



CORPORATE SOCIAL RESPONSIBILITY REPORT
2016

Disclaimer:

We took the utmost care in the collection and preparation of the data provided in this report. Nevertheless, the document may contain errors. Any statements regarding future developments or expectations expressed in this report are assumptions that were made based on the data and

information available at the time of preparation. Thus, unforeseeable events may lead to deviations from the projections and expectations expressed in such statements.

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PREFACE



Ladies and Gentlemen,

The regular publication of a sustainability report is part of our continuous efforts to further strengthen sustainable action and thinking within BAWAG P.S.K. With this in mind, I am pleased to present you our ninth Corporate Social Responsibility (CSR) Report.

For BAWAG P.S.K. it is important to live up to our corporate social responsibility. It is crucial for companies to strike the right balance between economic, ecological and social objectives. Examples such as the “New Chance” account, the continuation of the Volunteer Days, measures in the course of the Women’s Promotion Program, initiatives focusing on arts, education and social issues, and the crowdfunding platform (www.crowdfunding.at) help to improve the Bank’s perception in the general public.

The GRI Index, which contains our annual progress reports (Communication on Progress, COP) as required by our membership in the UN Global Compact and the UN Global Compact Women’s Empowerment Principles (WEP) are an integral part of this CSR Report.

BAWAG P.S.K. already joined the UN Global Compact in 2009 and the WEP in 2015, and has been committed to complying with the principles of these initiatives ever since. With over 12,000 participants, the UN Global Compact is today the world’s largest network for corporate social responsibility.

I would like to take the opportunity to thank everyone whose commitment to sustainable and responsible business practices allowed us to live up to our social responsibilities and further increase the awareness of these responsibilities in 2016. I count on your continued support in the future.



Anas Abuzaakouk
CEO and Chairman of the Managing Board
of BAWAG P.S.K. AG

Note on the Corporate Social Responsibility Report 2016

The CSR Report includes the GRI Index (from page 28) and UN Global Compact progress reports (from page 34) and is only released in an online version available at <https://www.bawagpsk.com/CSR-Reports>.

This CSR Report describes new developments that have occurred and the progress that has been made in the area of sustainability in 2016, and is directly tied to the CSR Report 2015. The reporting period for the data and

indicators is the years 2014–2016. Important aspects that relate to 2017 and were already known at the time the report was being prepared were taken into account.

The CSR Reports from recent years as well as the Bank’s annual and Corporate Governance reports can be used as supplemental sources of information about BAWAG P.S.K.’s CSR activities.

BAWAG P.S.K. AT A GLANCE

BAWAG P.S.K. Bank für Arbeit und Wirtschaft und Österreichische Postsparkasse Aktiengesellschaft (hereinafter BAWAG P.S.K.) is a corporation registered in Vienna. It was created by the merger of the two long-standing Austrian banks BAWAG and P.S.K., and has a number of specialized subsidiaries such as *easybank*. With 2.2 million retail and commercial banking customers, BAWAG P.S.K. is one of the largest banks in Austria and sees itself as a modern, service-oriented financial services provider with sound market knowledge, holistic, individualized advisory and innovative products that are offered as part of an omni-channel strategy. Two-thirds of our loans and receivables are with customers in Austria.

Business segments

The Bank focuses on five business segments:

BAWAG P.S.K. Retail

The BAWAG P.S.K. Retail segment services 1.8 million private and small business customers through our centralized branch network that we operate in cooperation with Austrian Post as well as our online and mobile sales channels supported by our customer care center. We are one of the leading omni-channel retail banks in Austria, offering simple, fair and transparent products and services through various physical and digital sales channels with a strong and well-recognized national brand. The segment also includes our small business and social housing activities.

easygroup

easygroup services over 420,000 customers/borrowers and is comprised of *easybank*, one of the leading direct banks in Austria, the #3 auto lessor in Austria, *easyleasing*, and our international retail business, consisting of high-quality performing residential mortgage loans in Western Europe. easygroup is a cornerstone to the overall growth strategy for BAWAG P.S.K. Group.

DACH Corporates & Public Sector

DACH Corporates & Public Sector comprises our corporate and public lending activities and other fee-driven financial services, mainly for Austrian customers. Select client relationships in neighboring countries (primarily Germany and Switzerland) are included as well. We serve over 5,000 corporate and public sector customers, providing them with loan products and our payment solutions.

International Business

International Business includes our international corporate, commercial real estate and portfolio lending outside of the DACH region, with a focus on developed countries within Western Europe as well as the United States. The international corporates portfolio consists primarily of lending to free cash flow generating companies with defensive business profiles and appropriate capital structures in recession-resilient industries. The international real estate portfolio focuses on senior loan positions in cash flow generating properties.

Treasury Services & Markets

Treasury Services & Markets acts as a service center for the Bank's customers, subsidiaries and partners through market execution as well as selective investment activities. Among the key responsibilities of Treasury Services & Markets is the management of the Bank's liquidity from the core funding franchise, including the liquidity reserve, as well as certain hedging positions.

Managing Board

Anas Abuzaakouk, former Chief Financial Officer, was appointed CEO in May 2017. Enver Sirucic followed him as Chief Financial Officer. In April 2017, David O'Leary was appointed to the Managing Board for the retail business and Andrew Wise was appointed to the Managing Board for Non-Retail Lending in addition to his role as Chief Investment Officer. Stefan Barth is Chief Risk Officer and Sat Shah Chief Operating Officer.

STRATEGY

Top-line growth in our core markets

Our aim is to grow our customer base in our core markets, namely Austria and Western developed economies with a focus on the DACH region.

Making our customers' lives easier

We offer our customers the best experience and convenience when banking through our various digital and physical channels to build and maintain successful long-term customer relationships.

Efficiency is the key to winning

Cost efficiency across all businesses and functions is critical to winning in a complex world with increased competition, tightening regulatory requirements and prolonged macroeconomic challenges.

Safe and secure

A strong capital position, stable deposits and low and predictable risk costs are fundamental cornerstones for the execution of our business strategy across the Bank.

2016 – A SUCCESSFUL FINANCIAL YEAR FOR BAWAG P.S.K.

2016 was again an excellent year for BAWAG P.S.K. Despite an environment characterized by low interest rates and weak economic growth, the Bank generated a record net profit of EUR 484 million, up 23% compared with the previous year. This increase was mainly driven by higher

net interest income and net fee and commission income, lower operating expenses and lower risk costs. Overall, BAWAG P.S.K. is one of the most profitable banks in Europe, with a return on equity of 16% and a return on tangible equity of 18%.

Key figures at a glance¹⁾

in EUR million	2014	2015	2016
Core revenues	873.1	908.2	922.9
Profit before tax	316.0	418.5	470.4
Net profit	308.0	394.4	483.6
Return on equity	12.7%	14.1%	15.9%
Return on tangible equity	14.9%	16.1%	17.9%
Cost-income ratio	53.6%	48.4%	44.4%
Risk costs / loans and receivables	0.32%	0.17%	0.15%
Total assets	34,854	35,708	39,743
Customer loans and receivables	21,779	24,713	28,494
Customer deposits	21,127	21,692	25,998
IFRS equity	2,619	2,956	3,134
Risk-weighted assets	16,811	16,535	17,140
Common Equity Tier 1 ratio (fully loaded)	12.2%	12.9%	15.1%
Total capital ratio (fully loaded)	15.9%	15.8%	18.0%
NPL ratio	2.8%	2.1%	2.0%

Rating upgrades

In April 2016, Moody's announced several rating upgrades for BAWAG P.S.K. The long-term deposit, senior unsecured and issuer ratings were upgraded by one notch to A3 in 2016. The outlook was maintained as "positive."

