

2018  
Sustainability Report  
Raiffeisen Bank Romania



**Raiffeisen  
BANK**

Proper banking

# 10

**years of leadership  
in sustainability**









# Contents

- Welcome Message ■ 6
- About the Report ■ 8
- 2018: Highlights ■ 10

## 01 About Raiffeisen Bank ■ 14

- Our Experience ■ 16
- 10 Years of Nonfinancial Reporting ■ 18
- Financial Summary ■ 19
- Corporate Governance and Corporate Governance Structures ■ 21
- Code of Conduct ■ 29
- Business ethics ■ 32
- Compliance ■ 34

## 02 Responsible business model ■ 38

- Affiliations, Partnerships and Initiatives for Sustainability ■ 40
- Sustainable Development Goals ■ 43
- Materiality Assessment and Outcomes ■ 45
- Stakeholder Communication ■ 50
- Recognition and Awards ■ 53

## 03 Responsible Financial Partner ■ 54

- Long Term Commercial Relations ■ 56
- Retail, Corporate & Private Banking ■ 58
- Support for the Local Entrepreneurship ■ 62
- Responsible Financing ■ 64
- Customer Solutions ■ 69
- Digitization ■ 72
- Environmental Protection ■ 73

## 04 Long-term Relationships ■ 80

### OUR EMPLOYEES ■ 82

- Our Team & Workplace ■ 84
- Remuneration & Benefits System ■ 93
- Performance Management & Development ■ 95
- Programs for Employees ■ 98
- Health & Safety ■ 101

### OUR COMMUNITIES ■ 102

- Community Investment Strategy ■ 104
- Financial Contributions ■ 106
- Volunteer Programs ■ 112
- Community Projects ■ 113
- Community Impact ■ 116

### OUR SUPPLIERS ■ 118

- Responsible Supply Chain ■ 120

Objectives 2019-2020 ■ 122

GRI Content Index ■ 126





## Steven van Groningen

President & CEO  
Raiffeisen Bank Romania

# Welcome Message

Dear friends,

Allow me to present to you, the tenth Sustainability Report of Raiffeisen Bank Romania. Raiffeisen Bank was one of the pioneers on the local market and proudly continues ever since the tradition of transparently communicating its non-financial results.

Starting with 2018 our slogan became "Proper banking" as a way to convey our continuous commitment to be a responsible banking institution. Our efforts towards a transparent communication of non-financial results confirm that we are aware of the importance of our activity within the Romanian ecosystem and communities we support, and that we are committed to continue broadening our business activity beyond the traditional banking models.

During the last 20 years of presence on the Romanian market, Raiffeisen Bank has combined financial success with responsible involvement in sustainable projects. Every year we focused on developing new products and services and invested in digitalization and adaptation of our services to the new tendencies in the technology field. We have also initiated and developed numerous financial education programs and proactively promoted a healthy lifestyle and the Romanian art and culture.

Throughout all this time we have seen how the market has grown and the interest for transparency and sustainability has increased. There are more and more discussions focused less on the traditional ideas of economic efficiency and more on topics such as social equity and environment protection. The fact that nowadays dozens of companies are imposing an annual pace to increase business sustainability is perhaps one of the most important changes of the last decade. This has a direct effect

on the business environment, making it more sophisticated and solid.

For Raiffeisen Bank Romania sustainability means responsible business activities and also a responsible engagement in community. That means conducting our daily activities in a fair and open manner - responsible, transparent, sustainable - attributes that lay at the core of our business. Moreover, these attributes lead to economic growth and prosperity within society and can be translated into sound business decisions such as financing a sustainable economy, being a responsible employer, developing partnerships with responsible suppliers or supporting community projects.

Last but not least, I strongly believe that sustainability is a process that can transform the world our children will live in and it should be at the heart of any business model. It is a process that starts with every one of us and, moreover, one that nobody will afford to ignore in the years to come.



# About the Report

The 10th Sustainability Report drew up by Raiffeisen Bank centralizes the information pertaining to the bank's nonfinancial performance indicators in 2018 (January 1 - December 31).

## The 10 Years of Sustainability Leadership

report showcases the Bank's performance towards sustainability and social responsibility according to the principles and guidelines provided by the nonfinancial reporting standards of Global Reporting Initiative and the requirements of the "In Accordance" - Core Option.

The structure and content of the report were developed based on a stakeholder (internal and external) consultation process that involved employees, customers (retailers, SMEs and corporations) suppliers and service providers, business partners, NGOs, authorities and regulators and supranational organizations, mass-media and bloggers, business and professional associations. The results obtained following this consultation process about the social, economic and environmental impact of the bank's activity have helped us complete the materiality assessment and prioritize the main work instrument for presenting the bank's material topics. For a better understanding of the bank's activity and impact, the material topics are presented both qualitatively - underlying the policies and procedures that outline the action framework of each direction (topic), and qualitatively - emphasizing the most relevant performance indicators.

At the same time, the report presents the commitments and measures the bank undertook in order to contribute directly and significantly to global sustainable development targets.

The bank operates under the provisions of the current Romanian law, its articles of incorporation and its internal regulations, and all the financial and banking activities it conducts are regulated and supervised by the National Bank of Romania.



For this 2018 report, the monetary terms are expressed in Euro. According to the financial reporting rules, the EOP conversion rate is used for sold and Balance Sheet and the average conversion rate for P&L (income and spending) and for the rest of the financial data included in the report.

The sustainability performance data and claims in this report have not been subjected to external assurance by an independent third party.

### EDITORIAL TEAM

The tenth Sustainability Report published by Raiffeisen Bank Romania represents the result of the work performed by the company's entire team and was developed in partnership with The CSR Agency, a sustainability consulting company. Given this opportunity, the bank wants to thank all the colleagues involved in the development and implementation of this project.

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## RESPONSIBLE BUSINESS MODEL

**419**  
working points



**>2 mil.**  
retail customers

**>91,000**  
SME's

**>5,700**  
medium and large corporations

16% increase in premium customers

24% increase in **CASA TA** real estate loans

13.6% increase in loan portfolio for SMEs

### CATALYST:

**360** participating companies

**1,120** participants

**7** cities

## RESPONSIBLE FOR OUR EMPLOYEES



>3% decrease in employee turnover

327 vacancies filled by candidates inside the company

**4,800** single user for **Your Voice** internal platform and 950 generated ideas

56.88% of top management positions occupied by women

an average of 38-40 h of professional training for each employee

**3,483** single participants in

**RSTYLE** program

## RESPONSIBLE FOR OUR COMMUNITIES

**>2.73 mil. €** community investment by sponsorship contracts, out of which:

**2.068 mil. €** was invested in community projects, according to LBG reporting methodology

**185** projects registered in the

**RAIFFEISEN COMMUNITY GRANT** program

**235** employees involved in volunteer activities

during **900** work hours

## RESPONSIBLE FOR THE ENVIRONMENT

**29%** of the community investment budget was allocated to

**urban ecology** projects

**38%** of the bank's used energy comes from

**renewable sources**

**~5%** decrease in energy intensity



01

# Company Profile

- Our Experience
- 10 Years of Nonfinancial Reporting
- Financial Summary
- Corporate Governance and Corporate Governance Structures
- Code of Conduct
- Ethics and Anti-corruption
- Compliance with the Laws and Regulations



# Our experience

Raiffeisen Bank S.A. is part of the Raiffeisen Group, one of the leading commercial and investment banks in Austria and Central and Eastern Europe. The Group has developed a large network of branches, leasing companies and numerous companies specialised on specific financial products, with a presence on 13 Central and eastern European markets through 2.100 offices and 47.000 employees.

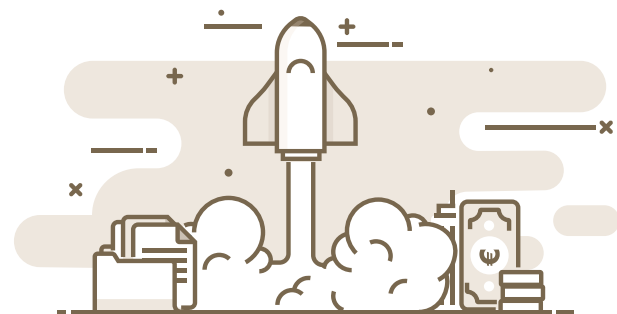
Starting with 2017, after the merger between Raiffeisen Bank International AG (RBI) Raiffeisen Zentralbank AG (RZB), Raiffeisen Bank International AG has taken over the rights, obligations and responsibilities of Raiffeisen Zentralbank AG by continuing to operate under the same name, Raiffeisen Bank International AG.

At regional level, Raiffeisen Bank International has:

**16.1** million  
customers

**47,000**  
employees with

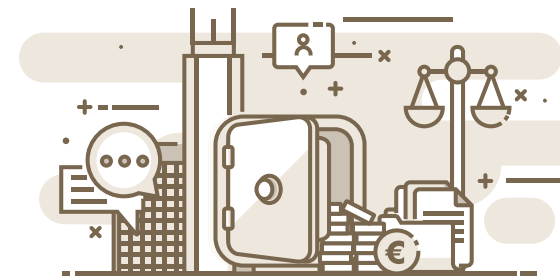
**55%**  
women managers



**3.1** billion €  
( 7% )  
sustainable financing

**2.7** million €  
community investments

At the end of 2018, Raiffeisen Bank Romania (Bank) serviced approximately 2 million retail customers, 91.000 SMEs and 5.700 medium and large corporations via 419 business outlets, offering provides financial products and services as well as bank investment or financial consultancy services, added to asset management services and leasing services.



**419**  
offices

**4,966**  
employees  
(headcount)

**2,014,908**  
customers retail

**91,246**  
customers SMEs

**5,721**  
small and medium  
enterprises

Supporting the development of sustainable and prosperous communities represents an important mission for Raiffeisen Bank together with understanding the needs of customers, helping them reach their maximum potential and providing safety, consultancy and easy to use financial services. The Bank makes responsible investments and sustained efforts to improve its performance in all aspects of current activity, so that the products and services it offers are in accordance with the needs of the community and the growing expectations of its customers.

Raiffeisen Bank has been playing an important role in the economic development of Romania, via the promotion of transparent and responsible business practices, by supporting local communities and by the contribution to the increase in the level of awareness of issues concerning environmental protection.

# 10 years of Nonfinancial Reporting

Raiffeisen Bank was one of the pioneers on the local market in the practice of non-financial reporting, launching its first report in 2009 and continuing the reporting process yearly. Over the past 10 years, the structure of the report and the approach of the bank followed the most advanced principles and guidelines provided by the nonfinancial reporting international standards or guidelines.



Sustainability principles are integrated in the policies and procedures guiding the company. All such are developed by taking into account the experience of the company's management, as well as the suggestions, recommendations and needs of the stakeholders.

Our customer portfolio is built responsibly and is the result of proactively integrating sustainability

principles in the creation of sustainable financial products and services to develop their business and increase their life quality. The Bank plays an important role in different aspects of professional and personal life of individuals at a collective and social level, and its policies and procedures can positively influence the communities where it operates and the general financial ecosystem.

# Financial Summary

The 2018 financial year was particularly successful for Raiffeisen Bank S.A. The bank result increased with **79%** net profit compared to previous year, from 491 million lei in 2017 to 881 million lei in 2018.

The loans for investments, commerce financing and working capital, the financing of certain large projects and a good cooperation with the European Investment Fund have contributed to this remarkable evolution. All the bank's divisions registered positive results, and focused on **digitization** and increasing the financial performance.

## Corporate Clients Division:

- 23%** assets increase
- 13%** liabilities increase
- 15%** revenue growth
- 40%** contribution of fees
- 7%** risk costs increase

## Retail Division:

- 26%** increase in debit card transactions
- 11%** increase in deposits compared to previous year
- 9%** increase of personal needs credits
- 24%** increase of Your House (Casa ta) mortgages loans

Description thousands €	2017	2018
<b>Economic value generated:</b>		
Revenues	397,205	512,021
Economic value distributed:	-291,255	-322,662
Operating costs	-155,156	-162,091
Employee wages and benefits	-116,128	-124,042
Payments to government/state	-199,71	-36,529
Community investments	-2,072	-2,736.7
Economic value retained (calculated as "Direct economic value generated" less "Economic value distributed")	105,950	189,358

Payments to shareholders were not included in the calculation of the above economic indicators. Dividends are distributed to shareholders following the resolutions of the General Shareholders' Meeting in the current year for the previous financial year.



## Payments to shareholders

For the year 2016, following the AGA\* in 2017, it was decided the distribution of dividends to shareholders in the amount of approximately 38,835 euros (180,000 thousand lei). Payment was made in 2017.

For the year 2017, following the AGA in 2018, it was decided the distribution of dividends to shareholders in the amount of 54,152 euro (252,000 thousand lei). The payment was made in 2018.

\*Shareholders General Assembly

\*restatement of the information published in the 2017 Sustainability Report

According to its Sponsorship Policy, the bank does not issue any financial or in-kind contributions, nor participate in any kind of contribution to political parties or affiliated institutions of individual politicians. In 2018, the bank did not receive any state aid from the Romanian Government

Description thousands €	2017	2018
<b>Profit &amp; Loss</b>		
Net interest income	248,479	322,332
Net commission income	122,584	132,479
Trading profit	67,037	76,929
Administrative expenses	(271,284)	(286,104)
Profit/(loss) before tax	125,921	225,864
Profit/(loss) after tax, before the net income obtained from the sale of interrupted activity	105,950	189,339
Net profit for the year	105,950	189,339
Number of ordinary shares	12,000	12,000
Earnings per share (in EUR/share)	9,284	15,77
<b>Balance sheet</b>		
Loans and advances to banks (including placements with banks)	18,411	93,297
Loans and advances to customers	4,605,596	5,443,935
Deposits from banks	109,274	114,940
Loans from banks	51,725	23,215
Deposits from customers	6,392,937	7,095,687
Equity (including minorities and profit)	757,466	879,934
Balance-sheet total	7,757,650	8,587,193
<b>Regulatory Information</b>		
Risk-weighted assets, including market risk	4,482,211	4,861,484
Total own funds	713,369	835,307
Total own funds requirement (RWA*8%)	358,577	388,919
Excess cover ratio (Own funds capital requirements)	354,792	446,388
Core capital ratio (Tier 1), including market risk (Tier 1 ratio = Tier1/RWA)	13.47%	15.04%
Own funds ratio	15.92%	17.18%
<b>Performance</b>		
Return on equity (ROE) before tax	18.73%	31.87%
Return on equity (ROE) after tax	15.76%	26.72%
Cost/income ratio	56.78%	50.31%
Return on assets (ROA) before tax	1.71%	2.76%
Risk/earnings ratio	21.21%	7.01%

2018 average exchange rate: 1 EUR=4.6535 RON

# Corporate Governance & Corporate Governance Structures

The bank's management team, committees and corporate structure play an important part in the establishment, communication and implementation of policies and procedures, as well as in the support of a transparent and responsible management style. A fair behavior towards the customers and towards the partners, as well as the bank's stability on the local market generate trust, essential for a proper functioning of operations and for the long-term development of the business. Raiffeisen Bank strictly observes the rules and strict standards of the RBI Group, as well as the operational directions to be followed and integrated in the manner of conducting business.

## Structure of Raiffeisen Bank stakeholders:

**99.925%**

Raiffeisen SEE Region Holding GmbH

**0.075%**

Other entities

*The shareholders structure is completely private. The Romanian Government is not present in the shareholders structure of the company.*

## Organisational Structure of the Bank

### President

President • Audit • Legal and Corporate Governance • Human Resources • Communication and Public Relations • Compliance • Innovation and e-Banking Department

### Financial Controlling & Accounting Vice-president

Accounting • Controlling & Cost Management Department • Business Intelligence Department • Data Office Department

### Risk Vice-president

Non-Retail Credit Risk • Leasing Risk Department • Retail Risk • Credit Restructuring & Recovery • Group Risk Controlling & Portfolio Management • Risk Architecture & Early Warning Signs • Collateral Department

### Retail Banking Vice-president

Marketing • Card Administration Department • Private Individual Customers • SME • Sales & Service Department • Retail Sales Management & Analytics • Network • Retail Regions • Friedrich Wilhelm Raiffeisen

## Corporate Banking Vice-president

Large Corporate • Regional Corporate & Public Sector • Cash Management • Corporate Credit Products • Project Finance • Sales Management & Corporate Support Department

## Treasury & Markets Vice-president

Capital Markets • B/S & Portfolio Management • Economic & Sectorial Research • Financial Institutions & GSS • Investment Banking Department •

## Middle Office Department

Operations & IT Vice-president  
Project Management Office Department • Security Department • IT • Operations • Braşov Operational Center • Procurement and Facility Management

## Corporate Governance Structure

Corporate governance stands for the set of principles and mechanisms based on which the company's management exerts its prerogatives of management and control with the purpose of reaching the envisaged objectives through implementing the adopted strategy, having an ongoing fair behaviour towards its clients, counterparts, shareholders, investors or supervisory authorities.

Raiffeisen Bank S.A. (The Bank) pays major importance to a responsible and transparent management in order to maintain fair information and confidence of different interested parties (not only of the participants' on the capital market). Therefore, the Bank applies the principles defined in the Corporate Governance Code (CGC) of the Bucharest Stock Exchange (BSE), which can be found on their web page - [www.bvb.ro](http://www.bvb.ro).

## General Meeting of Shareholders

The General Shareholders' Meeting (GSM) is the supreme authority of the Bank. The General Shareholders' Meeting may be Ordinary or Extraordinary. In accordance with the Articles of Incorporations of the Bank and the legislation in force, the General Shareholders' Meeting has a series of main competences.

### The Ordinary general Shareholders Meeting has the following main competences:

- to discuss, approve or modify the annual financial statements of the Bank, upon the analysis of the Management Board's and Supervisory Board's reports, as well as that of the report and the opinion issued by the financial auditor, and to establish the dividends, if any;
- to elect the members of the Supervisory Board and the financial auditor of the Bank;
- to revoke the members of the Supervisory Board and the financial auditor of the Bank, whenever considered necessary;
- to set the remuneration for the Supervisory Board members, as well as the general principles and limitations with respect to the additional remuneration of the Supervisory Board members, as well as the general principles and limitations with respect to the remuneration of the Management Board members;
- to consider the performance of the Management Board members, to discharge them of liability and to decide to sue them, as case may be;
- to approve the budget of revenues and expenses and the business plan for the following fiscal year.

### The Extraordinary general Shareholders' Meeting has the following main competences:

- the change of the legal form of the Bank;
- the merger of the Bank with other companies;
- the dissolution or the split of the Bank;
- the issuance of bonds and conversion of bonds from a category into another or into shares;
- decrease the Bank's share capital;
- any amendments to the Articles of Incorporation of the Bank.

The conducting of the General Shareholders Meetings, as well as shareholders' rights and obligations, are regulated by Law no. 31/1990 on trading companies.

## Administrative Structures

The administration of the bank is performed by a dual management system which consists of the Management Board and the Supervisory Board. The Management Board ensures the running of the current bank activity, while the Supervisory Board exercises the global control over the management activity carried out by the Management Board. The dual system guarantees the efficiency of the decision making process by strengthening in the same time the control over decision makers.

### The Supervisory Board

The Supervisory Board exercises a global control over management activity carried out by the Management Board. It consists of 9 members, appointed by the General Meeting of Shareholders for tenures of up to 4 years, with the possibility of being re-elected for additional periods.

