Management Board's remuneration paid in 2014 is shown in detail as follows:**

in € thousands	Fixed remuneration	Bonus allocations for 2013 and prior years	Share-based payments	Other	Total
Karl Sevelda	1,108	582	0	378	2,068
Johann Strobl	908	555	0	337	1,800
Aris Bogdaneris	808	480	0	357	1,645
Klemens Breuer	759	398	0	391	1,548
Martin Grüll	759	482	0	303	1,544
Peter Lennkh	759	301	0	337	1,397
<b>Total</b>	<b>5,101</b>	<b>2,798</b>	<b>0</b>	<b>2,103</b>	<b>10,002</b>

In addition to the amounts listed above, Herbert Stepic received an amount of € 803 thousand in fixed remuneration on the basis of contractual obligations. Furthermore, deferred bonus amounts totaling € 203 thousand were paid to Herbert Stepic and Patrick Butler on account of their previous work on the Management Board.

## Principles of remuneration policy and practices in accordance with Section 39 (2) in conjunction with Section 39b of the Austrian Banking Act (BWG)

In accordance with Section 39 (2) in conjunction with Section 39b of the Austrian Banking Act (BWG) including annexes, RBI's Supervisory Board approved the "General Principles of the Remuneration Policy and Practice" in 2011. Remuneration of all employees, including the Management Board and other "risk personnel" must comply with these principles. These principles apply to bonus payments for 2011 and subsequent years. The Remuneration Committee is responsible for the regular monitoring of these policies and practices and their implementation. Taking the current version of Section 39 (2) in conjunction with Section 39b of the Austrian Banking Act (BWG) including annexes into account, following the implementation of Directive 2013/36/EU, the Remuneration Committee of RBI's Supervisory Board approved a new version of the "General Principles of the Remuneration Policy and Practice" in 2014, which were applied as of 2014.

## Share Incentive Program

Due to the enormous increase in the complexity of the regulatory provisions for variable remuneration, the Management Board was prompted to review the benefits and meaningfulness of share-based remuneration. Originally intended as a variable long-term remuneration element which is geared to market and corporate success, the SIP has since lost this meaning because the annual bonus for the same target group of top executives is now deferred for three to five years, and half must be paid in instruments (e.g. shares). It was therefore decided that no further SIP tranches will be issued in future.

No tranche of the Share Incentive Program matured in 2014, as no SIP tranche was issued in 2010 and the maturity of the program was extended to five years in 2011, in accordance with legal regulations. Consequently, the next SIP tranche will not mature until 2016.

Under the SIP, new tranches were last issued in 2011, 2012 and 2013. This means that on the reporting date, contingent shares for these three tranches were allocated. As at 31 December 2014, the number of these contingent shares was 975,955 (of which 212,796 were attributable to the 2011 allocation, 402,209 to the 2012 allocation and 360,950 to the 2013 allocation). The number of contingently allocated shares originally announced changed due to various personnel changes within Group units. It is aggregated in the following table:

### SIP 2011, 2012 and 2013

Group of persons	Number of contingently allocated shares at 31/12/ 2014	Minimum allocation of shares	Maximum allocation of shares
Members of the Management Board of RBI	331,707	99,513	497,561
Members of the management boards of bank subsidiaries and branches affiliated to RBI	409,539	122,862	614,309
Executives of RBI and other affiliated companies	234,709	70,413	352,064

No shares were repurchased for SIP in 2014.

### Expenditure for severance payments and pensions

The same rules essentially apply for the members of the Management Board as for employees. They provide for a basic contribution to a pension fund on the part of the company and an additional contribution when the employee makes their own contributions in the same amount. Additional individual pension benefits, which are financed by a reinsurance policy, apply to three members of the Management Board.

In the event of a function or contract termination, two members of the Management Board are entitled to severance payments in accordance with the Salaried Employees Act and the Banking Sector Tariff Agreement, one member in accordance with contractual agreements and three members in accordance with the Employee Benefit Act. In principle, the severance payment claims under the Salaried Employees Act or contractual agreements expire if the Management Board member resigns.

Furthermore, protection against occupational disability risk is provided by a pension fund and/or on the basis of an individual pension benefit, which is secured by a reinsurance policy. Contracts for Management Board members are limited to the duration of their term in office or a maximum of five years. Regulations regarding severance payments, in case of the early termination of Management Board mandates, are based on the principles stipulated by the Austrian Code of Corporate Governance, as well as on the stipulated maximum limits (a maximum of two years' total annual remuneration for early termination without serious cause and in any case no longer than the remaining term. No remuneration is given for premature terminations for serious reasons caused by the Management Board member).

### Supervisory Board remuneration

Supervisory Board remuneration was apportioned to individual Supervisory Board members as follows. The amounts provided are provisional amounts from the statement of financial position, subject to the approval of the Annual General Meeting 2015. Attendance fees were not paid.

Supervisory Board member	in €
Walter Rothensteiner	70,000
Erwin Hameseder	60,000
Heinrich Schaller	60,000
Markus Mair	30,000
Klaus Buchleitner	50,000
Stewart D. Gager	25,000
Kurt Geiger	50,000
Günther Reibersdorfer	50,000
Johannes Schuster	50,000
Christian Teuffl	50,000
Bettina Selden	25,000
Martin Schaller	30,000



## D&O insurance

In the 2014 financial year, a D&O (directors and officers) financial loss and liability insurance was signed with UNIQA Sachversicherung AG for the Supervisory Board, the Management Board and key executives, the cost of which is borne by the company.

## Annual General Meeting

The Annual General Meeting for financial year 2013 was held on 4 June 2014 in Vienna. The Annual General Meeting for financial year 2014 will take place on 17 June 2015. The convening notice will be published in the Wiener Zeitung's official register and in electronic form a minimum of 28 days before the Annual General Meeting.