Additionally, the Bank's standalone rating (baseline credit assessment) as well as its senior subordinate rating were upgraded to baa2 and Baa3 (investment grade for the first time), respectively.

In November 2016, BAWAG P.S.K. was rated by Fitch for the first time. The long-term issuer rating and the standalone rating were both set at A- with a stable outlook. In February 2017, Fitch additionally assigned senior unsecured and subordinated debt ratings of A- and BBB+, respectively.

In April 2017, Moody's again announced several rating upgrades for BAWAG P.S.K. The long-term senior unsecured debt, issuer and deposit ratings were all raised by one notch to A2, while the positive outlook on these ratings was maintained. At the same time, the Bank's standalone rating (baseline credit assessment) as well as its subordinate debt rating were also upgraded by one notch to baa1 and Baa2, respectively. The current upgrades reflect the continued strengthening of the Bank's financial fundamentals, in particular our capitalization, asset quality and sustained profitability. In addition, Moody's indicates further rating upside potential over the next 12–18 months.

BAWAG P.S.K. has also been assigned sustainability ratings by major European agencies, including SUSTAINALYTICS and oekom research. This is important because many investors are considering ecological and social aspects in

their investment decisions. BAWAG P.S.K. strives to continuously improve its existing sustainability ratings.

Numerous awards received

Euromoney, one of the leading magazines for banking, finance and capital market issues, elected BAWAG P.S.K. as "Austria's Best Bank" for the first time in 2016. This award highlights the Bank's successful strategic transformation in recent years.

The Banker, an international industry magazine for banks published by the *Financial Times*, selected BAWAG P.S.K. as "Bank of the Year" in Austria for the second time in a row in 2016. This award again underlines the Bank's successful strategic transformation in recent years. This honor is awarded by a jury of editors and is based on submissions by selected banks, the "The Banker Top 1,000" database and the publishers' knowledge of the market.

BAWAG P.S.K.'s high standards of quality and service in various areas were once again honored with numerous awards in 2016:

- ▶ "Digitale Helden Zukunftspreis 2016" – With this award for "digital heroes," Microsoft honors Austrian customers who implement especially innovative projects in the area of digital transformation.
- ▶ Career's Best Recruiter 2016/17 – In the annual analysis of over 500 Austrian companies performed by the communication agency GPK, BAWAG P.S.K. once again achieved outstanding results in 2016, taking first place in the 2016/17 ranking for the banking sector. This makes BAWAG P.S.K. the top company in the sector for the sixth year in a row (see page 22 for further details).

CSR STRATEGY

The goals of BAWAG P.S.K.'s CSR activities are oriented towards the Bank's challenges in the areas of the

workplace and the environment as well as the strategic focus of the Bank's core business.

CSR ORGANIZATION AT BAWAG P.S.K.

At BAWAG P.S.K., corporate social responsibility is managed on an interdisciplinary basis under the responsibility of the Managing Board by the CSR Committee, which is made up of the following division heads: Financial Planning & Analysis; Human Resources;

Legal; Non-Financial Risk Management & Regulatory Compliance; IT; Cost Optimization, Strategic Sourcing & Real Estate; Marketing & Products; Austrian Corporate Business & Public Sector and Investor Relations & Communications.

REPORTING BOUNDARIES

The CSR Report 2016 pertains to the company BAWAG P.S.K. with the following limitations:

- ▶ In the CSR Report 2016, the subsidiaries are not accounted for in the social indicators (exceptions for ecological indicators, see page 24). These companies act independently through their own governance bodies. Therefore, all of the content and data related to employees pertain to BAWAG P.S.K. and have a

coverage ratio of 83% in relation to all employees of BAWAG P.S.K. Group.

- ▶ The environmental and energy indicators also include the subsidiaries *easybank*, *easyleasing*, BAWAG P.S.K. Wohnbaubank and BAWAG P.S.K. Immobilien.
- ▶ The economic indicators pertain to the entire BAWAG P.S.K. Group¹⁾.

SELECTION OF CONTENT FOR THE REPORT

The CSR Report 2016 is oriented towards the guidelines of the Global Reporting Initiative, version 4.0, and the Core "In Accordance" option and also contains disclosures specified by the set of industry-specific indicators for financial services and is in line with the principles of materiality, transparency and comparability. Thanks to these measures, BAWAG P.S.K. already complies with the new NaDiVeG (Nachhaltigkeits- und Diversitätsverbesserungs-Gesetz / Sustainability and Diversity Improvement Act), which requires many Austrian companies to publish non-financial information starting with the financial year 2017.

The current report shows where BAWAG P.S.K. can make and plans to make a tangible contribution to sustainable development – both within the Bank and externally, for

stakeholders and customers, with regard to current social issues and in the protection and conservation of natural resources.

In 2011, BAWAG P.S.K. defined which topics are relevant for the Bank in a multi-stage process. First, the Bank asked external stakeholders to share their perspectives, and this feedback was then supplemented with internal points of emphasis. The requirements of the GRI Sector Disclosures for financial services providers and the assessments of sustainability rating agencies were also taken into account.

The results of this process form the basis for the Bank's CSR strategy, the measures of the sustainability program derived from this and the content selected for the CSR Report 2016.

BAWAG P.S.K.'s CSR strategy is broken down into six focuses of action. These are also described by the GRI indicators (please refer to the GRI Index from page 28):

1. Responsible action

- ▶ Transparent information policy
- ▶ Compliance
- ▶ Anti-corruption
- ▶ Anti-competitive behavior
- ▶ Indirect economic impacts
- ▶ Audit
- ▶ Procurement practices
- ▶ Investments

2. Dialogue with stakeholders

- ▶ Local communities
- ▶ Active ownership

3. Customer orientation

- ▶ Product portfolio
- ▶ Customer health and safety

- ▶ Product and service labeling
- ▶ Marketing communications
- ▶ Customer privacy

4. Staff development and training

- ▶ Employment
- ▶ Occupational health and safety
- ▶ Training and education
- ▶ Diversity and equal opportunity
- ▶ Equal remuneration for women and men
- ▶ Non-discrimination

5. Environmental protection

- ▶ Energy
- ▶ Emissions
- ▶ Products and services
- ▶ Transport
- ▶ Procurement practices

6. Civic engagement and personal commitment

- ▶ Local communities

CSR MISSION STATEMENT

BAWAG P.S.K.'s CSR mission statement forms the overarching structure for the focuses of action within the

Bank's CSR strategy. The associated measures are defined in the sustainability program.