As at 31.12.2018, the Supervisory Board structure and the professional background of its members were as follows:

**Johann Strobl**  
**Chairman**  
Ph.D. in Economics at the University of Economics and Business Administration, Vienna, Austria

**Martin Grüll**  
**Vice-president**  
MBA from the University of Economics and Business Administration, Vienna, Austria

**Peter Lennkh**  
**Member**  
MBA from the University of Economics and Business Administration, Vienna, Austria

**Andreas Gschwenter**  
**Member**  
MBA at the University of Innsbruck, Austria

**Hannes Mösenbacher**  
**Member**  
Ph.D. in Economics at the University of Economics and Business Administration, Vienna, Austria

**Ileana Anca Ioan**  
**Independent member**  
MBA from the Romanian-Canadian Program and graduate of the Faculty of Automation of the Bucharest Polytechnic Institute

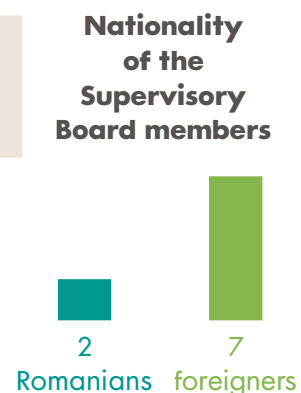
**Ana Maria Mihăescu**  
**Independent member**  
Graduate of the Faculty of International Economic Relations, Academy of Economic Studies, Bucharest

**Andrii Stepanenko**  
**Member** (approved by NBR on February 7th, 2019)  
Ph.D. in Finance, Kiev National University of Economics, Ukraine

**Lukasz Janusz Januszewski**  
**Member** (approved by NBR on February 7th, 2019),  
Master Degree of Economics, University of Warsaw, Poland



Supervisory Board structure	MEN	WOMEN	TOTAL NUMBER	TOTAL %
<b>GENDER &amp; AGE</b>				
<30 years	0	0	0	0%
30-50 years	4	0	4	45%
>50 years	3	2	5	55%
TOTAL	7	2	9	100%



**The main competences of the Supervisory Board:**

- to set the exact number of Management Board members, as well as their competences;
- to appoint and revoke the Management Board members;
- to verify the Bank's managerial operations are compliant with the law, the Articles of Incorporation and the resolutions of the General Shareholders' Meeting;
- to provide the General Shareholders' Meeting with at least a yearly report on the supervision activity undertaken;
- to convene the General Shareholders' Meeting on an exceptional basis, should this be required in the best interest of the Bank;
- to establish advisory committees as required by law, but not only, as these will be considered necessary in order to develop the Bank's activities. The committees will consist of Supervisory Board members;
- to approve and to periodically review the general principles of the remuneration policy, as well as its implementation. To directly oversee the remuneration of the senior officers in the risk management and in compliance functions.

During 2018, 5 Supervisory Board meetings took place and their decisions were made by the unanimous votes of the attending members. Also, a number of 22 decisions were made by circulation.

**The Supervisory Board has set up a number of 5 committees from among its members, namely:**

Audit Committee	Nomination Committee
Remuneration Committee	Executive Credit Committee
Supervisory Board Risk Committee	

Details about the competence and responsibilities of each committee at

[www.raiffeisen.ro/despre-noi/governanta-corporativa/structuri-de-administrare/consiliu-de-supraveghere](http://www.raiffeisen.ro/despre-noi/governanta-corporativa/structuri-de-administrare/consiliu-de-supraveghere)

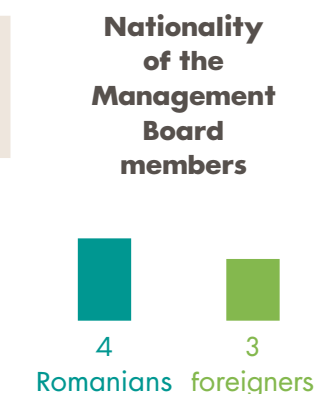
## The Management Board

The Management Board ensures the management of the bank's current activities and comprises of 7 members appointed by the Supervisory Board for tenures of up to 4 years, with the possibility of being re-elected for additional periods.

As at 31.12.2018, the Management Board structure and the professional background of its members were:

<p><b>Steven van Groningen</b> <b>President</b> Master in the Corporate Law, University of Leiden, The Netherlands</p>	<p><b>Vladimir Kalinov</b> <b>Vice-president</b> Graduate of the Marketing and Management Institute, New Delhi, and of the Faculty of Commerce, University of New Delhi, India</p>	<p><b>Mircea Busuioceanu</b> <b>Vice-president</b> Graduate of the Executive MBA Program, University of Sheffield, and the Faculty of Finance, Banks and Accounting, Bucharest, Academy of Economic Studies, Romania</p>	<p><b>Mihail Ion</b> <b>Vice-president</b> Ph.D. in Economics at the Academy of Economic Studies, Bucharest, and graduate of the Faculty of Finance, Insurance, Banks and Stock Exchanges, Finance and Banks specialization, Academy of Economic Studies, Bucharest</p>
<p><b>James Daniel Stewart, Jr.</b> <b>Vice-president</b> Graduate of Finances and International Relations, University Lehigh-Bethlehem, BA USA</p>	<p><b>Cristian Sporiş</b> <b>Vice-president</b> Graduate of the Faculty of Finance, Insurance, Banks and Stock Exchanges, Bucharest, Academy of Economic Studies, Romania</p>	<p><b>Bogdan Popa</b> <b>Vice-president</b> MBA in Financial-Banking Management, "Alexandru Ioan Cuza" University of Iaşi, Romania</p>	

Management Board structure	MEN	WOMEN	TOTAL NUMBER	TOTAL %
<b>GENDER &amp; AGE</b>				
<30 ani	0	0	0	0%
30-50 ani	5	0	5	71%
>50 ani	2	0	2	29%
TOTAL	7	0	7	100%



**The main competences of the Management Board:**

- has all the powers of management, disposal and authorization of all transactions falling within the Bank's scope and has competences in the field of monitoring the appropriate and productive functioning of the internal control system, except for the competences expressly granted by law or by other Bank's regulations to the Supervisory Board's and/or the GSM's competence(s);
- takes measures to adopt all business decisions for the implementation of the provisions of the business plan and the budget of Bank;
- approves the Rules of Organization and Operation (ROO);
- approves the Organizational Chart and internal structure of the directorates;
- approves the Collective Labor Contract;
- appoints and revokes the HQ and network Directors and decides their remuneration. For territorial units, no matter the type, these competences are delegated to the Vice-president, coordinator of Retail Banking Division;
- approves the acquisition/sale/disposal of assets;

- approves the set-up/closure of new subsidiaries;
- approves capital increase/decrease of subsidiaries;
- approves Bank investments/divestments in other companies or financial institutions;
- establishes competencies regarding loan granting (Credit Committee);
- approves the credit terms for third-parties in special relationship with the Bank;
- approves the number of personnel and establishes the remuneration policy in the Bank;
- approves the credit norms for Bank's employees;
- establishes the various committees under its supervision provided by the law, may establish other committees and ratifies their decisions;
- approves/reviews the Bank's strategies and policies (including those risk-related) and reviews and submits to Supervisory Board Risk Committee for approval the risk strategy, the risk profile and the Bank's risk manual as well as the results of the yearly risk assessment;
- any other competences pursuant to mandatory legal provisions (that cannot be legally delegated).

**In order to provide support in the management of the bank operations, the Management Board has established nine committees, with distinct roles:**

Asset and Liabilities Committee	Risk Committee
Credit Committee	Problem Loan Committee
Private Individual Credit Committee	Project Portfolio Committee
Rules and Procedures Committee	Security Council Committee
Investment and Product Governance Committee	

Details about the competence and responsibilities of each committee at

[www.raiffeisen.ro/despre-noi/governanta-corporativa/structuri-de-administrare/directorat](http://www.raiffeisen.ro/despre-noi/governanta-corporativa/structuri-de-administrare/directorat)

Management Board	MEN		WOMEN		TOTAL	
	no.	%	no.	%	no.	%
GENDER & AGE						
<30 years	0	0%	0	0%	<b>0</b>	<b>0%</b>
30-50 years	9	64.29%	0	0%	<b>9</b>	<b>56.25%</b>
>50 years	5	35.71%	2	100%	<b>7</b>	<b>43.75%</b>
<b>TOTAL</b>	<b>14</b>	<b>100%</b>	<b>2</b>	<b>100%</b>	<b>16</b>	<b>100%</b>
MINORITIES	0		0		0	

## General Meeting of Shareholders

General Meeting of Shareholders (GSM) represents the supreme body governing the Management Board and the Supervisory Board. The meetings can be ordinary or extraordinary. The extraordinary GSM role involves decisions such as mergers or change in legal forms and/or amendments to the articles of incorporation of the bank. The ordinary GSM approves the budget of revenues and expenses and the business plan and approves financial statements of the bank, while its members select, revoke and discharge members of Supervisory Board and consider performance of Management Board.

### CONFLICT OF INTEREST

The bank's Code of Conduct states that both members of the Management Board as well as those of the Supervisory Board are required to declare any potential conflict of interest. The members of the Management Board must declare to the Supervisory Board all significant personal interests for the transactions involving both the bank, and the group companies, as well as any conflict of interest. Moreover, they must also inform the other members of the Management Board occupying managerial positions within other companies must ensure a fair balance between the interests of the companies in question.

The company's contracts concluded with members of the Supervisory Board, obliging the same to provide a service in favor of the company or of a subsidiary, outside the obligations arising as members of the Supervisory Board, in exchange for a significant compensation, require the approval of the Supervisory Board. Such also applies to contracts with companies where a member of the Supervisory Board has a significant financial interest.

### PRACTICES OF REMUNERATION AND SELECTION AND ELEMENTS OF DIVERSITY

The system of remuneration of Raiffeisen Bank S.A. promotes a fair and efficient risk management and does not encourage assuming risks over the tolerated levels. This is in line with the Bank's and Raiffeisen Bank International (RBI) Group's long-term business strategy, objectives, values and interests and it incorporates measures to avoid conflict of interest.

The remuneration policies of Raiffeisen Bank S.A. are approved by the RBRO Supervisory Board through the Remuneration Committee.

#### The compensation system in Raiffeisen Bank S.A. is governed by the following principles:

- The Compensation system supports the company's long-term business strategy and objectives, its interests and values by using the set of key performance indicators (KPI) of RBI and the key cultural competences.
- The principles of compensation incorporate measures to avoid the conflict of interest.
- The compensation policy and principles are in accordance with and promote solid and efficient risk management practices and avoid variable payment for assuming risks over the tolerant level for the institution through KPIs and process management (e.g.: the process of Assessing Performance, risk committees).
- Compensation is based on a functional structure and it is linked to performance. Besides, special rules are applied to the personnel whose professional activity has a material impact on the risk profile.



- Compensation is competitive, sustainable and reasonable and it is defined in accordance with the relative value of work, market and practice.
- The fixed compensation is defined, in principle, in accordance with the market conditions.
- The compensation structure (the variable payment proportion relative to the fixed compensation) is balanced, which allows each employee to have an adequate level of remuneration based on the fixed salary.
- All variable payment programs include minimum levels of performance and a maximum payment threshold.

- Individual performance is the product of the results obtained and of the competences based on both quantitative and qualitative measures, valued within the process of performance assessment and considering financial and non-financial criteria.
- The personnel employed in controlling functions is compensated independently from the business unit they supervise, has the appropriate authority and their remuneration is determined on the basis of achieving their own objectives without taking into consideration the results of the area they monitor. The fixed and variable remuneration structure should be in favor of the fixed remuneration.

If an employee is paid a variable compensation, this is done for the measured performance. Performance is translated into results and behavior: "what" and "how", according to the system of performance management. Therefore, all the variable compensation schemes are linked to the management of performance or a comparative system of setting the targets.

Measuring the performance for the employees holding control functions (e.g. risk, audit, and compliance) reflects the specific requirements of the respective positions.

Compensating the employees holding control functions is in accordance with touching the objectives related to the respective functions and, in an independent manner, by the business areas they supervise, but in proportion with their role in the Bank.

In Raiffeisen Bank S.A., the recruitment policy for selecting the management structure members

As both the EBA guidelines and the NBR Regulation no. 5/2013 include mentions with regard to the importance of diversity at the top level management, in addition to the standard set of compatibility criteria as regulated through the fit and proper policy,

establishes the criteria and procedure according to which the compatibility of those proposed/ appointed as members of the management body should be assessed, and the assessment criteria of those holding key function, too.

The Fit & Proper Policy in Raiffeisen Bank S.A. establishes the applicable internal procedures and the criteria for assessing compatibility, in accordance with the local legal provisions (NBR Regulation no. 5/2013 on prudential requirements for the credit institutions, NBR Regulation no. 6/2008 on beginning the activity and modifications in the situation of the credit institutions, Romanian legal entities and the Romanian branches of third parties' credit institutions). Also, the policy defines the measures applicable in the situations whereby those persons are not compatible with the positions in question and how permanent compatibility is ensured.

**we are aware that the differences in gender, culture, education and experience of the top management members can only add more value to our organization.**

Having in view the current structure of the management body, we precisely state that the principle of diversity from the gender point of view has been implemented by the appointment of Mrs. Ileana Anca Ioan and Mrs. Ana Maria Mihăescu as independent members on the Supervisory Board of Raiffeisen Bank S.A.



# Code of Conduct

Raiffeisen Bank International Group's Code of Conduct describes the common values and minimum standards for ethical business conduct that we expect all of our staff to follow.

It is intended to guide our daily actions with internal and external stakeholders.

Doing business in

**a lawful,  
ethical  
& responsible  
way**

is a crucial part of our corporate culture. The aim to make profit does justifies no breach of the national legislation or of the Code of Conduct.

**The main pillars of our Code of Conduct are:**

■ Social and environmental responsibility	■ Shareholders relations	■ Quality
■ Combating against financial crime	■ Employee relations	■ Mutual respect
■ Customer relations	■ Our values	■ Initiative
■ Our foundation and values	■ Customer orientation	■ Team work
■ Compliance with laws and regulations	■ Professionalism	■ Integrity

This Code must be observed by all staff members. In addition, all persons acting for or providing services to the RBl Group, as well as all of its other business partners, are expected to apply rules and standards identical or similar to those set out in the code.

The standards from our Code of Conduct about the **customer relations** are compliant with our values:

- confidentiality and privacy,
- excellent products and services,
- fairness,
- investor protection,
- conflict of interest.

In **shareholder relations** we focus on creating

- sustainable value,
- protecting reputation
- transparency.

**Employee relations** have a special place in the Code of Conduct with detailed measures concerning

- fair employment practices,
- non-harassment,
- discrimination or violence,
- occupational health and safety,
- private business activities,
- protecting assets.

The bank established a special department that ensures the employees comply with the anti-fraud, bribery and corruption policies and internal procedures. A special focus is dedicated to the **Know Your Customer (KYC)** process designed to identify and verify customers identity, and to reduce the risk of money laundry, and to counter terrorist financing and stock markets manipulations.

Raiffeisen Bank established a **Whistleblowing** system that gives employees the ability to report under anonymity any misconducts or violations of the code. The system consists of two dedicated channels: **Whistleblowing Hotline** – phone line and **Whistleblowing E-mail** – e-mail address.



**Whistleblowing Hotline**

is available to all employees and has been designed in partnership with Expolink, a British company that offers anonymous reporting services. Thus the employees are given the ability to report any violation of the Code of Conduct at the phone number **0800.894.440**.

**In 2018, the bank has not received any report from its employees through the Whistleblowing Hotline.**



**Whistleblowing E-mail**

is available through Intranet at [www.raiffeisen.ro/desprenoi/guvernanta-corporativa/whistleblowing](http://www.raiffeisen.ro/desprenoi/guvernanta-corporativa/whistleblowing).

In 2018, the bank received 6 reports through its whistleblowing channels that resulted in investigation reports.



# Business ethics

Raiffeisen Bank S.A. (The Bank) gives great importance to responsible and transparent management, with the purpose of properly informing and maintaining the trust of the stakeholders.



The internal rules, policies, procedures and directions transmitted by the Group ensure that the operations are conducted in a transparent and sustainable manner. The operational risks, in addition to the financial ones, are monitored based on predetermined procedures and are reduced by organizing online and offline courses or working sessions in order to comply with internal policies and procedures, especially with those regarding bribery, fraud and corruption. The most important financial risks to which the Bank is exposed include the risks regarding crediting, liquidity, operational and market risks (currency, interest rate and share price). The Bank adheres to principles and follows transparent mechanisms to respond to financial risks and to maintain the behavior that customers, employees, partners, shareholders and authorities expect from Raiffeisen Bank.

## Ethics & anti-corruption

Customers and all stakeholders of the Bank expect the organization to comply with business ethics and to act with integrity, beyond professional competence. Beyond their professional competences, ethics and integrity are values the bank has acquired and that govern its activity, both within, as well as outside the company. In order to identify, prevent and fight against corruption, the bank assesses its operations on an annual basis in order to identify the potential risks associated with corruption. These risks are monitored and managed by the permanent update and communication of procedure policies via work courses and sessions. Bank employees receive annual information on bribery and corruption for the purpose of

raising awareness, preventing and discouraging potential risks of an inappropriate behavior. Within the Induction session, each new employee must attend a session concerning compliance and the prevention of acts of fraud and corruption. New employees receive information guidelines on the manner of preventing fraud and acts of corruption, as well as on the manner of reporting breach situations within the internal regulation framework. Additionally, in partnership with Expolink, an independent British company that provides whistleblowing services, the bank offers to its employees two whistleblowing channels to be used in order to report anonymously any suspicion or deviation from the Code of Conduct.

Annually, all employees pass online courses, followed by a test inspecting the knowledge acquired so as to establish a common level of understanding and awareness in terms of fraud and corruption. The company supports a zero tolerance policy towards acts of corruption. All employees have the possibility to report anonymously any incident that might be related to corruption, money laundry and financial sanctions, internal fraud, external fraud and insider trading, conflict of interest, harassment, inappropriate behavior. Employees are encouraged to inform on any deviation or suspicion concerning fraud, bribery and corruption. The identification of frauds and acts of corruption and the reporting thereof have been actions encouraged and promoted by the members of the management team, especially after the implementation, in 2016, of the Common Reporting Standards for the automatic exchange of information.

A special department, within the company, monitors the compliance with the anti-fraud, anti-bribery and anti-corruption internal policies and procedures. Emphasis has been placed on the

## Know Your Customer (KYC)

process, developed for identifying and verifying the identity of customers, anti-money laundering, terrorism financing and stock market manipulation.

These standards are in line with the national legislation and with the bank's requirements.

The bank introduced, in 2011, in all of its contracts with suppliers, consultants and business partners, a compliance clause stipulating the obligation thereof to respect the bank's Code of Conduct and the standards regarding bribery and corruption. If, throughout the fulfillment of contractual obligations, the contractual clause concerning the observance of the bank's Code of Conduct is breached, the bank reserves the right to terminate the contract and to report the situation with the authorities. Throughout the reporting year, no corruption incidents have been recorded, no corruption actions have existed within the employees or partners and no contract has been terminated as a result of a failure to observe or breach of anti-corruption principles.

# Compliance

Employees of the bank have the responsibility to perform their duties to the highest standards of ethics and integrity and to observe the bank's policies and procedures that are governed by the principles of transparency and business accountability.

## transparency & business accountability.

Compliance with the laws and regulations concerning customer personal data processing is a priority for the bank. In May 2016, the General Rules on Personal Data Protection were published in order to standardize, at European Union level, the rules on the protection of personal data. These rules have been applied since May 2018.

### Complaints and fines

In 2018, the National Authority for Consumer Protection issued 13 significant fines and 8 warnings for noncompliance with the laws and regulations concerning the provision and use of financial products and services, amounting 27.000 euro, and 7 significant fines for noncompliance with the laws and regulations concerning customer personal data processing.