At the Annual General Meeting the shareholders, as owners of the company, can exercise their rights by voting. The fundamental principle of "one share one vote" applies. Accordingly, there are no restrictions on voting rights and all shareholders have equal rights. Every share confers one vote; registered shares have not been issued. Shareholders may exercise their voting rights themselves or by means of an authorized agent. RZB has not exercised its right to nominate up to one third of the Supervisory Board members to be elected by the Annual General Meeting, as per the Articles of Association, so that the share structure complies with the principle of "one share, one vote".

## Report on measures taken by the company to promote women to the Management Board, the Supervisory Board and into executive positions (Section 80 of the Austrian Stock Corporation Act [AktG]) as laid down in Section 243b (2) 2 of the Austrian Commercial Code (UGB)

One of Raiffeisen's fundamental values has always been to offer equal opportunities for equal performance regardless of gender or other factors. This begins with the recruitment process, where it is important to ensure that the same standards are always applied in staff selection, without prejudice and without restrictions. The relatively high proportion of 67 per cent of female employees at RBI underscores the effectiveness of these activities.

The following table shows the total proportion of women in managerial positions (positions with staff responsibility) at RBI as a whole, as well as the breakdown by Management Board, tier 2 and tier 3 management levels. Changes can mostly be explained by total headcount fluctuations (e.g. reduction measures), as well as by organizational adjustments (number of organizational units or hierarchical levels) at various Group units.

Year	Proportion of women of the total number of employees	Proportion of women of the total number of executives	Management Board	Tier 2 management	Tier 3 management
2014	67%	54%	15%	36%	46%
2013	67%	56%	16%	41%	50%
2012	67%	56%	15%	41%	52%

A corresponding framework to promote the advancement of women must be established and continually developed. Improving the family-work balance is a very important element of this. Appropriate measures include flexible working hours, part-time models and home office. These models are implemented in nearly all countries the Group is active in, and in accordance with the local statutory provisions. The measures are supplemented with further national initiatives, such as the company's kindergarten with employee-friendly operating hours at the Vienna site.

The Management Board is aware of the need to continuously promote the existing initiatives as well as to maintain its openness to new initiatives in order to further increase the percentage of women in highly qualified positions. To achieve this end, it encourages women to take advantage of these opportunities and to make specific calls for such initiatives.

In order to build on management skills, RBI offers targeted training and continuing education programs, which also proved popular among female employees. For example, approximately 38 per cent of the participants in the Group-wide top-management program "Execute" were women. In 2014, female employees accounted for 15 per cent of participants in the restructured Advanced Leadership Training program for middle management.

## Transparency

The internet, particularly the company website, plays an important role for RBI with regard to open communication with shareholders, their representatives, customers, analysts, employees, and the interested public. Therefore, the website offers regularly updated information and services on the following topics: annual and interim reports, company presentations, conference call webcasts, ad-hoc releases, press releases, investor relations releases, share price information and stock data, information for debt investors, financial calendar with advanced notice of important dates, information on securities transactions of Management Board and Supervisory Board that are subject to reporting requirements (directors' dealings), RBI's Articles of Association, the corporate governance report, analysts' research and recommendations, as well as an ordering service for written information and registration for the automatic receipt of investor relations news by e-mail.

## Conflicts of interest

Both the Management Board and the Supervisory Board of RBI are required to disclose any potential conflicts of interest.

Members of the Management Board must therefore disclose to the Supervisory Board any significant personal interests in transactions involving the company and Group companies, as well as any other conflicts of interest. They must also inform the other members of the Management Board. Members of the Management Board who occupy management positions within other companies must ensure a fair balance between the interests of the companies in question.

Members of the Supervisory Board must immediately report any potential conflicts of interest to the Chairman of the Supervisory Board. In the event that the Chairman himself should encounter a conflict of interest, he must report this immediately to the Deputy Chairman. Company agreements with members of the Supervisory Board that require members to perform a service for the company or for a subsidiary outside their duty on the Supervisory Board (Section 228 (3) UGB) in exchange for not-insignificant compensation require the approval of the Supervisory Board. This also applies to agreements with companies in which a member of the Supervisory Board has a significant financial interest. Furthermore, related party transactions as defined by Section 28 of the Austrian Banking Act (BWG) require the approval of the Supervisory Board.

## Accounting and audit of financial statements

RBI's consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) as applied in the EU. They also comply with the regulations of the Austrian Banking Act (BWG) in conjunction with the Austrian Commercial Code to the extent that these are applicable to the consolidated financial statements. The consolidated annual financial statements are published within the first four months of the financial year following the year under review. Interim reports are published no later than two months after the end of the respective period under review pursuant to IFRS.

The Annual General Meeting selected KPMG Austria AG Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna, now KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, as its external auditor and bank auditor for the 2014 financial year. KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft has confirmed to RBI that it has the certification of a quality auditing system. It has also declared that there are no reasons for disqualification or prejudice. The Supervisory Board is informed of the result of the audit by a statutory report regarding the audit of the consolidated financial statements by the auditor, as well as by the report of the Audit Committee. Furthermore, the auditor assesses the efficiency of the company's risk management in accordance with the Austrian Code of Corporate Governance, based on the documents submitted to him and otherwise available. The resulting report is presented to the Chairman of the Supervisory Board, who is responsible for addressing the report in the Audit Committee and for reporting thereon in the Supervisory Board.

The Management Board

  
Karl Sevelda

  
Aris Bogdaneris

  
Martin Grüll

  
Johann Strobl

  
Klemens Breuer

  
Peter Lennkh