CSR topics	Focuses of action for CSR	For BAWAG P.S.K., CSR means
Fairness and respect for the rights of present and future generations	Responsible action	... acting in accordance with the ethical values of our Code of Conduct and the ten principles of the UN Global Compact. ... acting in accordance with the UN Global Compact Women's Empowerment Principles. ... raising awareness for the 17 Sustainable Development Goals of the UN Global Compact as a framework for sustainable action. ... providing the basis for responsible action by creating policies and guidelines.
Strengthening relationships with stakeholders	Dialogue with stakeholders	... facing the expectations and requirements placed on us with respect, an open ear and a willingness to engage in dialogue. ... pursuing an open, transparent information policy internally and externally.
Appropriate products and services for every life circumstance and every stage of life	Customer orientation	... supporting society in urban and rural areas as an Austrian bank. ... providing omni-channel access to banking services for as many people as possible in Austria by actively combating social exclusion, based on a strong local presence, easy-to-understand financial products and barrier-free products and services. ... being a reliable partner for Austria's business community.
Appreciation and advancement of employees in every stage of life	Staff development and training	... offering employees a healthy work environment in which they can advance their careers, appreciating employees and encouraging their potential and their personal commitment for the good of society.
Reducing our environmental impact so as not to endanger the basis of life for future generations	Environmental protection	... keeping the environmental impact of products, services and day-to-day operations as low as possible and reporting about our progress on a regular basis.
Charity activities and volunteer work	Civic engagement and personal commitment	... promoting the civic engagement of our employees, encouraging civic engagement among our customers and supporting their efforts in this area.

SUSTAINABILITY PROGRAM

CSR strategy

Goal: Strengthening the CSR activities

Improvement in the rankings of sustainability rating agencies

Time horizon

Ongoing

Responsible action

Goal: Fairness and respect for the rights of present and future generations

Compliance with guidelines and policies, i.e. the Code of Conduct

Raising awareness of the UN Global Compact Women's Empowerment Principles

Raising awareness for the 17 Sustainable Development Goals of the UN Global Compact

Group-wide excellent non-financial risk management

Time horizon

Ongoing

Ongoing

Ongoing

Ongoing

Dialogue with stakeholders

Goal: Strengthening relationships with stakeholders

Improving communication with stakeholders through events and discussion groups

Time horizon

Ongoing

Customer orientation

Goal: Appropriate products and services for every life circumstance and every stage of life

Continuing with the "New Chance" account and offering sustainable investments

Consideration of sustainability criteria in the product development process

Time horizon

Ongoing

Ongoing

Staff development and training

Goal: Appreciation and advancement of employees in every stage of life

Increasing the ratio of women in management positions by implementing the Women's Promotion Plan

Supporting older employees by implementing generation management measures

Time horizon

Ongoing

Ongoing

Environmental protection

Goal: Reducing our environmental impact so as not to endanger the basis of life for future generations

Further increasing the energy efficiency of the headquarters

Increasing energy efficiency in the branches through advanced analysis of consumption data collected, identifying energy savings potential and developing recommendations for improvements

Time horizon

Ongoing

Ongoing

Civic engagement and personal commitment

Goal: Charity activities and volunteer work

Screening, selection and communication of suitable projects

Encouraging employees to make use of volunteer days by promoting past social activities and evaluating the activities performed in the past

Raising awareness of the need for lasting civic engagement and sustainability in day-to-day operations

Time horizon

Ongoing

Ongoing

Ongoing

RESPONSIBLE ACTION

For BAWAG P.S.K., responsible action means acting in accordance with the ethical values of our Code of Conduct, the ten principles of the UN Global Compact and the seven UN Global Compact Women's Empowerment Principles, among other things, and making a contribution to achieving

the 17 Sustainable Development Goals of the UN Global Compact. The Bank has numerous policies and guidelines based on these principles that ensure responsible action by its employees.

COMPLIANCE

Effective compliance and risk management is a decisive aspect of a bank's success. In addition to the conventional risk types, the management of non-financial risks is becoming increasingly important. BAWAG P.S.K. responded to this development by establishing a Non-Financial Risk Management & Regulatory Compliance division in the fall of 2016. The compliance officer and the anti-money-laundering officer head up this division together with the goal of implementing a uniform, Group-wide management approach for non-financial risk and compliance.

BAWAG P.S.K.'s Group-wide compliance and non-financial risk management not only ensures that laws, requirements and standards are abided by, but also provides comprehensive protection for investors, customers, employees and the Bank itself. Along with the management of operational risk, the key responsibilities are preventing money laundering, combating terrorist financing, monitoring compliance with sanctions, fraud prevention, data protection, information security, securities compliance and the prevention of insider trading, market abuse and conflicts of interest.

In addition to all relevant laws such as the Securities Supervision Act, all employees are also bound by a Code of Conduct that also contains guidelines for business conduct and customer service, for how conflicts of interest are to be handled and for preventing market abuse and money laundering. A detailed anti-corruption guideline governs the acceptance and awarding of gifts and keeps employees and management abreast of the anti-corruption regulations in place.

Participation in Transparency International

BAWAG P.S.K. has been a member of the Austrian chapter of Transparency International (TI-AC) since 2012. This non-profit organization seeks to increase general awareness of the need to combat corruption and increase transparency in Austria, and it works to facilitate the implementation of relevant measures and reforms.

CORPORATE GOVERNANCE AND GROUP-WIDE GUIDELINES

Corporate Governance

In 2006, BAWAG P.S.K. made a voluntary commitment to apply the Austrian Code of Corporate Governance. The Bank has published an annual Corporate Governance Report since 2009. Through this voluntary self-regulatory measure, BAWAG P.S.K. aims to further strengthen the confidence of customers, employees and the public. Compliance with the Austrian Code of Corporate

Governance is verified on an annual basis in an external evaluation performed by Deloitte Audit Wirtschaftsprüfungs GmbH and by Dorda Brugger Jordis Rechtsanwälte (for the questions regarding the auditor).

The Corporate Governance Report 2016 can be accessed at https://www.bawagpsk.com/BAWAGPSK/IR/EN/Corporate_Governance/Code__Reports__Articles/297948/corporate-governance-reports.html.

Guidelines and policies

Important Group-wide guidelines amongst others:

- ▶ Anti-Fraud Policy
- ▶ Anti-Corruption and Gift Policy
- ▶ COBIT 4.0 Framework
- ▶ Code of Conduct
- ▶ Complaint Management Policy
- ▶ Conflict of Interest Policy
- ▶ Corporate Procurement Policy
- ▶ Corporate Travel Policy
- ▶ Credit Policies
- ▶ Entertainment Policy
- ▶ Fit & Proper Policy
- ▶ Human Rights Matrix
- ▶ ISAE3402/SSAE16 for the Outsourcing of IT Processes
- ▶ Non Disclosure Agreement Policy
- ▶ OpRisk Policy
- ▶ Policy for New Employees
- ▶ Product Implementation Process Policy
- ▶ Recruitment Policy
- ▶ Security Policy
- ▶ Social Media Policy
- ▶ Supplier Code of Conduct
- ▶ UN Global Compact Principles
- ▶ UN Women's Empowerment Principles

DIALOGUE WITH STAKEHOLDERS

It is particularly important to BAWAG P.S.K. to face the expectations and requirements placed on it by internal and external stakeholders with respect and an open ear and to engage in dialogue with its various stakeholders. Internal stakeholders such as employees and the Works Council are treated equally to external stakeholders such as customers,

product partners, regulatory authorities, consumer protection and consulting organizations, investors, analysts, NGOs (including CSR organizations and sponsoring partners), suppliers, the media and press, non-customers, policymakers, the general public and competitors.