Complaints, warnings and fines received/ authority	YEAR	TOTAL NUMBER COMPLAINTS RECEIVED	WARNINGS	FINES	VALUE OF FINES €
National Authority for Consumer Protection (NACP)	2016	693	22	32	39,293
	2017	626	25	22	48,965
	2018	21	8	13	27,000
The National Authority for the Supervision of Personal Data Processing (NSAPDP)	2016	38	9	4	11,998
	2017	146	6	2	1,294
	2018	183	7	0	0

In 2018, the bank recorded no legal proceedings for anti-corruption, anti-trust or monopoly practices in which the organization was been involved as a participant or regarding the failure to observe laws and regulation concerning the security and privacy of customers data.

In 2018, we had 4 legal proceedings for noncompliance with social and economic laws and regulations. All four legal proceedings are still on appeal, with no final decision issued.

INDICATOR (€)	2018	2017	2016
The monetary value of significant fines for noncompliance with the laws and regulations concerning the provision and use of financial products and services (National Authority for Consumer Protection - NACP)	27,000	48,965	39,293
The monetary value of significant fines for noncompliance with the laws and regulations concerning customer personal data processing (National Authority for the Supervision of Personal Data Processing – NSAPDP)	0	1,294	2,656
The monetary value of significant fines for noncompliance with the laws and regulations in force (other than the ones received from the National Authority for Consumer Protection and from the National Supervisory Authority of Personal Data Processing)	0	6,403	5,284
The total number of fines for non-compliance with the regulations related to products and services (National Authority for Consumer Protection)	13 fines	22 fines	32 fines
The total number of fines regarding breaches of customer rights with respect to confidentiality of information or loss of customer data	0	2 fines	4 fines

### Disputes of non-compliance with rules and regulations

2017\* | 2018

Total number of disputes  
2,670 | 1,921

Total number of disputes concluded  
940 | 490

Number of disputes pending settlement at the end of the year  
1,730 | 1,431

\* the number presented in the 2017 Sustainability Report 2017 referred to the total amount of litigations, including commercial litigations specific to the bank's activity (eg insolvency proceedings) and not just litigation for non-compliance with applicable laws and/ or regulations.

Of the total legal actions that existed at the end of 2017 ("total number of disputes in the process") 1706 were actions of bank's customers, having as a subject-matter alleged abusive clauses in their credit contracts. The Bank won 81,02% of the total actions in 2017.

Also, of the total legal actions existing at the end of 2018 ("total number of disputes in the process") 1420 were actions of bank's customers, having as a subject-matter alleged abusive clauses in their credit contracts. The Bank won 77,96% of the total actions in 2018.





Despite our best efforts to align to the current legislation for data protection, 7 complains concerning customer personal data processing have been submitted to the National Authority for Consumer Protection in 2018. As a result, 7 investigations have been carried out that resulted in 7 warnings for the Bank.

These refer to:

- breaches of customer rights with respect to confidentiality of information or loss of customer data
- noncompliance with the laws and regulations concerning customer personal data processing
- fines for noncompliance with the laws and regulations concerning customer data processing in relation with the Credit Division.

In 2018, the bank recorded no:

- Legal proceedings for anti-corruption or monopoly practices
- Fines or warnings for the failure to observe laws or regulations concerning environmental protection or concerning sponsorship

Raiffeisen Bank has implemented an internal process that allows customers formally to record

their complaints and feedback. The customers' opinion is very important to the bank, therefore, it ensures that all customers submitting a complaint are treated according to the internal policies, so as to identify the best solution, as soon as possible. The bank undertakes to permanently improve its relation with the customers and to efficiently respond to their requests so as to maintain and consolidate their trust.



## Digital security

In 2018 the National Authority for Consumer Protection has issued 21 warnings and fines (incidents related to customer bank accounts garnishments, failure to sign additional documents to loan agreements when changing contractual terms, errors in the application of the administration fee for the accounts. addressed to the bank, with 13 fines issued for noncompliance with the laws and regulations in force, with a total value of 27.000 lei. All the fines have been paid in 2018.

INDICATOR	2018	2017	2016
The monetary value of significant fines for noncompliance with the laws and regulations concerning the provision and use of financial products and services (National Authority for Consumer Protection - NACP)	13 fines & 8 warnings	22 fines & 25 warnings	32 fines & 22 warnings
The monetary value of significant fines for noncompliance with the laws and regulations concerning customer personal data processing (National Authority for the Supervision of Personal Data Processing – NSAPDP)	7 warnings	2 fines & 6 warnings	4 fines & 9 warnings

In 2018, the bank recorded 5.194 complaints concerning customer personal data processing issued by the National Authority for the Supervision of Personal Data Processing, National Authority for Consumer Protection, National Bank of Romania, County Offices for Consumer Protection (CJPC), Alternative Disputes Resolution Center (CSALB) or directly from the customers through the communication channels offered by the bank. Out of the total number of complaints, 3.076 occurred due to erroneous expectations of the customers and were declared unsubstantiated.

	NUMBER OF COMPLAINS	UNSUBSTANTIATED COMPLAINS
NACP	3	2
NSAPD	183	57
NBR	4	3
CJPC	4	3
Customers	4,993	3,005
CSALB	7	6
<b>TOTAL</b>	<b>5,194</b>	<b>3,076</b>



02

# Responsible business model

- Affiliations, partnerships and initiatives for sustainability
- Sustainable development goals
- Materiality assessment and outcomes
- Stakeholder communication
- Recognition and awards



# Affiliations, partnerships and initiatives for sustainability

Our customer portfolio is built responsibly and is the result of two decades of constant development of the quality of our bank services and products provided. The bank is responsible for the management of its customers' finances and acts responsibly in all areas and throughout the territory, in order to positively influence the communities where it operates. The investment of Raiffeisen Bank in Romania for over the last 21 years has meant more than the significant funding and investment in employees and communities. The main investment has been to build a strong, sustainable and responsible business model on solid foundation.

Our experience in the East European and local market showed us that dedicating and offering the best products and services for our customers means more, when all our processes are implemented in a responsible way.

We promote a sustainable business model, which always takes into account, at 360 degrees, the perspective of our stakeholders, and which follows day by day the assimilation of the principles of sustainability and their natural implementation in our procedures. We are responsible for how we manage our customers' finances and act responsibly in all areas and all across the country to positively influence the communities in which we operate.

Raiffeisen Bank is affiliated with the most important associations, councils and institutions promoting good business practices.

**PROFESSIONAL ASSOCIATIONS** • Romanian Bank Association • Romanian Factoring Association • Romanian Pension Funds' Association (APAPR) • Romanian Association of Asset Managers • Romanian Electronic Payments Association (APER0)

**BUSINESS ASSOCIATIONS** • Foreign Investors Council (FIC) • Coalition for the Development of Romania • Romanian Business Leaders • Austrian Business Club Bucharest

**CHAMBERS OF COMMERCE** • American Chamber of Commerce (AmCham) in Romania • Switzerland-Romania Chamber of Commerce • Romanian-German Chamber of Commerce and Industry (AHK) • Netherlands Romanian Chamber of Commerce (NRCC) • The Chamber of Commerce and Industry of Romania (CCIR)

**EMPLOYEES ASSOCIATIONS** • Council of Banking Employers' Associations in Romania • Concordia Employers' Confederation

**OTHERS** • Aspen Romania Institute (ASPEN) • Junior Achievement Romania • Romanian Green Business Council (RGBC)

## Raiffeisen Bank is member of the United Nations Global Compact,

the world's largest initiative for corporate responsibility and sustainability, therefore it actively embraces, supports and enacts a set of ten core principles. The bank also align its strategies and operations with the universal principles on human rights, labor, environment and anti-corruption. The UN Global Compact is the largest global network of companies all over the world who take shared responsibility for achieving sustainable development goals.

### human rights

- 1<sup>ST</sup> PRINCIPLE:** Businesses should support and respect the protection of internationally proclaimed human rights.
- 2<sup>ND</sup> PRINCIPLE:** Business should make sure that they are not complicit in human right abuses.

### work standards

- 3<sup>RD</sup> PRINCIPLE:** Business should uphold the freedom of association and the effective recognition of the right to collective bargaining.
- 4<sup>TH</sup> PRINCIPLE:** Business should support the elimination of all forms of forced and compulsory labor.
- 5<sup>TH</sup> PRINCIPLE:** Business should encourage the effective abolition of child labor.
- 6<sup>TH</sup> PRINCIPLE:** Business should support the elimination of discrimination in respect of employment and occupation.

### environment protection

- 7<sup>TH</sup> PRINCIPLE:** Business should support a precautionary approach to environmental challenges.
- 8<sup>TH</sup> PRINCIPLE:** Business should undertake initiatives to promote greater environmental responsibility.
- 9<sup>TH</sup> PRINCIPLE:** Business should encourage the development and diffusion of environmentally friendly technologies.

### fighting corruption

- 10<sup>TH</sup> PRINCIPLE:** Business should work against corruption in all its forms, including extortion and bribery.

In Romania, Raiffeisen Bank is a signatory company of the Diversity Charter, thus expressing its public commitment to promote diversity, equal opportunities and discourage the discrimination and harassment in the workplace.



**Irina Kubinschi**

executive director, Human Resources,  
Raiffeisen Bank

“At Raiffeisen Bank we believe diversity can enrich an organization and a society, in general. Diversity brings innovation, experience sharing and different perspectives. Recently, Raiffeisen Group has celebrated the 200 year anniversary of the birth of its founder, Friedrich Wilhelm Raiffeisen, who demonstrated that bringing together different communities and people is possible. He proved that with few resources it is possible to build a life, a business and strong, sustainable relations. Values such inclusion, diversity and social responsibility have always been fundamental for our bank and nowadays they are more relevant than ever.”

# Sustainable Development Goals

In order to help find a solution to global challenges, to the promotion of people’s well-being and to environmental protection, the international community of states making up the United Nations Organization (UN) adopted, in September 2015, the 2030 Agenda in the interest of sustainable development and the 17 Sustainable Development Goals (SDGs).

We are aware that, regardless of the industry where they operate, each economic actor plays an important role in reaching these goals. Together, through responsibility, commitment and joint effort we can contribute to the adaptation of business models so as to actually contribute to the achievement of targets by 2030.

The 17 Sustainable Development Goals, entered into force on January 1<sup>st</sup>, 2016, aim to mobilize, in a common effort, all UNO member states in order to fight against poverty, inequality and to contribute to the control of climate change.

Therefore, the goals select clear targets and request concrete actions in the direction of adopting policies, strategies and programs contributing to economic growth, considering a series of social needs for education, health, decent work conditions, equal opportunity, protection of terrestrial and marine ecosystems, responsible resource consumption etc.

The bank focuses on the SDGs most important and relevant to its activity and which best complete the sustainability strategy.

**In the process of identifying relevant SDGs, the bank has taken the following three criteria into account:**







### SDG 1: No Poverty

The bank addresses indirectly 4 (1.1, 1.2, 1.4) of the 7 targets established for the first strategic development objective through international agreements signed with organizations like the European Investment Fund in order to mobilize financial resources, support community programs and offer solutions to customers in financial distress.



### SDG 4: Quality Education

The bank supports, develops and promotes education and professional development opportunities either through investments in financial education projects along community partners, or through internal programs developed for employees or young graduates, thus contributing to 4 of the 10 targets (4.2, 4.3, 4.4, 4.5).



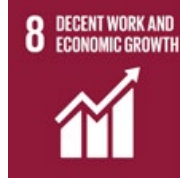
### SDG 5: Gender Equality

Through its policies, the bank aims to contribute to ending all forms of discrimination against women and support their full and effective participation and equal opportunities for leadership at all levels of decision-making (5.1, 5.5).



### SDG 7: Affordable and Clean Energy

Through its projects aimed to increase efficiency and reduce energy consumption, the bank contributes indirectly to 2 of the 7 targets proposed by this strategic development objective (7.2, 7.3).



### SDG 8: Decent Work and Economic Growth

The bank addresses 7 of the 12 targets proposed by the eighth strategic development objective (8.2, 8.3, 8.4, 8.5, 8.6, 8.8, 8.10). The continuous investments in the digitization of the company's products and services, the improvement of the global resource efficiency, the SMEs and local entrepreneurs programs, the efforts made to encourage women's participation in the recruiting process for leadership positions, the equal pay policy for all employees, the investment in employees' health, safety and wellbeing, and a responsible credit policy are measures that ensure numerous long term positive effects on the Romanian economy.



### SDG 9: Industry, Innovation and Infrastructure

The bank's investments in local communities and in programs for encouraging alternative transportation, and also the partnerships with international organizations to increase the access of small-scale and other enterprises to financial services indirectly contribute to achieving 2 of the 8 targets proposed by this strategic development objective (9.3, 9.4).



### SDG 13: Climate Action

The bank integrates in its environmental policies measures to combat climate change and promotes among its employees the adoption of an environmental friendly behaviour in order to reduce the environmental impact causing climate change (13.2, 13.3).



### SDG 16: Peace, Justice and Strong Institutions

The bank develops actions to help mobilize additional financial resources for developing countries, supports global partnership for sustainable development by joining the United Nations Global Compact and encourages the public-private partnerships and civil society through the numerous initiatives it supports and engages, thus contributing to 3 of the 12 targets of the strategic development objective.

# Materiality Assessment and Outcomes

Following the consultation process, it was obvious that the stakeholders expect the bank to integrate social, financial and environmental protection topics in its activity on the long term. There are fields where the bank has proactively integrated sustainability principles in order to improve the decision-making process and company's responsibility.

The process of stakeholder engagement and consultation is a key element of Corporate Social Responsibility (CSR) strategy.

Involvement of interested parties is an interactive and continuous process that involves consultation with the stakeholders – employees, customers (retail customers, SMSe, corporations), suppliers and service providers (IT, non-IT and lease service providers), business partners, NGOs and community partners, supranational bodies, regulatory organizations and authorities, mass-media and bloggers, professional associations and business associations. The results obtained following the bank's stakeholders consultation process has helped with the materiality assessment of the most significant sustainability topics for both the company and its stakeholders.

For its 2018 non-financial report, the Bank initiated at the beginning of 2019 a two-phase consultation process:

- **an internal phase:** entailed the consultation of the management team
- **an external phase:** entailed the consultation of each stakeholder category.

The online survey had

**3.079** valid answers, with relevant statics for each stakeholder category. The methodology of the online survey was developed in partnership with the CSR Agency, a sustainability consulting company.

# Materiality matrix

The material topics identified have been organised into five main categories:

## Corporate Governance and Performance:

- 1. Anti-competitive behavior
- 2. Anti-corruption
- 3. Stakeholder engagement
- 4. Public policies
- 5. Management and leadership
- 6. Innovation
- 7. Market presence
- 8. Financial performance
- 9. Indirect economic impact

## Responsible Financing:

- 10. Socio-economic compliance
- 11. Security
- 12. Responsible products and services
- 13. Customer data privacy
- 14. Marketing and labelling
- 15. Procurement practices

## Workplace:

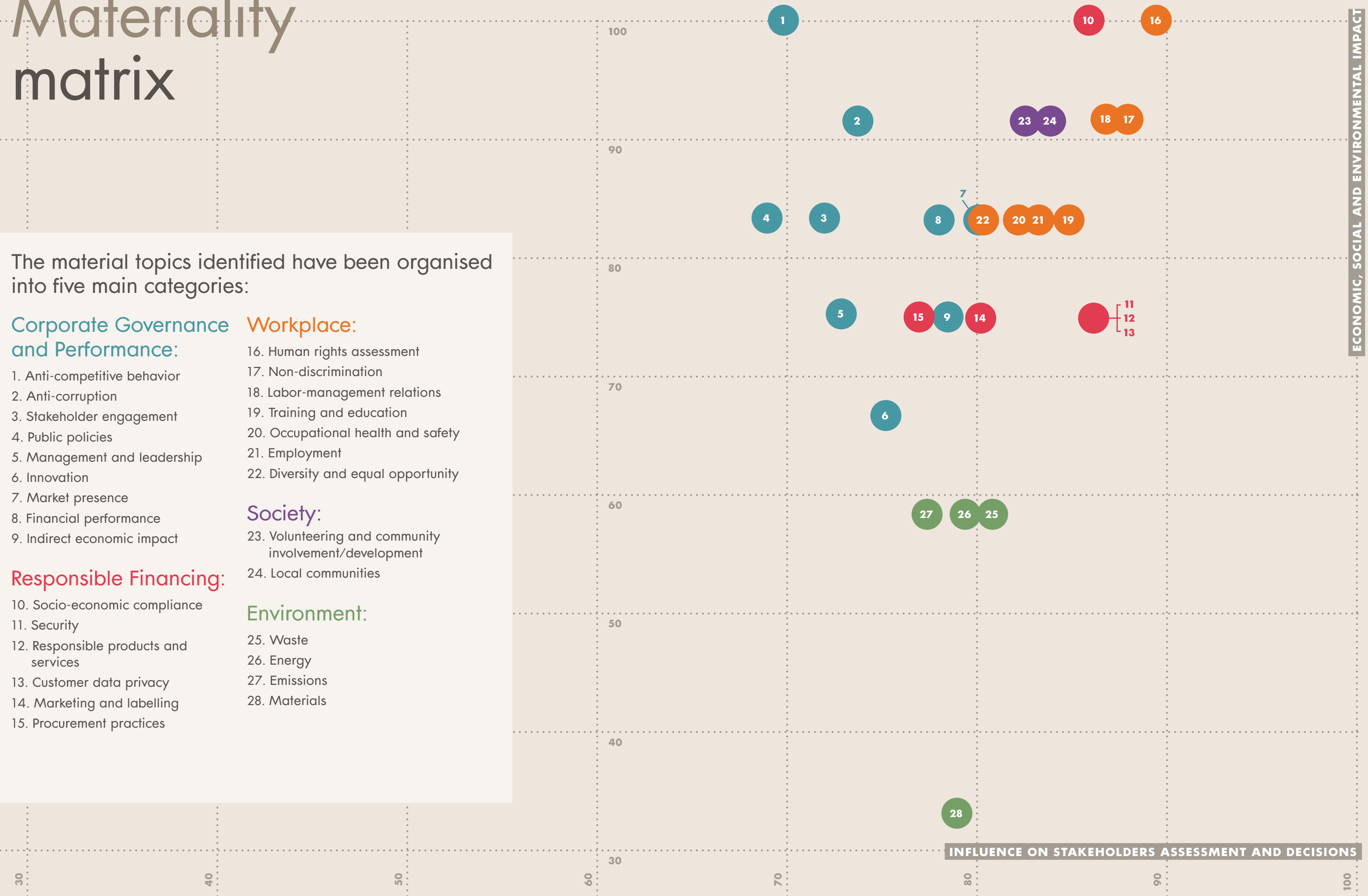
- 16. Human rights assessment
- 17. Non-discrimination
- 18. Labor-management relations
- 19. Training and education
- 20. Occupational health and safety
- 21. Employment
- 22. Diversity and equal opportunity

## Society:

- 23. Volunteering and community involvement/development
- 24. Local communities

## Environment:

- 25. Waste
- 26. Energy
- 27. Emissions
- 28. Materials



ECONOMIC, SOCIAL AND ENVIRONMENTAL IMPACT

INFLUENCE ON STAKEHOLDERS ASSESSMENT AND DECISIONS



# Boundaries of Material Topics

No.	MATERIAL TOPIC	BOUNDARY		STAKEHOLDERS
		Inside the Bank	Outside the Bank	
<b>CORPORATE GOVERNANCE AND ECONOMIC PERFORMANCE</b>				
1	Anti-competitive behavior	✓	✓	☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑
2	Anti-corruption	✓	✓	☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑
3	Stakeholder engagement	✓	✓	☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑
4	Public policies	✓	✓	☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑
5	Management and leadership	✓	✓	☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑
6	Innovation	✓	✓	☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑
7	Market presence	✓	✓	☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑
8	Economic performance	✓	✓	☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑
9	Impact economic indirect	✓	✓	☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑
<b>RESPONSIBLE FINANCING</b>				
10	Socio-economic compliance	✓	✓	☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑
11	Security practices	✓	✓	☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑
12	Responsible products and services	✓	✓	☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑
13	Customer data privacy	✓	✓	☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑
14	Marketing and labelling	✓	✓	☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑
15	Procurement practices	✓	✓	☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑
<b>WORKPLACE</b>				
16	Human rights assessment	✓	✓	☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑
17	Non-discrimination	✓	✓	☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑
18	Labor/management relations	✓	✓	☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑

19	Training and education	✓	✓	☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑
20	Occupational health and safety	✓	✓	☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑
21	Employment	✓	✓	☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑
22	Diversity and equal opportunity	✓	✓	☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑
<b>SOCIETY</b>				
23	Volunteering and community development/ investment	✓	✓	☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑
24	Local communities	✓	✓	☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑
<b>ENVIRONMENT</b>				
25	Waste	✓	✓	☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑
26	Energy	✓	✓	☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑
27	Emissions	✓	✓	☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑
28	Materials	✓	✓	☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑ ☑

- ☑ Angajați
- ☑ Clienți (IMM-uri, Clienți retail, Corporații)
- ☑ Furnizori și prestatori de servicii
- ☑ Parteneri de afaceri
- ☑ Parteneri din comunitate și ONG-uri
- ☑ Comunitatea locală

- ☑ Organizații supranaționale
- ☑ Autorități și autorități de reglementare
- ☑ Asociații de afaceri și profesionale
- ☑ Mass media și bloggeri
- ☑ Acționari

The material topics identified by the internal stakeholders (management board) were:

- Anti-competitive behavior
- Customer data privacy
- Financial performance and market presence
- Human rights assessment
- Volunteering and community involvement/ development

The material topics identified by the external stakeholders were:

- Human rights assessment
- Socio-economic compliance
- Labor-management relations
- Non-discrimination
- Local communities development

# Stakeholder communication

In order to permanently involve the stakeholders and to maintain an open communication with them, the bank engages in several forms of dialogue through the online communication channels - Intranet and Internet (company webpage, social media), organizes workshops and interactive conferences, surveys, consultations, training courses, discussions with experts and takes part in various local, national and international events on the sustainability topic. Moreover, the company communicates directly with all its stakeholders through direct meetings, e-mail and telephone.