IN DIALOGUE WITH CUSTOMERS

With more than 2.2 million customers, engaging in dialogue as equals is among the basic requirements for BAWAG P.S.K.'s day-to-day operations. Providing comprehensive, accompanying advice over the entire life cycle is one of the

cornerstones of customer communication. Along with the employees who work in customer service, the BAWAG P.S.K. Complaint Desk and social networks serve as essential communication hubs.

INFORMATION ON CUSTOMER SATISFACTION

Customer satisfaction is a top priority

We invite our customers to give us their feedback after consultations. This verifies the high level of customer satisfaction. In 2016, 93% of customers gave their consultation a rating of 1 or 2 (on a scale of 1 to 5, with 1 being the best).

Overall Customer Satisfaction Index 2016

Customer satisfaction remains at a high level. According to a study of multiple banks performed by GfK, 83% of our retail customers are very satisfied or rather satisfied with BAWAG P.S.K.

INNOVATIVE DIALOGUE PLATFORM

The customer panel "bessermacher.at"

We have created a dialogue platform via our customer panel "bessermacher.at." The platform invites interested customers to register and help shape the development of

BAWAG P.S.K.'s services with their ideas and wishes. In 2016, numerous customers again gave their feedback to BAWAG P.S.K.

CUSTOMER ORIENTATION

BAWAG P.S.K. strives to provide access to banking services for as many people as possible in Austria by actively combating social exclusion based on a strong local presence, the expansion of its digital offerings, easy-to-

understand and barrier-free financial products and services as well as to be a reliable partner for Austria's business community.

SUSTAINABLE PRODUCTS AND SERVICES

In 2016, we continued to invest in the development of our business model in order to ensure the high quality of our customer service. The Bank's digital offerings were expanded to include several new products, and new online and mobile services were implemented in order to enable our customers to execute their banking transactions easily and securely wherever they want and at any time. The focus is on future-oriented and seamless solutions. The following examples show the pace and dynamics of BAWAG P.S.K. regarding the development of digital services.

A key innovation focus was placed on security in digital payment transactions. Along with Austria's most secure authorization process, the Security App offers customers immediate transparency for their financial transactions. Thanks to a partnership between BAWAG P.S.K. and the fintech company FinReach, customers can switch to BAWAG P.S.K. on a fully digital basis. For video identification, BAWAG P.S.K. is collaborating with the market leader and patent holder WebID Austria. The video identification process allows customers' identities to be verified via a direct link to the WebID site. This prevents customers from having to go to a post office or bank branch to do this as in the past, thus providing them with added convenience and significant time savings. Added convenience is also offered by the new SmartPay app, which allows payments to be made via NFC-enabled smartphones and also enables the smooth execution of further transactions.

Sustainable investment funds

The total volume of assets managed by Amundi Austria¹⁾, BAWAG P.S.K.'s asset management partner, in socially responsible investments (SRI funds) amounted to EUR 1.4 billion at year-end 2016. This represents an increase of 17% compared to the previous year.

Investments in sustainable investment products – in the two retail funds “Amundi Öko Sozial Stock”²⁾ and “Amundi

Öko Sozial Rent”³⁾ – have continuously increased in recent years and totaled EUR 114 million and EUR 228 million, respectively, as of 31 December 2016. Both funds are certified with the EUROSIF Transparency Logo for SRI funds and were awarded the Austrian Eco-label for Sustainable Financial Products in 2016. A total of around EUR 1 billion is invested in a further four special mandates, one of which is also certified with the Austrian Eco-label for Sustainable Financial Products.

Lending and environment

Again and again, BAWAG P.S.K. supports customers who are affected by environmental catastrophes. In this context, the Bank offered favored loans without handling fees for flood victims in Carinthia in July and August 2016.

We also offer environmentally relevant added value in housing financing. When taking out a mortgage loan, borrowers are reimbursed for the costs of the energy performance certificate amounting to EUR 450.

“New Chance” account

Use of the “New Chance” account has been steadily growing for years, which confirms the necessity of this socially minded service of BAWAG P.S.K., which is designed for people who otherwise would be excluded from electronic payment transactions. Neither the account number nor the bank routing code contain any indications that it is a non-credit account. This prevents customers from being directly or indirectly stigmatized when executing their financial transactions. Although this service was initially only communicated by personal debt counselors, the number of account holders is continuously rising. At year-end 2016, there were approx. 34,000 such accounts. With the introduction of the EU basic account, the BAWAG P.S.K. “New Chance” account, which has been introduced for years, has become standardized across the EU.

1) BAWAG P.S.K. INVEST until 18 March 2016

2) BAWAG P.S.K. Öko Sozial Stock until 31 May 2016

3) BAWAG P.S.K. Öko Sozial Rent until 31 May 2016

Barrier-free services

BAWAG P.S.K. puts emphasis on a barrier-free infrastructure. In recent years, the self-service terminals in the branches have been brought up to the latest standards and allow for intuitive use, with features such as clearly laid out controls, larger buttons, Braille and simple pictograms. BAWAG P.S.K. is also a project partner in the “bank4all”

initiative, which was launched in 2014. In cooperation with organizations that serve the blind and visually impaired, banking partners and software producers are working to standardize the functions and operation of ATMs. The appropriate website helps blind and visually impaired people to find machines all over Austria that are easier to use because they are equipped with new software (www.bank4all.at).

SUSTAINABLE CUSTOMER RELATIONS AND PROJECTS

BAWAG P.S.K. as a partner for non-profit organizations

The topic of social issues once again had a special place in BAWAG P.S.K.'s core activities in 2016, as it has long been the main bank for many charitable organizations in Austria. Over 150 non-profit and non-governmental organizations are long-standing customers of BAWAG P.S.K.

Throughout the branch network it is possible to do cash transfers for NGOs with reduced fees. A reduced fee of EUR 0.55 per cash transfer has been charged for years.

Reliable partner for Austria's business community

Many companies, municipalities and public sector entities also place their trust in BAWAG P.S.K. The Bank often supports municipalities with the building and expansion of local infrastructure such as nurseries, schools or care institutions.

ES GEHT! – An initiative for good ideas that are “part of life”

With the ES GEHT! initiative launched in 2014, BAWAG P.S.K. started a movement that promotes initiative on the part of individuals, brings people and communities together and encourages everyone to work together to do good things in Austria. BAWAG P.S.K. supports projects that are submitted with expertise, contacts and communication concepts through the online platform www.es-geht.at and our branches. The support provided by the initiative focuses on topics such as work, living space, education, health, culture and technology. As part of the ES GEHT! initiative, BAWAG P.S.K. was the first bank in Austria to give the topic of crowdfunding a professional presence with its crowdfunding platform (www.crowdfunding.at), which helps projects being realized by individuals or private organizations to obtain financial support. Since 2014, 20 projects have been financed through the platform. Crowdfunding is an alternative, modern form of financing in which many smaller contributions from individual people are collected in order to finance a larger idea worth supporting.