STAKEHOLDERS CATEGORY	KEY TOPICS AND CONCERNS	HOW WE RESPOND AND ENGAGE
Employees	Benefits Personal and professional development Working environment Occupational health & safety Culture and values Diversity and equal opportunity Policies and procedures	Continuing the "Your Voice" program and increase employees' contribution to management decisions Ensuring training opportunities and benefits Continue Annual Employee Opinion Survey (EOS) Increasing female presence in leading roles Training and professional and personal development programs Promotion of taking part in volunteering work
Customers (Retail, SMEs, Corporations)	Convenience and ease of transactions Personal data confidentiality Business ethics Maintaining savings security Responsible investments Security Ease of doing business Transparency Financial profitability Social profile of the Bank	Contacting 10,000 monthly customers to get feedback on their satisfaction level concerning interaction with employees and services provided Innovative products and online services Compliance with laws and regulations Code of conduct Positive financial results Position documents
Suppliers and Service Providers (IT, non-IT and lease service providers)	Trustworthy partners Synergies Transparency Timely payment for products and services Quality Environment friendly approach	Strengthening communication Commitment to ensure supplier diversity and further development of the supply chain in line with best sustainability practices Suppliers' commitment to the Code of Conduct Cooperation with suppliers in the local community Supporting local suppliers Contractual clauses for complying with the national laws for environmental protection, in all contracts concluded
Business partners	Transparency Synergies Sustainable management Procurement policy	Positioning of the bank as close as possible to the partners and customers Personalized advice Dedicated contact points
Community partners and NGOs	Addressing social challenges Demonstrating continuous support Synergies Sponsorships Investments in education	Collaboration on corporate social responsibility Establishing strategic partnerships to address social issues Achieving leadership in community engagement efforts Funding and active participation in all community initiatives Joint initiatives and partnerships Maintaining support for small and medium NGOs through the Raiffeisen Communities program ( <a href="http://www.raiffeisencomunitati.ro">www.raiffeisencomunitati.ro</a> )



STAKEHOLDERS CATEGORY	KEY TOPICS AND CONCERNS	HOW WE RESPOND AND ENGAGE
Local community	Citizens' welfare Financial education of citizens Demonstrating solid community support Enhance environmental challenges awareness Resolution of social challenges Provision of jobs Community support	Funding and participation in finance community projects Organization of meetings, consultations and public surveys on a regular basis Taking on the facilitator role Supporting urban ecology projects Continuing support for local community projects through the Raiffeisen Communities Program ( <a href="http://www.raiffeisencomunitati.ro">www.raiffeisencomunitati.ro</a> ) Financial support for community projects Volunteering support for community projects
Supranational organizations	Transparency Raising community awareness Public profile of the Bank and its staff Compliance with national and international law Financial and non-financial performance	Creating partnerships Compliance with applicable regulations and legislation Annual financial report Open communication Permanent dialogue
Authorities and regulators	Compliance with national and international regulations Sustainable development Financial and non-financial performance	Support of the national economy Equal employment opportunities Human capital investments Compliance with national law Public policies and legal proposals
Mass media and bloggers	Timely and transparent information Adapted communication channels Permanent communication Access to information	Press releases on news about financial products and services Emails and meetings with press representatives Dissemination of news Public relations Sustainability report Public consultation
Shareholders	Financial return and performance Capital and leverage	Transparent financial performance Annual Financial Report General Meeting of Shareholders Dedicated department Website with updated information Relevant public statements
Business and professional associations	Active participation in the national agenda	Open communication Active members

# Recognition and awards

1 / FEBRUARY

## The Best Private Banking Services in Romania Award,

for Friedrich Wilhelm Raiffeisen, the Private Banking Division of Raiffeisen Bank Romania, awarded for the 4<sup>th</sup> consecutive year by the international publication **Euromoney**, based on a study that considers a wide range of services such as financial consultancy, access to financial products and services etc.

**The assets managed by the Private Banking Division of Raiffeisen have amounted to over 1.2 billion € in Romania.**

3 / APRIL

**EMEA Finance** has awarded Raiffeisen Bank as part of the Europe Banking Awards, the title of

## The Best Bank in Romania and Best Investment Bank in Romania in 2017

2 / MARCH

Global Finance has named Raiffeisen Bank

## The Best Bank in Romania

in the competition it organizes annually under the concept **The Best Banks in the World**.

Raiffeisen Bank International was also named:

The Best Bank in Central and Eastern Europe

Raiffeisen Group also won the title of Best Bank

in Bosnia, Hertegovina, Slovakia and Ukraine

4 / JUNE

At the **Top Bankers Gala**, a Finmedia event dedicated to the local bank industry, three awards:

the best Loans/ Deposits ratio the Major Banks category

the best Solvency the Major and Medium Banks category

the best CSR campaign Marathon Via Maria Theresia 2017/ Tășuleasa Social



03

# Responsible Financial Partner

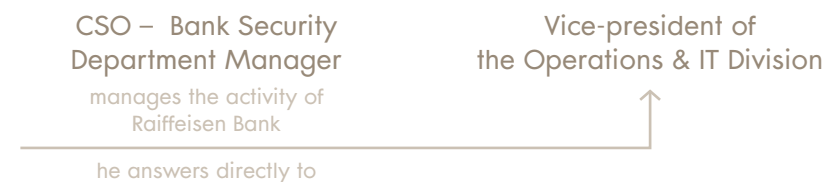
- 
- Long Term Commercial Relations
  - Retail, Corporate & Private Banking
  - Support for the Local Entrepreneurship
  - Responsible Financing
  - Customer Communication
  - Access to Financial Services
  - Digitalization of the Financial Services and Products
  - Environmental Protection Performance



# Long Term Commercial Relations

## Digitization of the Financial Services and Products

Raiffeisen Bank aims to observe the good practice standards and recommendations in the field of digital security, both of those received at group level, as well as those implemented at a local level. Within Raiffeisen Bank, activity is managed by the CSO - Bank Security Department Manager, who answers directly to the vice-president of the Operations and IT Division. In order to fight against cybercrime, the bank has implemented solutions to protect the assets and transactions of its customers (retail customers, small and medium enterprises and corporations). The bank is making constant efforts in order to adapt its security measures and to increase the protection of its customers against continuous threats to information security. In defining the processes and controls, the bank observes the PCI-DSS, ISO27k security standards.



## Social and Environmental Investment Risk

The aim of the bank is to issue loans responsibly. Thus, the bank introduced several risk assessment criteria in legal entity loan-granting procedures. In 2014, the bank launched a social and environmental risk management policy, which became part of the Social and Environment Management System (SMSM). The policy applies to all fields of activity and is used in order to assess all legal entities that are potential customers of the bank.

The focus is on:

- financing projects with an acceptable environmentally and socially risk which are sustainable on the long run
- minimizing the environmental and social risk for the bank
- minimizing the environmental and social risk for the bank's partners (customers and/or suppliers)
- complying with the national and international legal requirements and standards regarding environmental and social risks

By means of this policy, the bank aims to reduce social and environmental risks that the bank and its customers and partners are facing, in three key areas:

<p>■</p> <p><b>FINANCIAL</b></p> <p>monetary sanctions, loan repayment/ collection, value loss for securities/assets as a result of failure to meet obligations</p>	<p>■</p> <p><b>LEGAL</b></p> <p>legal actions against the bank, its customers or partners due to their failure to observe the provisions of laws or contractual agreements</p>	<p>■</p> <p><b>REPUTATIONAL</b></p> <p>reputational damage by associating with customers who do not observe principles of ethics and responsibility in business</p>
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The risk level is classified into three categories (low, medium and high). The main criteria refer to the environmental (Environment and Health & Safety) and social (Social and Labor) risks associated with financing a project (lending/investment) and include: business sector, term of loan, size of loan, and collateral offered. The process of evaluation in terms of social and environmental risks is implemented through working instructions integrated into the lending process for legal entities.

# Retail, Corporate & Private Banking

## Retail Banking

In 2018 Raiffeisen Bank uplifted its value proposition for Private Individual customers, in line with its customer orientation and responsible bank positioning. The Bank continued to work on improving the experience delivered to customers in all their interactions with Raiffeisen Bank, with a focus on simplicity, responsibility and empathy towards customers' needs.

This year, the Bank has carried on build strong partnerships with individual customers, providing them with multiplying benefits when they choose to work with the company for day-to-day banking operations.

Thus:

- the transactional services packages with zero costs and preferential rates for deposits, credit cards and overdraft have been chosen by more than 85% of the new Raiffeisen Bank customers in 2018, with the number of debit card transactions increasing by 26%
- private individual clients increasingly preferred Raiffeisen Bank for bank deposits (+11% in liabilities versus 2017). the percentage of personal loans approved on the spot increased
- the volumes of newly-granted personal loans increased by 9% compared to the previous year, and more than 90% of them were granted with fixed interest;
- volumes of Casa Ta mortgage loans granted in 2018 increased by 24% compared to the previous year

## Premium customers

Raiffeisen addresses high potential customers (with monthly income of over 2,000 euros or assets under management in Raiffeisen Group ranging between 40,000 and 250,000 euros) using the Premium Banking service.

In 2018, Raiffeisen Bank continued its strategy of consolidating business volumes on this segment, as well as its customer base, leading to a record increase of more than 16% in the number of customers, compared to 2017.

Above all, Raiffeisen Bank's main focus continued to be that of providing Premium customers with a superior banking experience. The team's efforts were recognized by customers, Raiffeisen Bank being ranked first in the market in terms of banking experience provided to this segment, according to a market survey conducted at the end of 2018.

## Banking for SMEs

SME customers are further segmented into micro-companies (with an annual turnover of up to EUR 1 million) and small & medium enterprises (with a turnover of up to EUR 5 million), intended to provide a customized approach based on the profile, size of activity and complexity of the transactional and financial needs.

Besides the extensive branch network, SMEs benefit from the same client experience across a wide range of alternative channels through which they can access the Bank's products and services:



mobile banking  
(Smart Mobile)



Internet Banking  
(Raiffeisen Online)



the remote interaction solution –  
Interactive Voice Response

Digital solutions such as Raiffeisen Online and Smart Mobile continue to be the primary focus, as they provide our clients with a simple and convenient experience and therefore Bank's efforts have converged onto financial education and migration to alternative channels. These applications aim at enhancing customer experience and ensure anytime and anywhere service availability, besides offering the lowest transaction costs.

The SMEs credit portfolio has continued on a stable ascending trend with 13.6%, reaching Eur 461 million in December 2018, despite the consolidation of the credit market.



# Corporate Banking

2018 was a very successful year for the Corporate Division under the strategy of focusing on developing long-term relationships with corporate customers. The 23% increase of the assets and 13% increase of liabilities testify for the trust of our partners into the viability of our business model.

The main directions followed in the financial year 2018 were:

- Focus on the holistic approach towards the ecosystems formed around corporate customers, addressing all the stakeholders (e.g. suppliers, clients, employees, shareholders, key executives, etc.)
- Boost the efficiency program through:
  - continued migration to electronic channels and/or centralization of expertise
  - structured sales process (e.g. top-up volumes, pre-approved amounts campaigns);
  - upgraded informational infrastructure for a faster and more reliable response to customer demands
- Continue implementation of business development programs (e.g. financial development, human resources management, research, optimize operational processes) for the customers, especially on Mid-Market segment. The events structured under the Raiffeisen Catalyst platform had also a strong networking component for best practice sharing
- Ensure compliance with increased regulatory requirements: complying with local, international and group requirements

The Large Corporates segment focused on delivering personalized customer development programs, structured on industry expertise developed in previous experience.

Partnerships with institutional partners (e.g. BEI, EIF, BERD) have continued and have provided an economic advantage to the relation between the bank and the customers. In the Mid Market segment, these partnerships have proven very important, because they have facilitated access to financing for the development of customers in the SMEs category. Within the **COSME** and **SMEs** programs, Raiffeisen Bank has received the largest part of market funds.

Important successes were also registered by transactional banking, with online payments sharing well above the 90% threshold. Significant investments were made for improvement of cash operations, by implementing multifunctional machines and offering convenience and extended access to cash services. Consequently, economic growth brought an increased number of transactions and more revenues.

Internal processes continued to be improved in 2018 following three main approaches: simplification, reduction of the number of required documents and reutilization of internal and public available information.

Compliance with national and international regulation is an important part of the Corporate Division strategy, in order to provide our clients with the highest level of confidence and security when using the Bank services. The process was optimized to reduce the bureaucratic burden, albeit the increased regulatory requirements. The Bank is committed to keeping its level of compliance with the legislation in place, in order to provide the best protection and security to its business ecosystem.

# Private Banking

In 2017, the Friedrich Wilhelm Raiffeisen (FWR) segment was named, for the 4th consecutive year, "The Best Private Banking Service in Romania" by Euromoney, one of the most reputed international financing publication, based on a study that considers a wide range of services such as financial consultancy, access to financial products and services etc. The assets managed by the Private Banking Division of Raiffeisen have amounted to over 1.2 billion € in Romania. The services are designed for the high worth customers that need financial consultancy and benefit of personalized solutions. In 2018, FWR segment has recorded 1,503 customers.



# Support for the Local Entrepreneurship

## Catalyst Program

In 2017, Raiffeisen Bank launched the Catalyst Program - a program for “entrepreneurs with great ideas”, designed for decision makers within medium size companies in Romania, who are company’s customers, and elaborated to support the expansion and better management of their businesses. In 2018, the program had two editions: February-June and September-November.

The two main topics of 2018 workshops - **motivation and conflict management, and participative leadership** – have been chosen by the participants in the past editions of the program. Over 90% of entrepreneurs expressed their interest in developing their knowledge on teamwork management to increase the motivation of the team and collaboration between them.

**Catalyst 2018:**

**360**  
participating  
companies

**100**  
workshop  
hours

**1,120**  
participants

**7 cities**

## Factory Program by Raiffeisen

In 2018, as a premiere on the Romanian banking market, recognized as such by the local and regional mass-media, the Bank launched the **Factory** by Raiffeisen online platform, dedicated to entrepreneurial culture in general and to start-ups in particular.

The goal of the program is to encourage the entrepreneurial spirit by offering financial support to startups in order to develop and implement viable business projects, with added value, that lead to new innovative business ideas, to increase their position on the market and raise their competitiveness.

The main initiative conducted on the platform [www.raiffeisenfactory.ro](http://www.raiffeisenfactory.ro) was the start-up projects contest that led to 87 business ideas and 27 entrepreneurs being selected to be supported by the Bank with loans facilities amounting 3,5 million RON, a special offer for their banking transactions, as well as access to courses and workshops specifically designed to ensure the development and stability of their businesses.

The most viable business ideas received special funding up to 50.000 euro through the “EU program for the Competitiveness of Small and Medium-sized Enterprises” (COSME) and the “EU SME Competitiveness Program” (SMEi).



## Support for SMEs - Guarantee agreements with the EIF, totaling more than half a billion euros

The preoccupation of the Bank for the development and consolidation of the SME segment on the Romanian market has materialized in recent years through numerous financing solutions that have enabled it to provide loans to companies that would not qualify for a classic funding because of the lack of guarantees. The two new programs for guaranteeing SME credits from the European Investment Fund are the EUR 180 million “EU SME Program” (**COSME**) and the “EU Program for the Development and Consolidation of SME Activity” (**SMEi**) worth 340 million euros. Funding under both programs is done through both revolving multi-annual/ revolving working capital facilities with reimbursement schedule and 4,000 SMEs has already benefitted of these programs. Raiffeisen Bank has extended the EIF partnership by signing a new agreement to fund Romanian farmers.

Based on this agreement, the bank shall issue loans amounting up to Eur 300 million to the SMEs\* in favorable conditions, for financing current activities or medium and long-term investments in machinery and equipment, traditional activities, services and agro-tourism units.

## Elevator Lab

Elevator Lab Challenge addresses fintech startups that have developed innovative products and technologies in areas such as fintech, corporate banking, advanced data analysis, investing & trading tech, new branch experience or open banking.

In 2018, Raiffeisen Bank, in partnership with **TechHub Bucharest**, has organized the Elevator Lab Challenge, a local selection program for Elevator Lab, the largest Fintech accelerator in Central and Eastern Europe, created by Raiffeisen Bank International. Fintech startups participate in and selection program and the finalists collaborate with Raiffeisen Bank experts in a 4-month accelerator program in Vienna. 8 of the fintech startups enrolled in the Challenge participated in a Demo Night, the winners being **ThinkOUT**, a startup fintech from Iasi that developed a data analysis and financial prognosis product for SMEs.



# Responsible financing

The bank's activity is carried out in accordance with the national and international laws and regulations, while respecting international conventions and agreements. Thus, the bank's credit policy clearly defines the areas and activities that the company will not knowingly finance directly or indirectly.

These include:

- the production and marketing of any banned or illegal product in host countries (production or trade in products containing polychlorinated biphenyls - PCBs, pharmaceuticals products or pesticides nationally or internationally prohibited, ozone depleting substances or trade in wild animals; or products covered by the Convention on International Trade in Species of Wild Fauna and Flora, transboundary shipment of wastes prohibited by current legislation)
- marine fishing with nets of over 2,5 km long
- transport of oil or other non-compliant dangerous goods (excluding beer and wine)
- comerțul cu mărfuri fără licențe de import/ export
- the production of or trade in arms and ammunition
- the production or trade of alcoholic beverages
- tobacco production or trade, gambling, casinos or other similar entities
- trade in radioactive materials
- activities involving forms of exploitation at work or forced labor and exploitation of minors
- exploitation of tropical forests or the production and trade of timber or other forest products not from sustainably exploited forests

In 2017, similar to previous years, the bank continued to finance projects observing sustainability criteria and whose development has a positive impact on the environment and on society in general. The bank issues financings for projects that meet one or more sustainability criteria:

## Sustainability criteria for responsible financing

- **Renewable energy:** production and supply of energy from renewable sources (solar, wind, hydro, geothermal, biomass, energy recovery from waste) or the production of equipment and components for such projects
- **Sustainable constructions:** energy-efficient buildings, rehabilitation of existing buildings for decreasing resource consumption
- **Energy efficiency:** development and implementation of technologies that reduce energy consumption, waste energy recovery, cogeneration (CHP)
- **Sustainable transport:** public transport, alternative vehicles
- **Water and sewage systems:** construction and operation of water supply and waste water collection facilities, water recycling, wastewater treatment plants, efficient water use
- **Reduction of waste and emissions:** reduction of the quantities of waste produced, collection, management and treatment, recycling, reuse and storage (for methane capture), products, technologies and solutions for waste reduction
- **Nature protection:** projects to combat climate change, dismantling, decommissioning industrial sites and restoring ecosystems
- **Organic agriculture, green cities:** promoting and improving the agricultural ecosystem, urban gardening, urban agriculture
- **Resource preservation:** measures to contribute to an efficient use of natural resources, cradle-to-cradle concepts

## Social criteria for responsible financing

- **Social/sustainable entrepreneurship and start-ups:** innovative ideas that help to strengthen the economic climate (Financing for micro-enterprises and SMEs)
- **Regional development and investment in the infrastructure of underdeveloped areas,** projects in emerging markets and countries, projects in the public sector
- **Health and medical services:** hospitals, care center, medical centre, ambulances, rehabilitation centers, public centers for sport activities
- **Social housing:** homes for low income people and families, orphanages, old people's homes
- **Food security:** all measures that provide adequate and healthy food
- **Drinking water:** sewage treatment plants, water springs, water installations
- **Waste management:** waste collection and treatment, sewage systems
- **Cultural heritage and art:** cultural heritage protection, museums
- **Education and training:** schools, universities and training centers
- **Science, research and development:** research institutes, laboratories
- **Innovation in sustainable development:** R&D in the corporate area
- Other positive effects on society and on social issues

### Renewable energy projects

Number of projects	Number	6
Financing value of renewable energy projects	Value in mil. €	31.34
Credit value for corporate customers	Value in mil. €	1920.00
Percentage of financing for renewable energy projects (of total credit)	%	1.6
Description	Bank's portfolio of renewable energy projects includes: <ul style="list-style-type: none"><li>• 2 photovoltaic parks</li><li>• 1 combined heat power plant that uses biomass</li><li>• 3 operating SHP (micro-hydropower plants)</li></ul>	

### Sustainable Building Project

Number of projects	Number	7
Financing value of sustainable building projects	Value in mil. €	200
Credit value for corporate customers	Value in mil. €	1,920
Percentage of financing for sustainable building projects (of total credit)	%	10.4
Description		



## New projects in 2018

### PROJECT

## The BRIDGE II

### VALUE

27.5 mil. €

### BUILDING SURFACE

35,280 m<sup>2</sup>

### CERTIFICATE

**LEED Gold**

### DESCRIPTION

The The Bridge II building was designed taking into consideration the latest global trends in green buildings. Tenants will benefit from major maintenance cost deductions thanks to the investment in performant systems that reduce the costs of electricity and heating. Offices in The Bridge Park will be certified green LEED Gold, with final certification expected at the end of 2019.

### PROJECT

## Unirii View

### VALUE

21.5 mil. €

### BUILDING SURFACE

27,360 m<sup>2</sup>

### CERTIFICATE

**BREEAM Excellent**

### DESCRIPTION

The design of the building focuses on collaboration, concentration and contemplation. With a height of 73 meters, the Unirii View offers a 360-degree panoramic view over the city. The building obtained the green certification BREEAM, with Excellent rating, the process being planned to finish at the end of 2019.



**OTHER PROJECTS FINANCED BY THE BANK WITH POSITIVE IMPACT ON ENVIRONMENT**

**19.3 mil. €**

for the **public transportation in Cluj**, for new trams acquisition and buses with low environmental impact

**SOCIAL PROJECTS**

**0.65 mil. €**

for **medical equipment** acquisition

**0.5 mil. €**

for opening **a new preschool**

**2 mil. €**

for **equipment** acquisition

**GREEN MORTGAGE**

For encouraging private individuals to acquire "Green Homes" energy efficiency certificated homes, Raiffeisen Bank launched a housing loan

**- Casa Ta Verde -**

in collaboration with the **Romanian Council for Green Houses (RoGBC)** that offers certificates for green houses.

**ADVANTAGES FOR CUSTOMERS WHEN PURCHASING A ENERGY EFFICIENCY CERTIFICATED HOME:**

■ a lower interest rate compared to the standard housing credit

■ lower energy and repair costs  
 >> direct monthly benefits that translates to lower maintenance costs\*

■ living in an eco-house means a better environment for the whole family due to the ecological and non-toxic construction materials

\*The annual savings can cover up to two monthly payments a year.

# Customer Solutions

## Customer communication

The transparent, cohesive and permanent communication with the bank's customers enables us to have an overview of their needs so that we can provide solutions adapted in order for them to be satisfied and to recommend our services and products.

The bank contacts a large number of customers on a monthly basis in order to consolidate the relation thereto and in order to monitor their insight and satisfaction level concerning the services received.

**Net Promoter Score (NPS)**

2016: **34**

2017: **42**

2018: **46**

NO.	SURVEY NAME	CUSTOMER SEGMENT	INDICATOR	RESULTS 2017	RESULTS 2018
1	Second day call	PF	Overall satisfaction with the Bank's employees	66.18% very satisfied or extremely satisfied	68.68% very satisfied or extremely satisfied
2	Second day call	SMEs	Overall satisfaction with the Bank's employees	67.14% very satisfied or extremely satisfied	68.89% very satisfied or extremely satisfied
3	Second week call	PF	Satisfaction with the complaint management	38.66% very satisfied or extremely satisfied	39.42% very satisfied or extremely satisfied
4	Second week call	SMEs	Satisfaction with the complaint management	39.47% very satisfied or extremely satisfied	47.29% very satisfied or extremely satisfied
5	Net Promoter Score*	PF	Intention to recommend the Bank	42	46
6	Net Promoter Score*	SMEs	Intention to recommend the Bank	Small enterprises: 39 Medium enterprises: 34	Small enterprises: 44 Medium enterprises: 39
7	Net Promoter Score*	Corporations	Intention to recommend the Bank	42	59

## Solutions for private customers in vulnerable situations and with financial difficulties

Raiffeisen Bank S.A. understands that sometimes the customers can face financial difficulties. In 2018, the Bank has continued to provide solutions retail customers facing financial distress or who find themselves in vulnerable situations.

The solutions offered to customers in difficulty consisted in: temporary reduction of interest and principal between 3 and 5 years, permanent reduction of the loan cost, partial principal write-off based on good payment behavior (after a certain period of time, according to the restructuring offer) or partial deletion of principal in advance (at the time of the restructuring), expansion of maturity and consolidation of loans.

In the case of Swiss franc loans (CHF), the Bank continued to offer a restructuring option based on significant reductions along with the change in the currency of credit and debt rescheduling for customers with financial difficulties. Since 2010, the bank has been offering all customers, free of charge and at their choice, the possibility

to postpone payment of monthly instalments by up to 3 months on the duration of the loan, in exchange for the expansion thereof by 3 months. This option stipulated in the agreement allows customers faced with temporary financial difficulties to overcome the difficult period. The bank understands that unforeseen circumstances, positive or negative, may come up in anybody's life and so tries to provide this facility to customers who wish to pay, but cannot. Customers who encountered difficulties regarding the payment of the loan due to tragic situations such as death, divorce or serious health problems were a priority for the bank. The bank is making attempts at having a constructive dialogue with customers faced with financial difficulties but who are not tardy yet by educating them in regards to the available solutions. In order to avoid forced execution procedures, the bank promotes amicable collection options, restructuring or partial liquidation solutions.

The measures taken before the commencement of the forced execution procedures are:

- amicable collection by phone calls, SMS, letters, or home visits, carried out by specialized, internal teams or through collection agencies offer to restructure loans
- the proposal of proactive restructuring solutions (educating customers who are not aware of these possibilities)
- offering a partial write-off of unsecured loans debts or those secured by the collateral voluntary sale procedure

The criteria considered in settling social cases include: the death of a debtor or spouse, serious health problems, unemployment, income reduced below the national minimum wage, and real-estate destroyed by accidents that are not covered by insurance. The bank's intention is to avoid forced execution as much as possible. Even in case of starting forced execution procedures, the bank continues to offer customers amicable debt collection solutions, such as voluntary sale of security with the decrease of the remaining amount due or reinstatement of the payment plan. These options are offered in order to avoid forced execution and additional costs that the customer must then pay to the official receiver. Unfortunately there are cases when customers react too late and contact the bank to reach an agreement only after the official receiver has been notified. In this case, the costs of the execution must be paid in advance to the official receiver by the customer.

The Bank has initiated an internal monitoring program based on direct calls and survey of the perceptions of customers with payment delays. By following up calls and a friendly approach, the bank can identify the customers' opinions and develop the most appropriate solution/problem-solving plan and also achieve its goal of offering a transparent and clear information process. Surveys among customers were developed in order to obtain feedback on the satisfaction level concerning



their interaction with bank's employees and the services provided. Raiffeisen Bank has redefined its communication strategy in relation to the customers who find it difficult to pay their consumer credit installments and has created the Friendly Collection program. In order to determine the impact of changes on their satisfaction, the bank has interviewed a representative focus group of customers before and after implementing the program.

The bank contacts a large number of customers on a monthly basis in order to consolidate the relation thereto and in order to monitor their insight and satisfaction level concerning the services received. The transparent, cohesive and permanent communication with the bank's customers enables us to have an overview of their needs so that we can provide solutions adapted in order for them to be satisfied and to recommend our services and products. Any changes to the terms and conditions concerning credit facilities, interest rates or taxes and commissions are constantly communicated on the bank's website

## Money Bistro

At the end of 2018, Raiffeisen Bank launched an online platform dedicated to financial education of the adult population, **moneybistro.ro**.

The program translates financial terms and concepts into fun video lessons, thought of as "financial appetizers", meant to increase the number of people with the optimum level of financial education. The first season available on the online platform has 10 episodes, hosted by Andi Moisescu, who discusses with entrepreneurs, economists, journalists, bloggers, chefs or gastronomy enthusiasts about habits for a financially healthy living.

"Money Bistro came from the need get involved in the financial education of Romanians, but also from the desire to do things differently. So, we proudly invite you to Money Bistro, a virtual space where we will discuss budgets, basic financial concepts and take down false myths about money. The goal is for everyone to choose the right financial behaviour for them and their family."

### Steven van Groningen

president  
Raiffeisen Bank Romania

# MONEY BISTRO

means:

a virtual space for financial education

short weekly lessons on personal budget planning

videos, infographics and weekly interviews about financial moderation

interviews with public persons and Raiffeisen Bank employees





# Digitization

Digitization and the adaptation of the law to the technological process continued to be highly important in 2018 for Raiffeisen Bank, with the company offering customers instant access to more and more banking services and products.

The digital client portfolio registered new record figures, with customers using our Raiffeisen Online and Smart Mobile applications 65% more than the previous year, with nearly 82 million authentications in 2018. The number of digitally active clients reached 550,000, and mobile banking users increased with 47% compared to the previous year. In addition, the number of transactions and payments made by private individual customers through the digital channels of Mobile and Internet Banking increased by 40% in 2018.

Continuing the digital and innovation strategic directions to better meet the needs of our customers, by the end of 2018 we launched the new Mobile and Internet Banking applications to the over 5,000 employees of the bank. At the same time, we further worked to optimize them based on the feedback received to make sure that we meet even the most demanding requirements. The applications have a new, modern design, and the intuitive interface allows users to do any bank operation effortlessly.

What is more, starting with November 2018, customers can get a credit card during a single visit to the bank's agencies. The customer chooses the product and gets the card on the spot.



**550,000**  
digitally active clients

**Raiffeisen Online & Smart Mobile:**  
**~82 million**  
authentication in 2018

**+47%**  
increase in the number of mobile banking users compared to 2017

# Environmental Performance

The bank's activities involve a high consumption of resources (materials and energy). Raiffeisen Bank's commitment to sustainable development requires, in addition to analyzing the social and economic impact, the analysis of the environmental impact of the bank's activities.

At local level, the Directorate is responsible for overseeing risk-assessment activities in regards to environmental protection, activities that fall under the responsibility of the Risk Committee.

The Compliance Division closely monitors the activities in all the agencies and assesses the risks of compliance with environmental legislation. Where appropriate, the Compliance Division recommends the Risk Committee measures to be taken to minimize the risk of non-compliance with current legislation. The bank recognizes that it needs a consistent approach, which is why it continuously updates its environment protection policy, in accordance

with the Group policies, with national laws and regulations and the international best practices. The Human Resources Department is responsible for informing and training the employees on environment-friendly behavior (including training on environmental policy), while the Purchasing and Infrastructure Management Department monitors and reports on resource consumption within the Bank and provides the necessary infrastructure for the selective recycling.

**Paper and electric and electronic waste**

paper • kg  
 2017 | 2018  
**294,425** | **300,488**

print cartridges and toners • pieces  
 2017 | 2018  
**6,400** | **6,568**

**Waste**

corrugated board (paper) • kg  
 2017 | 2018  
**98,521** | **86,194**

glass • kg  
 2017 | 2018  
**0** | **8**

lamps • kg  
 2017 | 2018  
**1,044** | **2,072**

batteries • kg  
 2017 | 2018  
**3,869** | **0**

plastic • kg  
 2017 | 2018  
**2,533** | **14,605**

DEEE • kg  
 2017 | 2018  
**70,294** | **96,488**

household waste • kg  
 2017 | 2018  
**6,477,317** | **5,936,420**

The company encourages selective waste collection, including among its employees, and implements measures to improve its recycling process. In some cases, the total amount of waste collected during a year, depends on the life cycle of the products (batteries, WEEE, lighting equipment, etc).

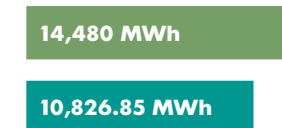
**Energy**

TOTAL ENERGY CONSUMPTION	2017			2018		
	MWh	GJ	toe	MWh	GJ	toe
Electricity and cooling	22,385	80,586	1,924.77	17,785	64,026	1,529.51
Heating energy (natural gas)	14,480	52,128	1,245.28	10,826.85	38,976.66	931.11

**ELECTRICITY AND COOLING**



**HEATING ENERGY (NATURAL GAS)**



The utilized conversion factors are:  
 1 kWh = 3.6 \* 10<sup>6</sup> J  
 1 GJ = 10<sup>9</sup> J

FUEL CONSUMPTION	2017			2018		
	t	GJ	toe	t	GJ	toe
Diesel	400	17,040	406	470	20,022	477.05
Gasoline for vehicles	66	2,871	69.3	51	2,218.5	53.55

Conversion factors used for transformation into GJ are:

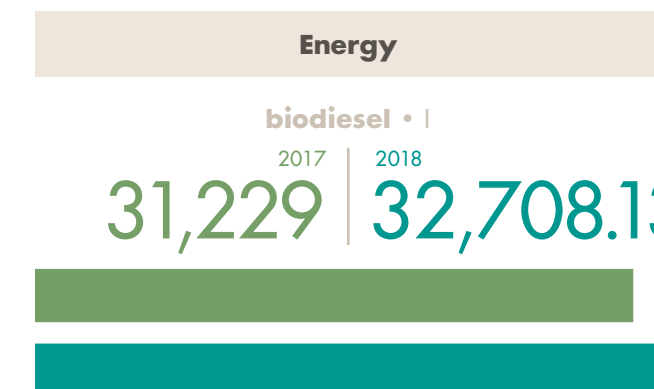
diesel density = 0.832

1 t diesel = 42.6 GJ

gasoline density = 0.715

1 t gasoline = 43.5 GJ

**Energy consumption from renewable sources**





## Total consumption and intensity of energy

When calculating the total consumption of energy and transforming it into TPE (ton of petrol equivalent), we used the methodological norm of reporting the total consumption of energy required by the National Energy Regulation Authority.

Conversion factors used for transformation into TPE are:

CONVERSION FACTOR	ELECTRICITY	NATURAL GAS	GASOLINE	DIESEL
	1 MWh=0.086 tpe	1 MWh=0.086 tpe	1 t = 1.05 tpe	1 t = 1.015 tpe

$$\text{total consumption of energy} = \text{electricity} + \text{natural gas} + \text{fuel (gasoline+diesel)}$$

$$\text{total consumption of energy} = 64,026 + 38,976.66 + 20,022 + 2,218.5 = 125,243.16 \text{ GJ}$$

$$\text{total consumption of energy} = 1,529.51 + 931.11 + 477.05 + 53.55 = 2,991.22 \text{ tpe}$$

$$\text{energy intensity} = \frac{125,243.16}{120,370} \text{ GJ/m}^2 = 1.04 \text{ GJ/m}^2$$

față de 1.24 GJ/m<sup>2</sup> în 2017

$$\text{energy intensity} = \frac{2,991.22}{120,370} \text{ tep/m}^2 = 0.0249 \text{ tep/m}^2$$

compared to 0.0295 tep/m<sup>2</sup> in 2017

Total surfaces used by company: 131,449 m<sup>2</sup> (from which 11,079 m<sup>2</sup> are private propriety and 120,370 m<sup>2</sup> spaces for working activities).

## Travel

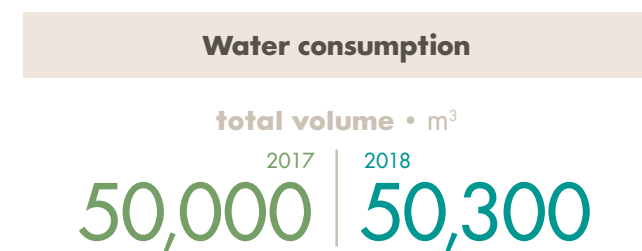
TRANSPORTATION OF EMPLOYEES	2017	2018
Distance travelled by employees driving their personal vehicles for business purposes	1,030,224 km	966,016 km
Distance travelled by employees travelling by taxi for business purposes (aprox. 58.000 l)	723.888 km	832,443 km
Quantity of weight transported by courier services	160 t	160 t
Distance traveled by taxi, car fleet and personal vehicles	7,732,717 km	7,239,047 km

	2017	2018		2017	2018
<b>No. of vehicles in the company's fleet</b>	<b>521</b>	<b>524</b>	<b>Distance travelled by employees travelling by plane</b>	<b>3,289,890 km</b>	<b>3,928,539 km</b>
Diesel	458	470			
Electric	3	3			
Gasoline	60	51			

## GHG Emissions

SCOPE	THE SCOPE INCLUDES	EMISSION FACTOR	TOTAL CATEGORY 2017	TOTAL CATEGORY 2018
			t CO <sub>2</sub> eq	t CO <sub>2</sub> eq
Scope 2 Emissions	Consumption of electricity	215.26 g CO <sub>2</sub> /KWh**	5,818.6	4,825.58

## Water consumption



## Measures for reducing the environmental impact

- The company is in the process of replacing neon lighting with LED technology in order to reduce its energy consumption. In 2018, three light boxes were replaced.
- In 2018, the Bank began the process of identifying waste collectors in the cities where it operates in order to contract selective recycling services.
- There is infrastructure for the selective recycling of plastic, glass, metal and paper at administrative level. The Bank has conducted information campaigns to inform and educate employees about the importance of recycling reusable materials.
- To reduce water consumption, the bank installed in the administrative offices toilets with sensors and water evacuation mechanism.
- According to the electricity etiquette provided by the company's supplier, Enel Energie Muntenia,

~38%

of the electricity purchased and consumed by the company was produced from renewable sources.