With this initiative, the conventional sponsoring concept was transformed into a modern mobilization concept. “ES GEHT!” and the associated crowdfunding platform is largely dedicated to community-based projects that receive too little funding and attention from the public and would fail without the civic courage of individuals. This also includes local projects that are mainly oriented towards the given region. BAWAG P.S.K. launches mobilization campaigns, helps initiators to establish contact with media partners and other supporters and provides promotional materials in order to find crowds who want to get involved. In this way, the initiative has helped to raise approximately EUR 280,000 from the community for the community since its launch, money that has gone directly towards the realization of the projects.

Along with the customer panel “www.bessermacher.at,” the crowdfunding platform (www.crowdfunding.at) is an integral part of the ES GEHT! initiative, seeking to sustainably support the enterprising spirit of the Austrian population. The current project “Lerncafés – Gemeinsam Zukunft bilden” is particularly noteworthy.

“Lerncafés“ of Caritas Vienna

The learning cafés operated by Caritas Vienna are aimed at ensuring that young people with educational disadvantages are afforded equal opportunities when it comes to participating in education and training systems. To this end, the learning cafés offer assistance on all five working days. This offering is not only geared towards students at

compulsory schools, but also towards 15- to 20-year-olds. The comprehensive range of services includes targeted group programs focusing on specific topics, computer workshops, language and personal development courses and advice on non-educational matters including referrals to relevant specialists (legal and social counseling, youth welfare services, etc.).

Customer loyalty program DANKESCHÖN

As part of the customer loyalty program DANKESCHÖN, owners of a new account box can use their collected points as donations for the benefit of various projects. In this way, they support projects with a local and social background in collaboration with the ES GEHT! platform.

Business continuity planning

Providing customers with optimal service is the top priority for BAWAG P.S.K. This also includes ensuring that service can be maintained without interruption in the event of an emergency. With this in mind, BAWAG P.S.K. has planned ahead and put together a special team responsible for business continuity management. The fundamental principle is that the critical business processes must be resumed within six hours after the onset of an emergency and must continue to run without any major problems. To this end, numerous tests together with partner companies were successfully completed in 2016.

COLLABORATION WITH PARTNERS WHO ACT SUSTAINABLY

The provision of simple, transparent and best-in-class products and services as well as sustainable action are also key factors in the selection of our cooperation partners.

Long-term partnership with Amundi

A long-term cooperation agreement with Amundi secures access for our customers to a wide range of top-class investment products.

Acting responsibly as a financial company is at the center of all of Amundi’s business activities. This commitment is

demonstrated not only in sustainable investment processes, but also in the management of the company.

Amundi incorporates ESG criteria into its analysis processes and has been considering them in its investment decisions for years. Amundi Group is among the global market leaders in asset management with roughly EUR 168 billion of assets managed in socially responsible investments (SRI). The ESG analysis is based on the data of more than 4,000 companies and an investment policy that requires the companies to comply with ESG criteria in their strategy. This method is based on the “best-in-class” approach, which identifies the companies that best fulfill

the ESG criteria in each industry. A specialized team analyzes and evaluates companies according to non-financial criteria for each business segment, develops the SRI management and promotes the benefits of socially responsible investment. At the same time, Amundi is strongly committed to sustainable performance. Amundi became a signatory to the Principles for Responsible Investment (UNPRI) in 2006.

Sales cooperation with Allianz Vorsorgekasse

A long-term sales agreement with Allianz Vorsorgekasse allows BAWAG P.S.K. to offer solutions for company pension schemes to commercial banking customers. The Austrian Society for Environment and Technology (ÖGUT) reviews the investment concept of Allianz Vorsorgekasse on an annual basis and evaluates its investments according to ethical and ecological criteria. In addition, the company receives awards for sustainable investment every year.

Additional product partners that act sustainably

BAWAG P.S.K. Versicherung offers attractive, secure solutions in the areas of retirement savings, hedging and investment for BAWAG P.S.K. customers. BAWAG P.S.K. Versicherung is a subsidiary of Generali Group and is therefore subject to the group's environmental and climate

policy. Generali Group is one of the world's leading insurance and financial services companies and pursues – amongst others – the following objectives within its sustainability strategy:

- ▶ Ongoing sustainable growth
- ▶ Increasing opportunities for employees
- ▶ Support society through social, cultural and sporting initiatives
- ▶ Reduction of direct and indirect environmental impacts

Generali Group is a signatory to the Global Compact Principles for Responsible Investment (PRI) and the Principles of Sustainable Insurance (PSI).

In the segment of building society savings and loan agreements, BAWAG P.S.K. works with Bausparkasse Wüstenrot to offer its customers savings and loan agreements as a low-risk savings option and affordable financing opportunity for buying an apartment, fulfilling the dream of owning a home and renovating existing living space with a focus on barrier-free access and ecological sustainability. In addition to obtaining building financing, customers can also invest for education or retirement needs. Wüstenrot is conscious of its social responsibility and has received the seal of quality for workplace health promotion multiple times for the health promotion program "fitforwork" and has been honored as the "Best Apprentice Training Program in the Banking and Insurance Industry."

STAFF DEVELOPMENT AND TRAINING

For BAWAG P.S.K., it is important to offer its employees a healthy work environment in which they can advance their careers as well as to appreciate its employees and

encourage their potential and personal commitment for the good of society.

Development of the number of employees

Headcount	2014	2015	2016
Number of employees as of 31 December	3,258	2,992	2,758

Gender distribution

in %	2014	2015	2016
Women	54%	54%	54%
Men	46%	46%	46%
Share of women in management positions	28%	27%	28%

Additional figures regarding BAWAG P.S.K.'s staff are available in the GRI Index from page 28.

imbalances in the cost structure, ongoing process optimization efforts and the implementation of efficiency measures.

The reduction in the headcount over the past three years can be attributed to the elimination of structural

WOMEN'S ADVANCEMENT – THE BAWAG P.S.K. WOMEN'S INITIATIVE

With the women's promotion program introduced in 2012 and as a signatory to the UN Global Compact Women's Empowerment Principles (WEP), BAWAG P.S.K. has taken another important step towards ensuring equality between women and men. The program focuses on fostering awareness of the importance of equality of opportunity – combined with clearly defined goals:

- ▶ Financial equality between women and men for equal performance
- ▶ Increasing the number of women in leadership and expert positions
- ▶ Promoting a better balance between career and family for women and men

relationship. Over the past years, 49 female mentees have benefited from this program. BAWAG P.S.K. extended the mentoring program in 2016. Ten new female mentees were provided with top managers from the business world to serve as external mentors.

Fe-male Future Day

“Networking” was not just the focus of the Women's Mentoring Program. In October 2016, the BAWAG P.S.K. Women's Initiative hosted an exciting evening event for employees, executives and external guests, discussing the “Fe-male Future of Digital Banking.”