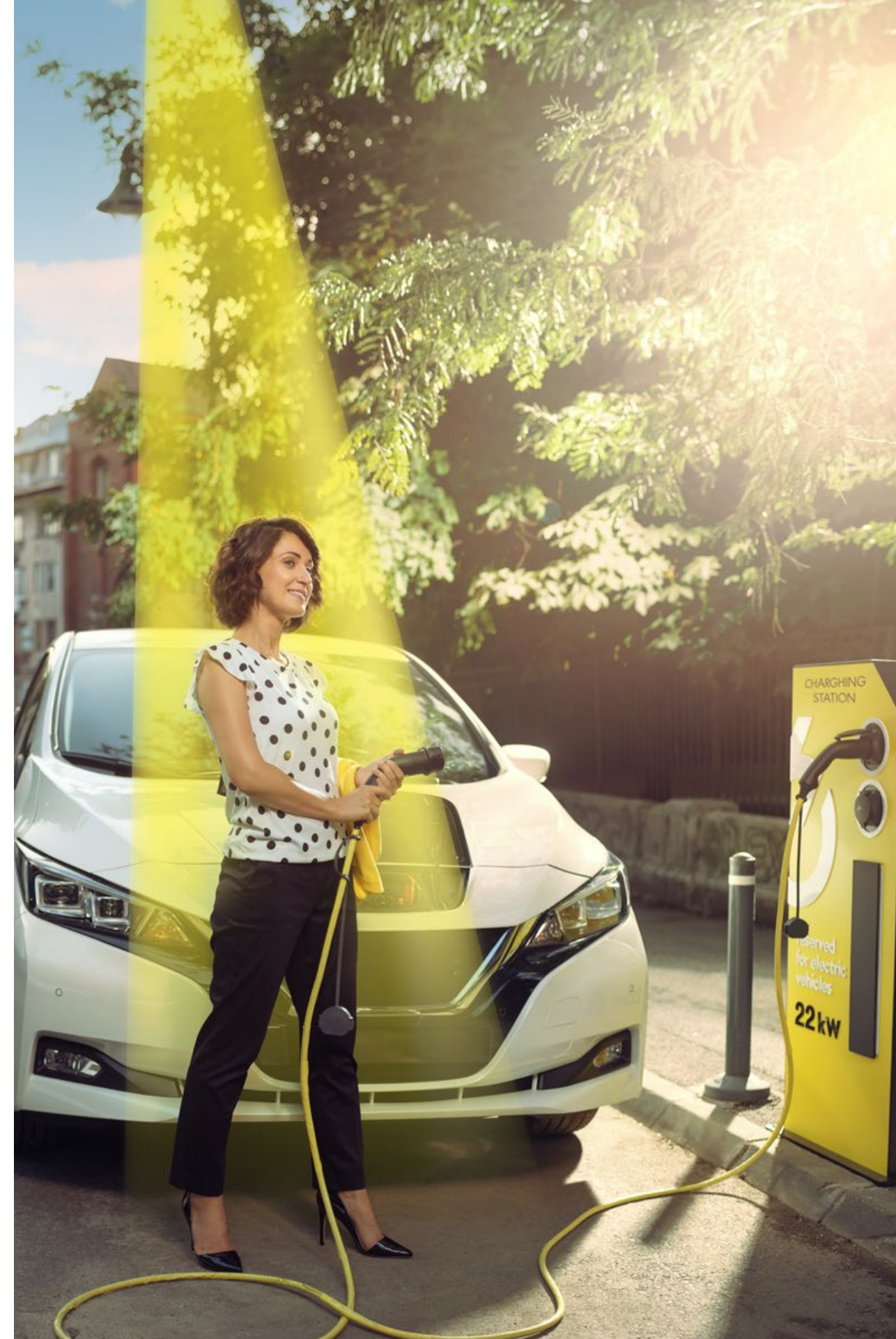
- **29%** of the budget for community investment was dedicated to urban ecology projects.
- During the night, the central heating is controlled by a thermostat that adjusts automatically the temperature.
- Replacing the gasoline vehicles with diesel vehicles, which are more efficient in terms of fuel consumption and carbon footprint.
- Adding three electric/hybrid vehicles to the car fleet.
- Organize awareness and behavior changing campaigns among its employees.
- The Bank supports the programs that promote alternative means of transport, such as cycling.

## Binele se întoarce. Reciclează!

The bank continued in 2017 the selective recycle internal campaign started in 2017 by implementing in two head-agencies in Bucharest special spaces for selective recycling of the paper, plastic, metal, glass and domestic waste, personalized with tips for a correct selective recycling. The collective trash bins have been replaced with places specially designed for selective recycling, labelled with a

# reduce, recycle, reuse!

logo.





04

# Long-term Relationships



**OUR EMPLOYEES  
OUR COMMUNITIES  
OUR SUPPLIERS**





# OUR EMPLOYEES

The Bank considers that a long-term success and sustainable development is based on an **effective communication and support of its employees**.

To ensure that all the employees are permanently involved, motivated and connected to customer needs, the company focuses on maintaining a **fair work place**, based on **respect for human rights** and **zero tolerance for discriminatory behavior**. At the same time, the bank focuses on developing and implementing **training programs** that meet the needs identified through ongoing communication with employees, focusing both on their professional development (by offering talent management programs) and on their personal development.



# Our team & work place

## THE STRATEGIC OBJECTIVES

of the Bank in  
the human resources area

■  
To develop and promote  
an approach based  
on support, reward,  
professional development,  
and efficient management  
so that employees can  
achieve the desired  
performance level

■  
To achieve a high  
level of employee  
engagement



■  
To create the  
leadership skills  
needed at all levels  
of the company to  
support the bank's  
vision

■  
To build a solid  
organizational culture  
based on diversity  
by continuously  
promoting the values  
of the bank

## VALUES

that govern  
the daily activity of the team

- CUSTOMER ORIENTATION ·
- PROFESSIONALISM ·
- QUALITY ·
- MUTUAL RESPECT ·
- INITIATIVE ·
- TEAM WORK ·
- INTEGRITY ·

The main principles defining the employee behavior are governed by the Raiffeisen Group Code of Conduct, updated at the beginning of the reporting cycle, in January 2018.

The Bank strives to ensure that its employees' attitudes and behavior are in line with the highest standards.



### EMPLOYEES BY GENDER

**3,805**

women

**1,216**

men

In 2018, the Bank had 5.021 employees in 419 de offices. 75,63% of the employees were women and the average age was 37 years. All employees have full time or part time contracts and benefit from the collective contract stipulations.

### CLASSIFICATION OF THE EMPLOYEES BY TYPE

2018	MEN	WOMEN	TOTAL
Full time	1,180	3,709	4,889
Part time (1 h – 7 h)	36	96	132
<b>Total employees</b>	<b>1,216</b>	<b>3,805</b>	<b>5,021</b>

### NUMBER OF EMPLOYEES IN HEAD OFFICE

2018	NO.	% FROM THE TOTAL NUMBER OF EMPLOYEES IN HEAD OFFICE
Sky Tower	495	25%
Office Building	952	48%
Braşov Operational Centre	522	27%

CLASSIFICATION OF THE EMPLOYEES BY EMPLOYMENT CONTRACT	HEAD OFFICE		NETWORK / AGENCIES	
	MEN	WOMEN	MEN	WOMEN
Permanent	684	1,327	422	2,096
Temporary	65	149	45	233
<b>Total employees</b>	<b>749</b>	<b>1,476</b>	<b>467</b>	<b>2,329</b>

## Employee turnover

In 2017, the employee turnover rate has decreased with aprox. 3% compared to 2017, reaching 18,84%.

As in previous years, the women turnover rate is higher (13,82%, compared to 5,02% for men). In the same time, the turnover in agencies has

decreased from 13,01% in 2017, to 10,14% in 2018. The percentages include volunteer leaves (resignation, jubilation, employment contract expiration). The number includes cases in which the employees choose not to return to work after the parental leave.

CATEGORY	NEW HIRES		TURNOVER	
	number	percentage	number	percentage
<b>2018</b>				
<b>Gender</b>				
Women	692	18.19%	694	13.82%
Men	258	21.22%	252	5.02%
<b>Total</b>	<b>950</b>	<b>18.92%</b>	<b>946</b>	<b>18.84%</b>
<b>Age groups</b>				
< 30 years	619	12.33%	423	8.42%
30-50 years	319	6.35%	477	9.50%
>50 years	12	0,24%	46	0.92%
<b>Total</b>	<b>950</b>	<b>18.92%</b>	<b>946</b>	<b>18.84%</b>
<b>Office/location</b>				
Head offices	462	9.20%	437	8.70%
Agencies	488	9.72%	509	10.14%
<b>Total</b>	<b>950</b>	<b>18.92%</b>	<b>946</b>	<b>18.84%</b>

## Recruitment process

The bank takes responsibility to perform a high-quality recruitment and selection process, governed by its values:

- INTEGRITY
- EDUCATION
- RESPECT
- PASSION
- COLLABORATION
- DISCERNMENT
- SIMPLICITY

The company considers the employment a long term decision, therefore vacancy compatibility and advancement possibilities of the candidates

are taken into consideration through the recruitment and selection process

The occupation of all vacancies in Raiffeisen Bank is carried out via the recruitment and selection process, which is covered by the Recruitment Department. The company encourages internal recruitment in order to provide employees who fit the profile and requirements of the job with the possibility to advance and evolve professionally.

In 2018, the recruitment team carried out 327 recruitments and selections by identifying proper candidates from within the organization and 950 from outside it.



## Attracting new talents

2018 brought new university graduates more chances to involve in the company programs dedicated to attracting new talents and training new skills and competencies.

## Raiffeisen Banker 2 Be

In 2018 we consolidated the program dedicated to young graduates who want to start a career in banking and expanded it to areas outside Bucharest. The program was designed as a recruitment channel for the whole units' network for the positions in the front office area. Thus, during the year, over 200 young specialists were trained and integrated in the company in the front office area. Also, in 2018 we organized a 6-week intensive training process for young graduates: a 2-week theoretic module and a 4-week practice module in an agency, along with an assigned mentor. The program registered 950 applicants from outside organization and 174 beneficiaries of the training sessions.

## Raiffeisen IT Trainee & Raiffeisen Management Trainee

In 2018 the Bank has continued the selection process for the teams involved in its two programs. The program will begin during January 2019, with the new selected teams.

## Internships

In 2018, Raiffeisen Bank provided internships to 450 students or graduates who are interested in becoming familiar with the spirit and culture of an elite multinational organization. Within the two-four weeks of practice, the young internees are exposed to the specific workflow within a banking entity and acquire practical experience, useful for future employment.

## Employee communication

Open communication is the key to a positive working environment.

All employees are encouraged to share suggestions and ideas about things that need improvement as well as report any deviation from the Code of Conduct. Moreover, the bank facilitates internal communication by caring out employee polls that give employees the instruments that they need in order to share their opinions, propose improvement ideas and implement new concepts. Our employees can report any suspicions of conduct violations to their immediate superior, to the Compliance Division or to the Group Compliance Department.

The bank offers to its employees the Whistle Blowing Hotline system to be used in order to report anonymously any suspicion or deviation from the Code of Conduct. The bank takes active measures to ensure the employees who use the system will be protected from any professional disadvantages afterwards.

### EMPLOYEE OPINION SURVEY

The Bank ran in 2018 a new edition of the Employee Opinion Survey, a study for investigating the engagement and efficiency levels, in collaboration with the agreed company at the Group level.

This study enhances our understanding of the factors that influence the main pillars of our organization (engagement and efficiency) and contributes to an enhanced communication with the employees.

In addition to the standard questions, agreed at the Group level, we continued this year with the supplementary questions section, designed to collect data related to perception on leadership skills for all management levels.

83% of the total number of employees participated in the study.

### Internal Impact Feedback Survey

In 2018, the Bank registered a new edition of the satisfaction study regarding the internal interaction during the year.

The purpose of this study is to obtain the needed coordinates to initiate concrete actions aimed at increasing the level of satisfaction about internal collaboration, in order to reach the performance goals, and last but not the least, to increase the level of our external clients' satisfaction with our services.



## Internal campaign Stay In

In 2018, Stay-In Interviews continued, with the aim of gathering valuable insights on Raiffeisen's employees' motivation to work, preferences, career and personal interests, and also factors that reduce their motivation. The purpose of these discussions was to have an analysis provided directly by the employees, to establish the actions for securing top performers, stop the fluctuation on critical positions, strengthen the Human Resources – Business partnership component, and offer customized counseling and interventions in the non-functional managerial teams.

In 2018, 150 employees from different bank departments (risk, retail, compliance, legal audit) participated in the Stay In interviews.



## Your Voice

Your Voice" is an internal initiative based on an online platform developed in 2012, aiming to allow bank's employees to give feedback and send ideas for improving products, services, processes and everything related to operational management.

In 2018 the new application was accessed more than 60,000 times and registered 4,800 unique visitors. Significant increases were registered both in terms of initiatives generated - approximately 950 ideas - as well as in the number of initiatives accepted for implementation or implemented - approximately 30 being implemented and 37 in the process. Most initiatives include improvement ideas for the following areas: current account packages, digital banking, secured loans and credit cards and also call-center.



## Workplace

The Bank encourages a safe and fair workplace in which all team members are treated with respect, and promotes diversity, as it is a feature that generates constructive perspectives that increase productivity and achievement of business goals.

## Gender diversity and equality of chances

In order to consolidate the Group's commitment to ensure a safe and fair workplace, based on gender diversity and discouragement of discrimination and harassment, in 2018 the company signed the Diversity Charter.

The bank observes and promotes the principles of diversity, non-discrimination, inclusion and equal opportunities within the work environment and is publicly committed to support, protect and develop diversity within the organization.

The management of the company grants transparency in the human resources management process such as salary and

performance levels, training and development, selection and recruitment of employees. Local law and international standards on human rights are strictly observed. The bank follows the national Labor Code and does not register any risks of being associated to forced labor or child labor practices. Subsequent to the bank's commitment to supporting and protecting human rights within or without the company, in 2018 no human rights violations or forced labor/ child labor incidents were recorded.

In 2018, 56,88% of the management positions within B-1 and B-2 levels were occupied by women, an increase of 2,48% compared to previous year.

CLASSIFICATION OF EMPLOYEES BY GENDER AND MANAGEMENT POSITION	MEN				WOMEN			
	<30	30-50	>50	total	<30	30-50	>50	total
<b>2018</b>								
B-1*	0	15	3	<b>18</b>	0	15	7	<b>22</b>
B-2*	0	43	8	<b>51</b>	1	61	7	<b>69</b>
Other management positions	9	147	19	<b>175</b>	13	304	70	<b>387</b>
Specialists	262	614	96	<b>972</b>	934	2,030	363	<b>3,327</b>
<b>Total</b>	<b>271</b>	<b>819</b>	<b>126</b>	<b>1,216</b>	<b>948</b>	<b>2,410</b>	<b>447</b>	<b>3,805</b>

\* Board-1 is the first level of management below the top management/ Management Board

\* Board-2 is the second level of management below the top management/ Management Board

The bank supports diversity and the creation of a working environment in which people with disabilities may explore their talents and develop professionally.

In 2018,  
**18**  
people with disabilities were working in the bank.

PEOPLE WITH DISABILITIES	2017		2018	
	MEN	WOMEN	MEN	WOMEN
Specialists	5	12	4	14
Other category	0	0	0	0
<b>Total</b>	<b>17</b>		<b>18</b>	





## Non- discrimination

Raiffeisen Bank Romania encourages an environment, where all staff members treat each other with mutual respect and values and supports diversity. Discrimination and harassment are inconsistent with maintaining an integrating work environment in which staff members can reach their highest levels of individual productivity and our business goals. There is neither room nor excuse for any forms of discrimination, harassment or intimidation within the bank. All employees have equal chances related to gender, nationality, disability, age, political opinions, marital/family status, language, religion or sexual orientation. Recruitment, employment and promotion within company are done in accordance with the employee's competence and performance.

## Human rights assessment

Human rights are essential values for Raiffeisen Bank and its employees and the bank publicly assumed a national leader role in promoting responsible business principles in the field of human rights. The bank follows the national Labor Code and does not register any risks of being associated to forced labor or child labor practices. Besides observing the national laws on human rights, Raiffeisen Bank informs and trains employees regarding these aspects, 100% of the personnel being knowledgeable on the Bank's human rights policies.

# Remuneration & benefits system

## Remuneration system

The bank's remuneration system is approved by the Supervisory Board by means of the remuneration Committee that approves the remuneration system.

Remuneration is based on an operational structure and is directly connected to the level of performance and competitiveness, defined in accordance with the value of work, the market level as well as professional experience.

	2017	2017	2018	2018
<b>VALUE OF AVERAGE WAGS COMPARED TO THE NATIONAL WAGE</b>	average employee salary as compared to the mean (average) wage (%)	average employee salary as compared to minimum wage (%)	average employee salary as compared to the mean (average) wage (%)	average employee salary as compared to minimum wage (%)
Average employee wage	192	355	147	361
Average junior employee wage: Bucharest	177	326	204	500
Average junior employee wage: outside Bucharest	96	177	107	261

## Benefits

The benefits granted to all Raiffeisen Bank employees, regardless of the type of contract and duration of employment, are regulated by the Total Remuneration Policy and the Collective Employment Agreement concluded between the Raiffeisen Bank Trade Union and the Managing Board. All employees of the Bank benefit from the stipulations of collective employment contract.

Other benefits offered by the Bank include mobile phones, cars for management positions, psychological counselling, special offers from partners, food tickets or social benefits for employees with serious medical problems or for social cases.

<b>VALUE OF THE BENEFIT PACKAGE AS % FROM SALARY</b>	2017			2018		
	Specialists	Management	Top Management	Specialists	Management	Top Management
	6.01	3.04	1.04	6.3	3.3	1.1

## Paid parental leave

In 2018, 440 employees received parental leave: maternity (437 women) and paternity (3 men).

### NUMBER OF EMPLOYEES THAT RECEIVED PARENTAL LEAVE

PARENTAL LEAVE	2017		2018	
	MEN	WOMEN	MEN	WOMEN
Total number of days of leave*	542	64,509	3,236	22,853
No. of employees entitle to parental leave	58	591	10	616
No. of employees who benefited from parental leave	4	254	3	437
No. of employees who returned to work at the end of their parental leave**	4	157	4	136
No. of employees who returned to work at the end of their parental leave and who were still employed 12 months after returning to work	1	115	3	95
Return rate	100%	61.81%	100%	31.12%
Retention	25%	73.25%	75%	69.85%

437

women

3

men

440

total

\* No. of days of parental leave taken in 2018 by those who began the leave that year

\*\* No. of employees who began their parental leave in 2017 and in prior years, and returned to work

The company provides employees who return sooner from their parental leave with the possibility to opt for

## flexible working program,

reduced by 2 hours, until their child's 2<sup>nd</sup> birthday. At the same time, they may opt for unpaid leave for a longer period of time.

# Performance management & development

## Employee Training and Development

High standard banking products and services can be ensured based on a motivated team, with skills and abilities relevant and well-adjusted to the financial environment. Therefore the company invests constantly in professional training programs and personal development programs designed to support its employees achieve a better work-life balance.

By means of the professional training programs that it grants to its employees, Raiffeisen Bank aims to contribute directly to their individual performance, to the performance of the team and, implicitly, to the overall performance of the organization.

AVERAGE NUMBER OF PROFESSIONAL TRAINING HOURS/EMPLOYEE, PER GENDER AND PROFESSIONAL LEVEL	2017		2018	
	MEN	WOMEN	MEN	WOMEN
B-1*	46	73	63.56	76.36
B-2*	49	40	68.08	68.91
Other management positions	33	30	33.58	30.6
Specialists	38	34	39.82	36.75
<b>Total</b>	<b>38</b>	<b>34</b>	<b>40.28</b>	<b>36.87</b>

\* Board-1 is the first level of management below the top management/Management Board

\*\* Board-2 is the second level of management, below the top management/Management Board



## Performance management

Performance management represents an important aspect for Raiffeisen Bank and it is characterized by an integrate system with a focus on identifying, encouraging, assessing, improving and rewarding the performance of all employees. The performance management system is based on dialog between managers and employees that takes place annually. The focus is on increasing the feedback and encouraging an open and continued communication between managers and employees.

The main components of performance management are:

- Performance Planning (includes employee goal setting / objective setting)
- Performance Diagnosis and Coaching
- Formal and Informal Performance Monitoring
- Ongoing Performance Communication and Mutual Feedback (manager-employee)
- Performance Evaluation
- Performance Appraisal
- Career Development Planning



In 2018 the bank adopted a new performance management policy that consisted in identifying and awarding exceptional employees with team spirit, top results and customer-oriented behavior through a

# Values League

program addressed to all agencies. **The company awarded the employees who were role models, performed above standards and whose exemplary behavior had a positive impact on their colleagues**, thus promoting on daily basis the company's values.

The objective of the program is to build a culture of distribution within the bank ,with a permanent concern for the recognition and appreciation of the people who show commitment, team spirit and those with remarkable results, with customer orientation, thus confirming Raiffeisen Bank's values through daily behavior.

**There are three award categories within the program:**

On the spot awards – awarded by branch managers for excellent customer-oriented behavior

The awards are established based on the proposals from all offices and validated by the Values League Regional Committee. The committee has regular meetings within each region, validates the nominations and establishes the awards.

The Grand prize offers the opportunity to participate in the **Values League Top Performers Meeting**, organized in Switzerland at Ecole Hoteliere Lausanne, one of the most prestigious hospitality management school in the world. The event consists in a 2-day intensive course within the school and experiential learning through visits at 5\* hotels.

PERFORMANCE EVALUATION AND CAREER DEVELOPMENT PLAN	MEN		WOMEN	
	Number	%	Number	%
B-1*	18	100%	22	100%
B-2*	51	100%	69	100%
Other management positions	175	100%	387	100%
Specialists	972	100%	3,327	100%
<b>Total</b>	<b>1,216</b>	<b>100%</b>	<b>3,805</b>	<b>100%</b>

\* Board-1 is the first level of management below the top management/Management Board

\*\* Board-2 is the second level of management, below the top management/Management Board

**18**  
Values League conferences

**785**  
proposals validated by the Values League committees

2 groups (36) colleagues who participated in the **Top Performers Meeting**

**836**  
awards in total



# Programs for employees

In 2018 we continued several strategic programs and launched new initiatives aiming to contribute directly to both individual performance and performance of the team, to developing and improving leadership qualities and increasing the motivation and participation of the employees. We take very seriously the professional training and development of all our colleagues - they represent us and their efficiency and professionalism take the bank's quality standard further.

The learning and development channels and tools that employees may access continued to be various: technical trainings, transversal programs for competencies development, certifications, conferences or workshops. In designing and delivering the training programs we aimed to encourage the learning and education of our employees by providing them high-quality content and up-to-date methods. These programs were implemented based on internal learning specialists, but also with external providers. We equally continued to improve training practices and support technologies: experiential learning, interactive platforms, blended learning, and gamification concepts.

As for the network branches, in 2018 we redesigned and launched a new structure for the learning program for new hires, aligned to the branch activity specific. This includes induction, product, operations, credit, client relationship trainings, and combines alternative learning methods, suited to the current business

context and aligned with the new trends and technologies.

For the headquarter employees, we continued the professional and leadership capabilities development programs launched in the previous years.

In 2018 we reintroduced a new approach of the

## First Time Manager

program, addressed to those who take on a team management position. The program aims to help them in their transition to a manager role and provide them with the proper tools so that they can further develop the people and the teams they work with. 32 employees participated in this program during the year.

In 2018 we continued and expanded the Raiffeisen Banking University program, an employee development program in which we identify and recognize officially the bank's own experts in the most diverse fields related to banking activity. For colleagues interested in professional development, 50 tutors took part in the program and 117 sessions were unfolded by other colleagues with experience, with the participation of 1,700 employees.

### DIGITAL WORLD

In 2018 digital guides were selected from every retail group, whose role was to train, guide and support their colleagues in the process of assisting customers in transitioning towards digital platforms and channels.

### LEAD 2 LEADERSHIP Program

Lead 2 Leadership is an employee development program launched in 2017 for members of the management team aiming to develop and promote highly effective leaders according to the company's strategy and vision. The program offers access to different development methods and tools such as coaching, mentoring, training and job rotation and includes aprox. 200 colleagues who are team coordinators.

### BRANCH MANAGEMENT ACADEMY

Branch Management Academy is a development program dedicated to the employees in agencies. The program offers the appropriate tools to ensure their professional development aligned with the company's strategy and organizational culture. Moreover, the program aims to support the initiation and consolidation of a community of agency managers, where they can cooperate and share knowledge and good practices.

### iGROW

iGrow is an IT app that helps employees identify their career path within the organization, starting from their current positions. By using this instrument, every employee will be able to trace their career path and establish their own professional development plan.



## ProfiBanking

ProfiBanking is a program dedicated to the employees in agencies, aiming to promote the new performance management system with an impact on customer-oriented behavior. The program ensures the optimization of policies and management practices, and promotes a standard in tools and daily working routines at regional level. An important component of this project was the reconversion of all employees, according to the desirable profile for each position through the whole process.

In 2018, 700 colleagues from agencies participated in the process of reconversion and upon completion, the employees received personalized feedback highlighting their strengths and offering suggestions on improving the desired behaviors. Their managers received a management report with further details and recommendations.

## RStyle Program

Starting with 2013, the bank has been implementing an employee wellness program - RStyle - based on **3 pillars**:

- physical health
- psycho-emotional balance
- interpersonal relationships

and which includes **6 fields of action**:

- RSport
- TogetherR
- DevelopR
- RParenting
- RFood
- TravelR

In 2018, the program focused on:

sport, health  
& nutrition,  
and personal  
development.

In 2018 the program included

~150

events, and

>2,700

participants. Based on the previous year experience that showed the most popular events were the sports ones, in 2018 the company gave the employees the opportunity to participate in internal cycling, tennis, volleyball and football competitions, and also in virtual fitness sessions.

The program included also workshops and events dedicated to personal development topics of interest for the members of Raiffeisen team such self-respect, stress management, anxiety management, etc.

**181**  
events

**3,483**  
participants

# Health & safety

## Employee health safety and well-being

The Bank respects the national legislation regarding the health and safety of the employees for registering and reporting accidents, according to Law no. 319/2006 and Government Decision no. 1425/2006 (revised version). The bank established a Health and Safety Committee, responsible for monitoring and counseling in regards to OHS programs. The role of the Committee and of its members is to ensure the implementation of OHS decisions, ensure optimal working conditions, prevent work accidents or illnesses, and make sure that all employees are informed on the OHS policies and procedures. The Health and Safety Committee is comprised of 7 employee representatives, 7 employer representatives, 2 occupational physicians and the Occupational Prevention and Protection Collective.

FOR EMPLOYEES	MEN	WOMEN	LOCATION
<b>2018</b>			
Number of accidents	0	3	(2) Bucuresti (1) Sibiu
Type of accident	0	3 minor accidents	
Accidents rate	0	0.059154143	
Working days with temporary incapacity caused by work accidents	0	18	calendar days
Rate of days with temporary incapacity	0	0.468505499	
Absenteeism	0.01052793	0.023792791	



A photograph of a man with a beard and glasses, wearing a purple long-sleeved shirt, sitting on a grey carpeted floor in a child's bedroom. He is leaning over two young boys who are also on the floor. The boy on the left is wearing a yellow and blue striped shirt and is holding a white remote control. The boy on the right is wearing a red, white, and blue striped shirt and is holding a black remote control. They are all looking at a yellow and black tracked robot that is partially assembled on the floor. In the background, there is a white desk with a model rocket, a white cabinet, and a bunk bed with blue bedding. A large yellow triangle is overlaid on the left side of the image. The text 'OUR COMMUNITIES' is written in bold yellow letters on a dark grey rectangular background in the upper right corner.

**OUR  
COMMUNITIES**



# Community Investment Strategy

Raiffeisen Bank is committed to contributing to the development of local communities on the long term, accompanied by credible and responsible partners.

Investing in the community is an important aspect of the Bank's sustainability strategy. The community programs that the Bank develops are aimed at increasing the positive impact that the company has on the Romanian society. In order to ensure the long-term success of the community investment strategy, the organization's policy requires the programs supported by the company, to be aligned with the needs and wishes of the stakeholders, but at the same time to be closely linked to the strategic development directions defined by the company.

**The Bank's community investments policy states that all the projects or programs supported by the bank must follow these three principle:**

represent role models

be SMART: specific, measurable, achievable, relevant, time-specific

make a long-term difference in the quality of beneficiary life

According to its sponsorship policy and CSR strategy, Raiffeisen Bank supports programs and projects pertaining to five strategic directions:

## URBAN ECOLOGY

projects that aim to increase the quality of urban environment

## SPORTS AS HEALTHY LIFESTYLE

projects that prevent and combat sedentary

## SOCIAL ASSISTANCE

health, people with disabilities, social services

## EDUCATION & FINANCIAL EDUCATION

projects to facilitate access to education to all children

## ROMANIAN ARTS & CULTURE

# Financial Contributions

Main information regarding the community involvement in 2018:

**12,753,022 LEI**

(2.736.700 euro) total value of sponsorship contracts agreements concluded by Raiffeisen Bank. According to the London Benchmarking Group (LBG) reporting methodology, the value invested in community programs and projects was of Euro was

**>9,626,000 LEI**

**+24%**

from 2017 (7.745.378 lei)

## Raiffeisen Communities Grant Program

The 8<sup>th</sup> edition of the attracted **185 projects**,

the first ten best projects received each from the bank 45.000 lei (aprox. 10.000 euro), the total budget of the program being

**450.000 LEI**

**235** employees got involved in volunteer activities in 2018, dedicating

**~900 HOURS**

from their work time to these activities

and other

**147**

colleagues participated in volunteer activities in their free time, totaling a number of

**~1,053 HOURS**

% of the budget allocated to investment category:

**29%**

urban ecology

**23%**

facilitating the access to primary education or financial education

**22%**

art and culture

**16%**

community development

**8%**

sport as a healthy life-style

**1%**

social initiatives

**1%**

health initiatives

renewed commitment to its strategic partnerships developed throughout the years and constant investments in cultural and sport programs:

- Sibiu International Theater Festival (FITS)
- SoNoRo Music Festival
- International Bucharest Marathon
- Maratonul Via Maria Theresia

new partnerships: National Theatre in Cluj Napoca

## List of non-profit organizations and community partnerships in 2018:

- Junior Achievement Romania
- Leaders Foundation
- Young Leaders Club
- Romanian Business Leaders Foundation
- Akcees Education
- Teach for Romania
- United Way Romania
- Princess Margaret of Romania Foundation
- Habitat for Humanity Romania
- OvidiuRo
- Green Revolution
- Running Club
- Sport Arena Streetball
- SoNoRo
- Fanzin Cultural
- Artexim
- Transylvania Beyond
- Goong
- Conexio
- Grivita 53 Cultural
- Tășuleasa Social
- Democracy through Culture
- Calea Griviței Foundation
- Regina Maria Theatre
- Fapte Association
- The Foundation for the Development of Civil Society
- The Community Relations Association
- The Mentoring Project
- Responsible Business Association
- Romanian Theatre Union
- Marghita ACS Cycling
- Friends of National Museum
- AGORA Employee's Organisation
- International Communication Forum
- Smart Athletic Sports Club
- Ivan Patzachin - Mila 23 Association
- "The Laparoscopy, Urological and Endo-Robotic Club"
- People for Sport
- Romanian Foundation for Democracy
- Aspen Institute in Romania
- ACT Cultural Association
- Regina Maria CMU Foundation
- Light into Europe Foundation
- Ha egean Foundation
- Foreign Investors Council
- VOLUM Federation
- Austrian Embassy/ Austrian Cultural Forum
- VIP Association
- Austrian Embassy – commercial section
- ASE Foundation
- Pro Vita
- Habitat for Humanity Romania
- National Radu Stanca Theatre
- Bucharest University Students Association
- Transilvania University in Braşov
- Michael Schmidt Foundation
- Colțea Hospital

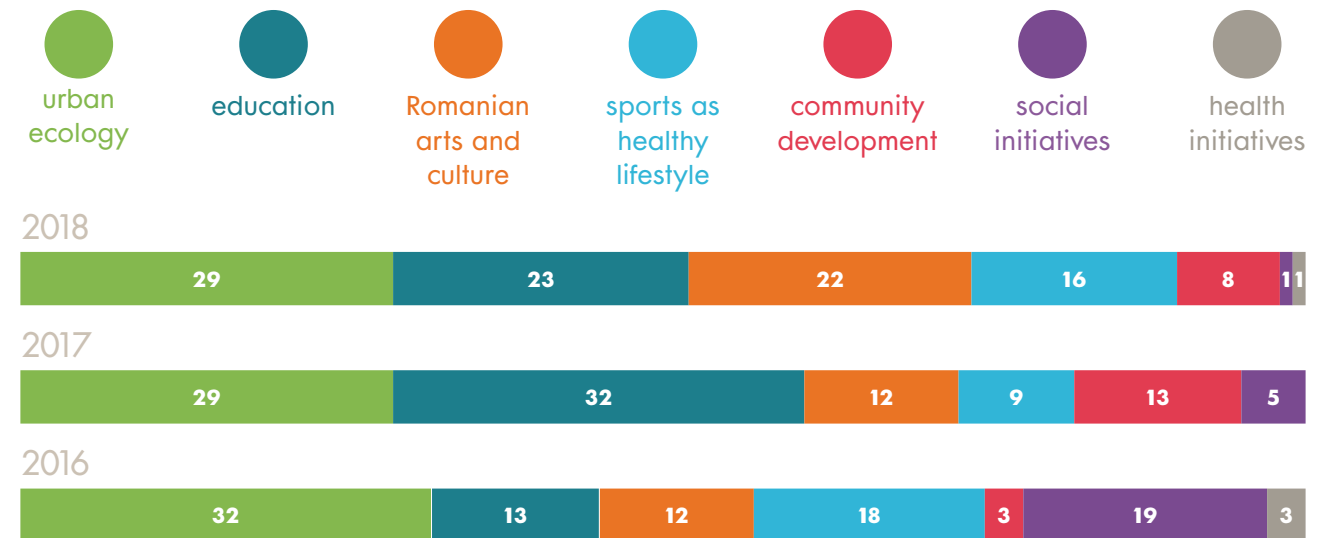


INVESTMENT VALUE / YEAR



COMMUNITY PROJECTS & PROGRAMS BY STRATEGIC DIRECTION

% of total investment



Raiffeisen Bank recognizes the importance of sustainable socio-economically and environmentally development of society in Romania, with a focus on financial education.



Key facts about community investments

# 2017 vs. 2018

number of employees who participated in volunteering actions in community projects supported by the company

2017 | 2018  
**242** | **235**

number of volunteering hours allocated by employees in community projects supported by the company

2017 | 2018  
**842** | **902**

average funds managed by the community partners

2017 | 2018  
**122,409** LEI | **151,883** LEI

% of the gross profit represented by the bank's contribution to its community portfolio

2017 | 2018  
**1.3%** | **1.08%**

Raiffeisen Bank's contribution per employees

2017 | 2018  
**1,465** LEI | **1,904** LEI



COMMUNITY PARTNERS	2016	2017	2018
NGOs	59.5%	91%	92%
Education organisations	26.7%	1%	0%
Medical organisations	9.5%	0%	1%
Non-profit organisations	1.7%	3%	0%
Local authorities	0.9%	0%	0%
Public institutions	1.7%	5%	7%

## 2016



## 2017



## 2018





# Volunteer Programs

## Volunteer policies

All Bank's employees are encouraged to engage in volunteering activities as they have a positive impact on the community and at the same time contribute to improving the relationships between them. At the same time, volunteering leads to increased involvement and personal satisfaction among volunteers, while helping employees to develop new skills.

The volunteering projects available for employees are announced within the bank through e-mail and intranet. All bank' employees have the right to take part in volunteering activities, regardless of their gender, race, religion, position in the company or any disability, with the company assuming the responsibility to offer an appropriate organizational context.

The company encourages and supports employees to volunteer in the communities of which they are part both individually, as well as by means of corporate volunteering. Corporate volunteering activities may take place during working hours, as well as in their free time. The company allows 1 working day/ year, divided in 1-hour increments, for volunteering activities. Within the bank, the Head of the Communications and Public Relations Directorate is responsible for approving volunteering projects and updating policies. The Public Relations Officer manages all process-related activities, answers

the questions addressed by employees on this topic and reports annually details related to the volunteering projects in which the company's employees were involved. 235 of the Bank's employees participated in volunteering actions in community projects supported by the company.

In 2018 also, employees got involved in volunteering activities by taking part in assessments and selections of projects in the various finance programs administered and financed by the bank, in financial education programs, but also in the construction of housing for underprivileged persons.

**235**  
of the Bank's employees participated in volunteering actions in community projects supported by the company

## For employees, volunteering led to:



### self-confidence



### well-being/happyness outside the workplace



### empathy for people and attention to their needs



### attention to wider community/social needs



# Community Projects

## EDUCATION

### Ourselves, My Family, My Town, My community, Our Economy and ABCs of Banking project

The program carried out during the reporting period aimed at developing the required skills for planning expenses, saving money or developing a personal budget and included specially designed modules for each level of primary school - Ourselves, My Family, My City, My Community, Our Economy, and high school - The ABCs of Banking. The project was developed in partnership with Junior Achievement Romania and in 2018 over 44.856 students took part in the classes, together with 681 teachers in over 470 schools amounting a total number of

**72,743**

beneficiaries starting with its first edition in 2010.

The bank continued to support other educational initiatives such as:

- Leaders Experience
- Leaders Explore
- Young Leaders Club Finance
- Raiffeisen Communities
- Antreprenoria
- Romanian Business Leaders' Summit
- FinTech Month
- Reading&Science Corners
- Transylvania beyond Online

Total number of beneficiaries of educational programs supported by the bank:

**>11,500**

## ART & CULTURE

### Sibiu International Theatre Festival

The Sibiu International Theatre Festival (FITS). It represents a perfect combination of theatre, dance, circus, movie, book, conferences, exhibitions, performance, music, and an opportunity to learn and perfect themselves for thousands of Romanian and international volunteers who have joined the event annually.