BAWAG P.S.K. Women Mentoring Program

The BAWAG P.S.K. Women's Initiative together with Human Resources organizes a one-year women mentoring program for female employees, experts and leaders of BAWAG P.S.K. Group interested in advancing their professional development and internal networks through a mentoring

Career and family

In 2013, BAWAG P.S.K. committed to promoting a good balance between family and career under the framework of a structured audit process and was awarded a certificate as a family-friendly company, which is valid for three years. In

the course of the re-auditing in 2016, the certificate was successfully approved. For the next three years, various measures are planned to ensure the status of a family-friendly company.

Underrepresented gender in the Supervisory Board and Managing Board

In December 2013, the Nomination Committee set a target ratio for the underrepresented gender in the Supervisory Board and Managing Board. The strategy for achieving this target was further developed and fleshed out over the course of 2016. Emphasis was placed on the advancement of female employees with the Women's Promotion Program, the BAWAG P.S.K. Women's Mentoring Program and specific seminars aimed at the further development of women.

BAWAG P.S.K. Women's Prize

The EUR 3,000 BAWAG P.S.K. Women's Prize is awarded annually in cooperation with a public or charitable organization to recognize outstanding achievements by women or special commitment to furthering women in society. With this award, BAWAG P.S.K. aims to motivate women and organizations to tackle challenging and innovative projects.

The prize is awarded to women who set an outstanding example for other women on the basis of their achievements and commitment, especially in the areas of:

- ▶ science, journalism and art
- ▶ social commitment
- ▶ intercultural understanding
- ▶ promoting equality of opportunity between women and men, and

- ▶ creating awareness for the role of women in the professional world

In 2016, the prize was awarded to Katharina Norden, founder and Managing Director of Three Coins, to honor her special commitment to financial literacy.

UN Women's Empowerment Principles

As a member of the United Nations Global Compact, the world's largest corporate sustainability initiative, BAWAG P.S.K. became a signatory to the UN Women's Empowerment Principles (WEP) in 2015 and was the first retail bank in Austria to do so. The WEP are aimed at strengthening the position of women in companies and were further developed in 2016.

Information events for expectant parents

Again in 2016, Human Resources and the BAWAG P.S.K. Works Council provided information about the coordination of parental leave and a smooth return to the Bank at the regular event series for expectant mothers and fathers.

Welcome back event

Human Resources and the BAWAG P.S.K. Works Council have been organizing the welcome back event since 2009. Employees returning from parental leave are invited to inform themselves about news and developments at BAWAG P.S.K. and have the opportunity to participate in a dialogue with managers and experts from the Bank. The event provides a sound basis for a successful return to the company.

EMPLOYEE TRAINING

General information about employee training

The Bank-wide training program supports the employees in mastering the various everyday challenges they face in the banking business, with training offerings covering topics such as project management, stress management, time management and self-reliance as well as a wide range of IT,

foreign language and first aid courses. The eLearning portfolio is expanded with new technical and product-related content on a regular basis. In 2016, a total of 7,418 seminar days (lasting eight hours each) were completed. Employees who work in central administrative functions participated in one seminar day on average, while sales employees received approximately four days of training on average.

Apprentice training

The Bank has been successfully training apprentices for about 20 years and has received numerous awards, for example the “Beste Lehrbetriebe – Fit for Future” state prize. Providing young people with goals and prospects for the future is a task that was once again taken very seriously in 2016. With its qualified banker apprenticeship program, the Bank provides high-quality training aimed at enabling the apprentices to be hired as qualified customer advisors at the end of their apprenticeship. The apprentices are part of a team who work together to achieve the Bank’s goals, and with great success. In addition to the comprehensive training program, the Bank supports and encourages young people to complete an apprenticeship in combination with attaining a secondary school leaving certificate. In 2016, several apprentices successfully completed this special program and are proud to have received an additional qualification parallel to their vocational trainings.

Retail Academy

The Retail Academy is made up of the Retail Camp, which provides basic technical and sales training for new employees geared towards their roles in sales, and various advanced, role-specific training programs. These training activities were primarily completed in the new training branches created for this purpose in Vienna, Graz and Salzburg-Hallein. This allowed training to be provided even more promptly, in a more practice-oriented setting and in smaller groups.

In the “appreciation offensive,” all salespeople learned that “appreciation” is an important attitude in the advisory service and they were provided with the necessary tools in this context.

Management development

The management role is a permanent development process. Accordingly, the training of managers at BAWAG P.S.K. encompasses a wide range of offerings. For example, the development of managers in retail sales is based on a regular employee survey and a potential assessment which is supervised by external experts and aimed at identifying a manager’s personal strengths and development areas. The Bank offers a modular training program that is tailored based on the results of this assessment and strengthens the skills needed for day-to-day management tasks on a selective basis. The program focuses on a high level of practice-oriented learning, the targeted development of leadership skills, sharpening managers’ self-reflection skills and employee guidance and development.

In 2016, the “LEAD neue Führungskräfte” manager training program was once again completed in the central administrative divisions. The program provides support and guidance for new managers in the performance of their new function during the first year. The 17th group successfully completed the program at year-end 2016.

Experienced managers and managerial teams were once again supported in individual (management) coaching sessions and targeted change management measures. The focus here was clearly on providing individual advice and optimal guidance for the managers (and their teams) for personnel development in sessions with selected consultants.

The “After Work Führungskräfte Forum” was continued in 2016 – a series of network events with keynote speeches for all the Bank’s executives to familiarize them with new tendencies of leadership and to provide a platform for exchanging experiences. With the series “Leadership in Volatile Times,” management workshops were held with different topics (labor law, constructive feedback, occupational psychological counseling, etc.) to support the Bank’s executives in a prompt, flexible and focused manner.

Talent development; succession and career planning

The process for the identification and development of potential successors for key functions that was launched at year-end 2014 continued in 2016. At a meeting of the Managing Board, high-potential employees of the Bank were discussed in a structured manner and approaches for dealing with succession risks were coordinated.

The sixth run of the Start & Move trainee program started in September 2016. The one-year program provides support for new employees who join the Bank. In the course of the program, they gain extensive insight into the inner workings of the Bank and have the opportunity to establish an initial network of contacts.

The fifth run of the forTalents development program for high-potential employees in the central administrative units started in October 2016. Like in the first runs of this program, participants were supported in their development and groomed for new management and expert positions. Among the 75 participants were 38 women, 20 of whom already have management responsibilities.

The "TOP-TEAM Vertrieb" talent program ensures the recruiting and development of potential branch managers from the Bank's staff. The participants are all promising young employees with leadership potential who have been nominated as part of the succession planning process. They go through a challenging program of technical and personal development training to prepare them to manage a branch.

MbO process (Management by Objectives)

BAWAG P.S.K. sees the "Management by Objectives" (MbO) approach as a key management tool for supporting the Bank's business strategy. With the supportive software "HR ONE," managers and employees were able to enter and evaluate their goals online for the first time. "HR ONE" serves as a performance management and learning platform. HR has combined the entire "MbO" process and the associated tracking tool, a virtual learning portal with competence checks and e-learning programs, and the sales talent management process for retail sales on this platform. The range of self-study methods was also expanded with the addition of blended learning (where mixed classes with online units and physical attendance are offered and where a competence check must be completed to qualify for the seminar) and social learning, in which participants learn together and from one another.

Awards

BAWAG P.S.K. was named the best recruiter in its industry and awarded the title Best Recruiter 2016/17 for the sixth time in total. In the annual analysis of over 500 Austrian companies performed by the communication agency GPK, the Bank showed once again this year that it competes at the front of the pack in the "war for talent" among banks. 133 criteria were evaluated in the categories career homepage, social media, mobile recruiting, online job advertisements, online job exchanges, transparency, usability in the application process as well as response to the contact quality with applicants.

WORKPLACE HEALTH PROMOTION – OCCUPATIONAL PSYCHOLOGY SERVICES

Since 2010, BAWAG P.S.K. has offered its employees support and counseling in the area of occupational psychology as part of its workplace health promotion activities. Employees have utilized these offerings in the form of focus campaigns in the areas of stress management and life domain balance as well as in the course of individual counseling sessions.

Evaluation of psychological stress factors in the workplace

The prevention of work-related psychological stress factors is a top priority. Therefore, the Bank has already started to gradually evaluate psychological stress factors. The results of the standardized online survey were analyzed by our external occupational psychologists from the occupational health service Arbeitsmedizinischer Dienst (AMD) and reported to the division managers. In subsequent workshops, the results of the survey were discussed and

possible solutions and improvements developed together with the employees under the moderation of an occupational psychologist. The division heads are responsible for the implementation of the measures that were developed.

Additional health benefits

In addition to the basic occupational health services, the Workplace Health Promotion Initiative offered to cover the

costs for having a comprehensive preventive medical exam. The exam is performed at the company physician's office and was extended in 2016 due to the great success.

Workshop "fit & focused in the workplace"

With a new series of workshops in 2016 in collaboration with the occupational health service Arbeitsmedizinischer Dienst (AMD), the Bank supported the initiative to keep employees healthy, fit and focused.

ADDITIONAL EMPLOYER SERVICES

Along with the workplace health promotion benefits, BAWAG P.S.K. also provides a wide range of other benefits,

including support for families, lunch specials, bonuses for service anniversaries and the company daycare center.

Additional employer services

in EUR thousand

	2016
Travel allowances	306
Pension fund contributions	6,578
Anniversary bonuses	2,444
Financial assistance (particularly for weddings / births / deaths, Vienna Employment Promotion Fund)	987
Accident insurance	44
Allowance for supplemental health insurance	157
Cafeteria (food / personnel / vouchers)	876
Company physician and health programs	118
Company daycare center	230
Employee events (particularly Christmas vouchers / Christmas dinner / excursions)	363
Funding provided to the Works Council (immunization campaigns, holiday lodging, sports club, etc.)	327
Total	12,430

ENVIRONMENTAL PROTECTION

At BAWAG P.S.K., environmental protection means keeping the environmental impact of our products, services and

day-to-day operations as low as possible and reporting about our progress on a regular basis.

Key environmental figures

	Unit	2014	2015	2016
Paper				
Paper use	A4 pages	36,481,500	33,266,500	31,200,500
Electricity				
Buchengasse/Quellenstraße	kWh	7,086,120	6,564,480	6,119,480
Georg-Coch-Platz	kWh	3,533,240	3,472,800	3,427,320
Am Tabor	kWh	2,924,140	2,739,020	2,385,420
Branches	kWh	7,300,553	6,605,862	6,069,413
Total power consumption	kWh	20,844,053	19,382,162	18,001,633
Heating for central locations (district heat)				
Buchengasse/Quellenstraße	kWh	2,914,282	3,228,566	2,679,130
Georg-Coch-Platz	kWh	2,401,050	2,816,175	2,996,380
Am Tabor	kWh	244,540	252,874	229,590
Total space heating for central locations	kWh	5,559,872	6,297,615	5,905,100
Heating for branches				
Gas	kWh	3,245,052	2,186,733	1,948,458
District heat	kWh	728,316	664,137	533,094
Space heating for branches	kWh	3,973,368	2,850,870	2,481,552
Vehicle fleet / Mobility				
Gasoline fleet	km	60,458	53,890	37,480
Diesel fleet	km	1,147,586	1,125,915	518,055
Kilometers traveled by air	km	2,069,830	1,811,958	1,765,375
CO₂ emissions¹⁾				
Scope 1: Vehicle fleet and gas heating	t CO ₂ -e	840	546	479
Scope 2: Electricity and community heating	t CO ₂ -e	8,330	6,757	6,199
Scope 3: Air travel	t CO ₂ -e	535	493	662
Total CO ₂ emissions	t CO ₂ -e	9,705	7,796	7,340
Waste				
Waste paper	t	463	518	345
General waste	t	191	182	174
Account statement envelopes	Pieces	11,870,752	7,818,448	7,862,000
Water				
Buchengasse/Quellenstraße	m ³	10,550	11,678	9,970
Georg-Coch-Platz (municipal water supply)	m ³	4,000	3,959	3,433
Georg-Coch-Platz (well)	m ³	9,160	9,555	10,951
Am Tabor	m ³	683	670	536
Total water consumption	m ³	24,393	25,862	24,890

1) The calculations for the vehicle fleet and air travel are based on the assumption that 10% of the automotive travel and 95% of the air travel was completed by the employees working in the headquarters. An RFI factor (Radiative Forcing Index) is taken into account in the case of air travel (IPCC recommendation), which results in an increase in the emission factor starting in 2016.

Source and comment: The calculation for the CO₂ balance is based on the Green Gas Protocol Accounting and Reporting Standard and refers every year to the published emission factors of the Austrian Federal Environmental Agency.

ENVIRONMENTAL ACTIVITIES

Reduction of paper consumption

The change from the postal delivery of paper account statements to environmentally friendly alternatives (e.g., PDF account statement through eBanking) was further advanced in 2016. At the same time, the introduction of secTAN in addition to mobile TAN and digital signature as alternatives to iTAN and TAN lists contributed to reducing paper consumption by 6% in 2016.

Reduction of energy use

In 2016, the power consumption by the Bank as a whole (central locations and branches) was reduced by 1.4 million kWh, or 7%, compared to the previous year.

The energy consumed for space heating in the branches was reduced by 370,000 kWh, or 13%, due to location optimization measures.

Thus, the greenhouse gas emissions were reduced by 24% compared to 2014.

CO₂ neutral delivery initiative

In 2016, Österreichische Post AG again delivered all BAWAG P.S.K. postal items (letters, advertising materials and packages) CO₂ neutral.

CIVIC ENGAGEMENT AND PERSONAL COMMITMENT

Civic engagement is an essential part of BAWAG P.S.K.'s public relations. With the activities performed in this area, the Bank also lives up to its social responsibility by being a good corporate citizen. BAWAG P.S.K. is not only "MITTEN IM LEBEN" (part of life), but our many initiatives, including "ES GEHT!" (www.es-geht.at), also show that it is possible to combine the financial needs of our customers with civic engagement. The focus on education, arts and social issues as well as the new crowdfunding platform (www.crowdfunding.at) help to improve the Bank's general profile.