As part of the bank's long-term investment and sustainable development of community strategy in 2018, the company strengthened its strategic partnerships developed over the years with the following cultural and sports competitions:

- „George Enescu”, International Music Festival
- International Theater Festival in Sibiu
- „SoNoRo” International Chamber Music Festival
- Oradea International Film Festival
- International Comedy Festival
- Bucharest Comedy Week
- Jazz in the Street
- Undercloud Independent Theatre Festival
- Via Transilvanica

and many others, attracting a large number of participants

## URBAN ECOLOGY

### i’Velo Urban, i’Velo Relax & StudentOBike

In 2018 we continued supporting the largest bike-sharing programs in Romania. Thus, in partnership with Green Revolution Association, in 2010 we launched i’Velo, the bike rental program for the general public, by which we aimed to encourage cycling as an alternative to driving, and reduce the impact of road traffic on the health of citizens living in cities, as well as on the environment, by reducing sound pollution and CO<sub>2</sub> emissions. i’Velo is the bank's main program in the area of urban ecology and, in 2018, it registered

**>189,000** unique users who rented one of the  
**1,190** bicycles from  
**7** cities.

During the year, over 196,000 bike rentals were recorded.

## SPORT

### Raiffeisen Bank Bucharest International Marathon

The Bucharest International Marathon is the first annual marathon and sports event recognized at international level and certified by the International Marathons and Distance Races (AIMS). The purpose of this marathon is to encourage people living in big cities to adopt a healthy life style. The first edition was organized in 2008 and since then it has gathered in popularity, more participants joining each year. Through the years, the bank received numerous distinctions and awards for supporting this project: Award of Excellence at Romanian PR Awards, Volunteer Project of the Year in Sports and Recreation at National Volunteer Gala, Company with the largest number of runners at the Bucharest International Marathon, awarded by the Bucharest Running Club.

In 2018,

**400**  
employees participated in the  
**October 13<sup>th</sup>-14<sup>th</sup> edition** of the  
marathon that gathered

**>19,000**  
participants from  
**>70 countries.**

Other events and sports competitions supported by the bank in 2018 were:

- Sport Arena Streetball (one of the largest basketball 3x3 tournaments in Europa)
- Via Maria Theresia International Marathonul
- Rowmania Fest
- Bihor Cycling Tour

All these events attracted

**>2,000**  
participants.

## COMUNITY INVESTMENTS AND SOCIAL ASSITANCE

### Via TRANSILVANICA

Via Transilvanica is a project that intends to build a 1,000 km road for pilgrims to cross Romania from Drobeta-Turnu Severin through Transylvania to Putna in northern Moldova. Raiffeisen Bank has signed a 3-year strategic partnership to finance the first 100 km of Via Transilvanica with the Tășuleasa Social Association.

At social level, in 2018 the bank offered support through sponsorships or donations of IT equipment and furniture, projects on education, health and socio-economic integration of underprivileged categories.

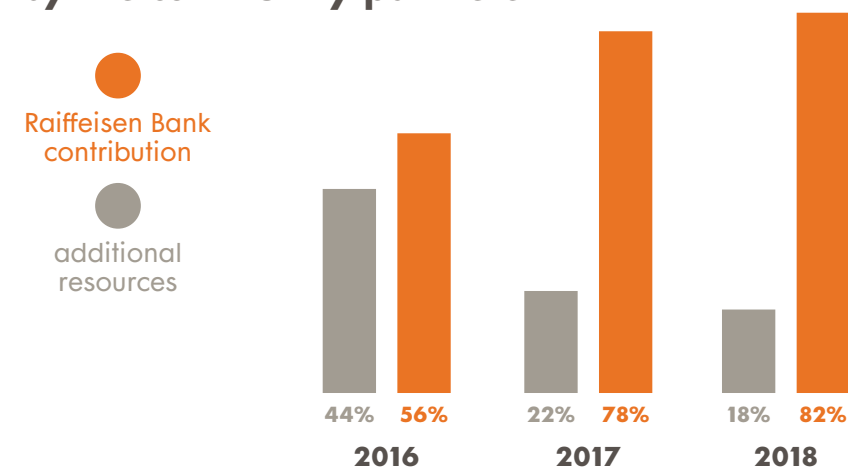


# Community impact

Raiffeisen Bank centralizes the impact of its community activities during every new reporting year, according to the London Benchmarking Group (LBG). The structure of the report and the approach of the bank follow the principles and guidelines provided by the nonfinancial reporting standards of Global Reporting Initiative issued in October 2016, and is part of the company's strategy of honest and transparent communication of its nonfinancial performance indicators.

The bank's contribution, together with additional resources attracted by the community partners, have an important contribution to the development of their organizational capacity and criteria used to measure the success and efficiency of their projects.

## Ratio between the bank's contributions and the additional resources attracted by the community partners



## Changes generated among community partners



### it helped us create a positive image in the community



### it allowed us to better train our employees/volunteers



### allowed us to hire additional staff/host more volunteers



### it allowed us to improve time quality/to increase the time spent with beneficiaries



### it helped us improve our management systems (eg IT, HR, financial)



### it helped us to offer new and improved services and products



In 2018, our community partners reported

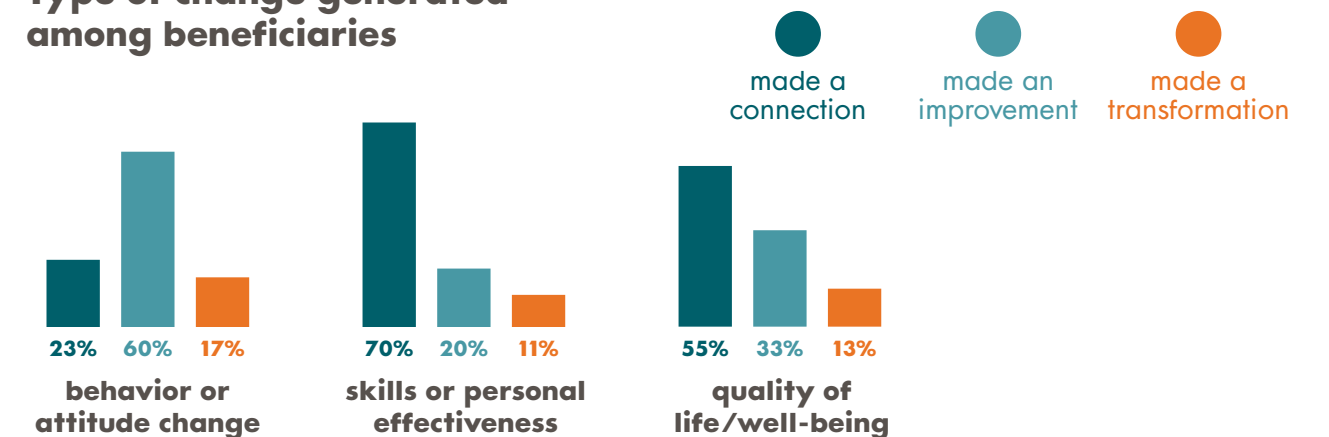
# 271,546

beneficiaries of the projects implemented with the support of the bank. The main improvements reported are oriented towards the development of knowledge or skills, changes in behavior and attitudes, as well as increasing the quality of life.

The bank's average contribution per beneficiary in 2018 was

# 37 LEI

## Type of change generated among beneficiaries





**OUR  
SUPPLIERS**



# Responsible Supply Chain

The quality of the services and products offered by the bank depends somewhat on the quality of the supply chain, especially when it comes to digital products and services. The bank collaborates with its suppliers and service providers based on the Raiffeisen Bank International Public Purchasing Policy. At the local level, the procurement process coordinator is the Purchasing and Infrastructure Management Department, through its Director. For the development of operations, the responsibility belongs to

the people involved in the process, in accordance with their authority limits and duties stipulated in the Company's Organization and Functioning Regulations. In 2018, the bank had 1.270 local and international suppliers and service providers, who were classified in three different categories: IT, non-IT and lease service providers. For the first two categories (IT and non-IT), the selection of suppliers is carried out in accordance with the bank's Purchasing Policy, updated at the

beginning of 2017, according to the group policy. When selecting new providers, social or environmental criteria are not taken into account, all Bank suppliers being required to comply with the Bank's Code of Conduct, which also includes stipulations on the ethical principles of zero tolerance of fraud, bribery and corruption and that aims to discourage and eliminate any act of discrimination or non-compliance with fundamental human rights

Despite the slight decreases of the total number of suppliers (local suppliers included) in 2018 compared to the previous year, the total value of spending on local suppliers increased with

**> 40%.**

LOCAL SUPPLIERS	
2017 583,309,242 <sup>RON</sup> 126,806,357 €	2018 838,905,442 <sup>RON</sup> 180,022,627 €
NO. <b>1,177</b>	NO. <b>1,154</b>
OTHERS LOCAL SUPPLIERS	
2017 162,867,145 <sup>RON</sup> 35,405,901 €	2018 187,752,397 <sup>RON</sup> 40,290,214 €
NO. <b>118</b>	NO. <b>116</b>
TOTAL	
2017 746,176,387 <sup>RON</sup> 162,212,258 €	2018 1,026,657,839 <sup>RON</sup> 220,312,841 €
NO. <b>1,295</b>	NO. <b>1,270</b>
	
OUT OF WHICH NEW SUPPLIERS	
<b>314</b>	<b>76</b>

**Objectives:**

**2019-**

**2020**



## RESPONSIBLE FINANCIAL PARTNER

Increasing the number of customers using the internet and mobile banking platforms in order to increase the quality of services provided and reduce the company's environmental footprint.



## RESPONSIBLE EMPLOYER

**Diversity Officer position**  
- renewing the commitment to ensure a safe and positive workplace, based on equality of chances for all employees, promoting diversity and adverse to discrimination of any kind.

### INCREASING THE SUPPORT FOR LOCAL ENTREPRENEURSHIP:

#### CATALYST

⊕ developing the digital platform of the program

#### FACTORY

⊕ increasing the number of participants and funding opportunities

### DEVELOPING PRODUCTS BASED ON SUSTAINABILITY CRITERIA

ex. **GREEN MORTGAGE**

### CONTINUING THE PROGRAMS DEDICATED TO EMPLOYEES:

**Raiffeisen Bank University**



⊕ increasing the number of training sessions

**Rstyle**

⊕ increasing the number of sole participants

Developing leadership and management abilities

## RESPONSIBLE COMMUNITY PARTNER

### INCREASING THE NUMBER OF FINANCIAL AND ENTREPRENEURIAL EDUCATION PROGRAMS

#### MONEY BISTRO

⊕ developing digital services to promote financial education



### CONTINUING THE PROGRAM

#### RAIFFEISEN COMMUNITIES

⊕ and increasing the number of NGOs and schools that take part in the competition, increasing the value of funding per project

Reducing the company's environmental footprint by continuing the process of merging local agencies and developing digital services for all customers

## RESPONSIBLE CONSUMER

Developing an external audit to identify solutions for rendering the bank's energy consumption more efficient and reduce the company's environmental footprint (implementing a pilot program in 25% of agencies)



Reducing the company's car fleet by 10% and continuing the partnerships that offer more environmentally friendly travel solutions for its employees

### CONTINUING THE PROGRAM

#### i'Velo

and increasing the number of users

continuing the program of replacing the lighting system for boxes



# GRI Content Index

## GRI CONTENT INDEX

GRI Standard	Disclosure	Page number(s) and/or URL	Omission
--------------	------------	---------------------------	----------

### GRI 101: Foundation 2016

#### General disclosures

#### GRI 102: General disclosures 2016

#### Organizational profile

102-1 Name of the organization	16
102-2 Activities, brands, products, and services	16, 17, 19, 58-71
102-3 Location of headquarters	9
102-4 Location of operations	9, 16
102-5 Ownership and legal form	21
102-6 Markets served	16, 17
102-7 Scale of the organization	16, 17, 19, 20, 86
102-8 Information on employees and other workers	86
102-9 Supply chain	120
102-10 Significant changes to the organization and its supply chain	No significant changes
102-11 Precautionary Principle or approach	27-37
102-12 External initiatives	41, 43, 44, 91
102-13 Membership of associations	40

#### Strategy

102-14 Statement from senior decision-maker	7
102-15 Key impacts, risks, and opportunities	32, 33, 56, 57, 73, 92

#### Ethics and integrity

102-16 Values, principles, standards, and norms of behavior	30, 40-44
---	-----------

#### Governance

102-18 Governance structure	21-28
-----------------------------	-------

## Stakeholder engagement

102-40 List of stakeholder groups	49
102-41 Collective bargaining agreements	93
102-42 Identifying and selecting stakeholders	45-52
102-43 Approach to stakeholder engagement	31, 50-52, 69
102-44 Key topics and concerns raised	48-52

## Reporting practice

102-45 Entities included in the consolidated financial statements	16
102-46 Defining report content and topic Boundaries	45
102-47 List of material topics	46-49
102-48 Restatements of information	20, 35
102-49 Changes in reporting	No changes in the reporting process
102-50 Reporting period	1.01.2018 – 31.12.2018
102-51 Date of most recent report	Sustainability Report 2017 (1.01.2017-31.12.2017)
102-52 Reporting cycle	Annual
102-53 Contact point for questions regarding the report	9
102-54 Claims of reporting in accordance with the GRI Standards	8,9
102-55 GRI content index	126-133
102-56 External assurance	No external assurance

## MATERIAL TOPICS

### Economic Performance

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	48, 49
	103-2 The management approach and its components	16,17
	103-3 Evaluation of the management approach	19, 20, 22, 26
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	19, 20



<b>Market Presence</b>		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	48, 49
	103-2 The management approach and its components	93
	103-3 Evaluation of the management approach	22-26
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	93
	202-2 Proportion of senior management hired from the local community	25
<b>Indirect Economic Impacts</b>		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	48, 49
	103-2 The management approach and its components	104, 105
	103-3 Evaluation of the management approach	22, 26
GRI 203: Indirect Economic Impacts 2016	203-2 Significant indirect economic impacts	62, 63, 104-117
<b>Procurement Practices</b>		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	48, 49
	103-2 The management approach and its components	120
	103-3 Evaluation of the management approach	22, 26
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	121
<b>Anti-corruption</b>		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	48, 49
	103-2 The management approach and its components	29-33
	103-3 Evaluation of the management approach	22, 26, 33
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	32
<b>Anti-competitive Behavior</b>		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	48, 49
	103-2 The management approach and its components	35, 36
	103-3 Evaluation of the management approach	22, 26

GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	36
<b>Materials</b>		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	48, 49
	103-2 The management approach and its components	73
	103-3 Evaluation of the management approach	22, 26, 73
GRI 301: Materials 2016	301-1 Materials used by weight or volume	74
<b>Energy</b>		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	48, 49
	103-2 The management approach and its components	73, 78
	103-3 Evaluation of the management approach	22, 26, 73
GRI 302: Energy 2016	302-1 Energy consumption within the organization	75
	302-3 Energy intensity	76
	302-4 Reduction of energy consumption	78
<b>Effluents and Waste</b>		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	48, 49
	103-2 The management approach and its components	73, 74, 78
	103-3 Evaluation of the management approach	22, 26
GRI 306: Effluents and Waste 2016	306-2 Waste by type and disposal method	74
<b>Emisii</b>		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	48, 49
	103-2 The management approach and its components	73, 78
	103-3 Evaluation of the management approach	22, 26
GRI 305: Emissions 2016	305-2 Energy indirect (Scope 2) GHG emissions	77
<b>Employment</b>		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	48, 49
	103-2 The management approach and its components	83-85, 93
	103-3 Evaluation of the management approach	22, 26

GRI 401: Employment 2016	401-1 New employee hires and employee turnover	87
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	93, 98, 100
	401-3 Parental leave	94
<b>Labor/Management Relations</b>		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	48, 49
	103-2 The management approach and its components	88-90
	103-3 Evaluation of the management approach	22, 26
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	90
<b>Occupational Health and Safety</b>		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	48, 49
	103-2 The management approach and its components	100, 101
	103-3 Evaluation of the management approach	22, 26
GRI 403: Occupational Health and Safety 2016	403-1 Occupational health and safety management system	101
	403-2 Hazard identification, risk assessment, and incident investigation	101
<b>Training and Education</b>		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	48, 49
	103-2 The management approach and its components	95, 96
	103-3 Evaluation of the management approach	22, 26, 95, 96
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	95
	404-2 Programs for upgrading employee skills and transition assistance programs	97-100
	404-3 Percentage of employees receiving regular performance and career development reviews	96

<b>Diversity and Equal Opportunity</b>		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	48, 49
	103-2 The management approach and its components	27, 42, 90-92
	103-3 Evaluation of the management approach	22, 26
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	21-26
	405-2 Ratio of basic salary and remuneration of women to men	93
<b>Non-discrimination</b>		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	48, 49
	103-2 The management approach and its components	90-92
	103-3 Evaluation of the management approach	22, 26
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	92
<b>Human Rights Assessment</b>		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	48, 49
	103-2 The management approach and its components	90-92
	103-3 Evaluation of the management approach	22, 26
GRI 412: Human Rights Assessment 2016	412-1 Operations with local community engagement, impact assessments, and development programs	92
<b>Local Communities</b>		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	48, 49
	103-2 The management approach and its components	104, 105, 116
	103-3 Evaluation of the management approach	22, 26
GRI 413: Local Communities 2016	413-1 Operațiuni care au implicat comunitățile locale, evaluări ale impactului avut și programe de dezvoltare	113-117
<b>Public Policy</b>		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	48, 49
	103-2 The management approach and its components	20
	103-3 Evaluation of the management approach	22, 26



GRI 415: Public Policy 2016	415-1 Political contributions	20
<b>Marketing and Labeling</b>		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	48, 49
	103-2 The management approach and its components	34, 35
	103-3 Evaluation of the management approach	22, 26
GRI 417: Marketing and Labeling 2016	417-2 Incidents of non-compliance concerning product and service information and labeling	32-35
	417-3 Incidents of non-compliance concerning marketing communications	34, 35
<b>Customer Privacy</b>		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	48, 49
	103-2 The management approach and its components	36, 37
	103-3 Evaluation of the management approach	22, 26
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	36, 37
<b>Socioeconomic Compliance</b>		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	48, 49
	103-2 The management approach and its components	32-34
	103-3 Evaluation of the management approach	22, 26
GRI 419: Socioeconomic Compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area	34-37
<b>Operations Security</b>		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	48, 49
	103-2 The management approach and its components	27-37, 40, 41, 72
	103-3 Evaluation of the management approach	22, 26
<b>Stakeholder Dialogue</b>		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	48, 49
	103-2 The management approach and its components	45, 50, 51, 69
	103-3 Evaluation of the management approach	22, 26

<b>Management and leadership</b>		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	48, 49
	103-2 The management approach and its components	7-9, 12, 13, 18, 40-44, 53
	103-3 Evaluation of the management approach	22, 26
<b>Innovation</b>		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	48, 49
	103-2 The management approach and its components	62, 63, 71, 72
	103-3 Evaluation of the management approach	22, 26
<b>Volunteering and Community Investment</b>		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	48, 49
	103-2 The management approach and its components	104-112
	103-3 Evaluation of the management approach	22, 26
<b>Responsible Products and Services</b>		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	48, 49
	103-2 The management approach and its components	56-68
	103-3 Evaluation of the management approach	22, 26
<b>Specific Standard Disclosures for the Financial Sector</b>		
FS1	Policies with specific environmental and social components applied to business lines	64-68
FS2	Procedures for assessing and screening environmental and social risks in business lines	56, 57
FS15	Policies for the fair design and sale of financial products and services.	64, 65, 70, 71