BAWAG P.S.K. sees itself as being an equal partner who actively participates in shaping partnerships and projects. We aim to establish long-term collaborations to jointly implement sustainable projects.

Numerous sponsoring partnerships were continued with social and charity organizations in 2016. For example, the EUR 3,000 "MITTEN IM LEBEN" prize for services in the social sphere and outstanding humanitarian efforts was awarded to the project "Familien-Lotse" from "elterninitiative.at." Children affected by cancer and their families were provided with psychological support. Thanks to the donations, the project could be implemented at the AKH (hospital) and the St. Anna Kinderspital (children's hospital).

A few of the social and educational projects that were supported or presented with awards in 2016 are highlighted below:

- ▶ "Stadtdiakonie" Vienna: BAWAG P.S.K. supports the project "Learning with an empty stomach," which currently supplies more than 400 students in different schools with healthy food. Two schools have been pursuing a new approach for a year now: The children and teacher go shopping and prepare the meals together. This strengthens the children's independence and teaches the sustainable use of money and food.
- ▶ Licht ins Dunkel: The Bank made a donation to support the emergency assistance fund and selected projects.
- ▶ Caritas: Support for the initiative "Für eine Zukunft ohne Hunger" (For a Future without Hunger) – Caritas provides assistance where it is needed most. In the summer of 2016, Caritas provided famine and survival relief in two areas that were in particular need: in South Sudan and in the Middle East.
- ▶ Caritas: Participation in the initiative "Spendenglas gegen den Hunger" (Donation Jar against Hunger) – In this nationwide campaign, Caritas asked people to collect change in empty pickle jars to save lives. BAWAG P.S.K. supported this campaign together with Österreichische Post AG.
- ▶ SOS Mitmensch: Benefit auction for contemporary art in the historic main banking hall of the Bank's headquarters.
- ▶ Vienna English Theatre school tours: Actors who are English native speakers tour Austria's schools with age-appropriate plays. Socially disadvantaged children are able to attend the performances for free.
- ▶ "Talent factory" – for persons with autism who often have no completed education but many talents. With autism-oriented training, the talent factory tries to convey special IT basics. In this way, these persons are prepared for further, specific training courses in companies and are able to accept specific job offers and opportunities for further training.
- ▶ Mobile medical care for seriously ill children with MOMO: Children with serious diseases are taken care of at home, where they feel most comfortable. In the security of their families, Vienna's mobile Kinderhospiz MOMO accompanies seriously ill children, both medically and psychosocially.
- ▶ Make-A-Wish Foundation: The association realizes the wishes of seriously ill children. The "magic of a wish" and its fulfillment support the children's recovery. The goal is more than just to put a smile on the children's faces – the children should believe in the seemingly impossible and their own inner strength. Make-A-Wish gives the sick children joy, new courage and strength to overcome difficult times.

PERSONAL COMMITMENT OF EMPLOYEES

Volunteer Days

Every BAWAG P.S.K. employee has the opportunity to spend up to two working days per year volunteering for non-profit organizations and projects without having to use any of his or her paid vacation time. Established in 2011, this initiative promotes and rewards the personal commitment of our employees and highlights the value of volunteer work.

In 2016, for example, the Bank's trainees adapted parts of the Rupert Mayer house in Vienna during their volunteer days. The house offers homeless women and men medical care, transitional accommodations and socially assisted living.

BAWAG P.S.K. bikes to work

As in the past several years, the initiative "Österreich radelt zur Arbeit" (Austria Bikes to Work) was actively supported by our employees in 2016.

Blood drive

In spring and in autumn 2016, blood drives were once again held at the Bank's headquarters. As in previous years, many employees participated in the blood drive.

GRI INDEX

The present GRI Index is oriented towards the guidelines of the Global Reporting Initiative, version 4.0, and the Core “In Accordance” option and also contains disclosures

specified by the set of industry-specific indicators for financial services. All data refer to the year 2016 or 31 December 2016, unless otherwise stated.

GENERAL STANDARD DISCLOSURES

G4 code	Content according to G4 (Core)	Reference/Comments
Strategy and analysis		
1	Statement from the most senior decision-maker	p. 4
Organizational profile		
3	Name of the organization	p. 38
4	Primary brands, products, and services	p. 5
5	Location of the organization’s headquarters	p. 5, p. 38
6	Countries where the organization operates	p. 5, https://www.bawagpsk.com/FinancialResults
7	Nature of ownership and legal form	p. 5
8	Markets	https://www.bawagpsk.com/FinancialResults
9	Scale of the organization	p. 6, https://www.bawagpsk.com/FinancialResults
10	Figures and information regarding total workforce	p. 19
11	Employees covered by collective bargaining agreements	100% of the employees are covered by collective bargaining agreements.
12	Supply chain	p. 5, p. 17–18
13	Significant changes in the organization’s size, structure, or ownership	p. 5
14	Precautionary principle	p. 12
15	External agreements, principles, or initiatives	p. 12–13
16	Memberships	Transparency International (Austrian Chapter), UN Global Compact, UN Global Compact WEP
Identified material aspects and boundaries		
17	Description of the reporting boundaries	p. 8
18	Process for defining the report content and the aspect boundaries	p. 8–9
19	Identified material aspects and topics	p. 8–9
20	Aspect boundary for each material aspect within the organization	The aspect boundaries for the individual aspects are described in the corresponding sections.
21	Aspect boundary for each material aspect outside the organization	The aspect boundaries for the individual aspects are described in the corresponding sections.
22	Restatement of information provided in previous reports	No significant restatements
23	Changes in the scope and aspect boundaries	No changes
Stakeholder engagement		
24	List of stakeholder groups engaged by the organization	p. 14
25	Selection of stakeholder groups	p. 14
26	Approach to stakeholder engagement	p. 14
27	Key topics and concerns of stakeholder groups	p. 8–9, p. 14
Report profile		
28	Reporting period	p. 4

G4 code	Content according to G4 (Core)	Reference/Comments
29	Publication of most recent previous report	August 2016
30	Reporting cycle	Annual
31	Points of contact	p. 38
32	GRI Index	p. 28
33	External assurance for the report or for report contents	None
Governance		
34	Governance structure of the organization	https://www.bawagpsk.com/FinancialResults
Ethics and integrity		
56	Corporate values, principles, and codes of conduct	p. 12–13

SPECIFIC STANDARD DISCLOSURES

Economic indicators

Identified material aspects	G4 indicators (Core)	Reference/Comments
Economic performance	DMA	Economic performance
	EC1	Direct economic value generated and distributed
Market presence	DMA	Market presence
	EC5 CPO1	Entry level wage compared to local minimum wage
	EC6	Proportion of senior management hired from the local community

Identified material aspects	G4 indicators (Core)	Reference/Comments
Indirect economic impacts	DMA Indirect economic impacts	p. 6, p. 15–16
	EC7 Investments in public infrastructure and communities	p. 15–16
	EC8 Type and extent of indirect economic impacts	p. 15–16
Product portfolio	DMA Policies with specific environmental and social components applied to business lines	p. 12–13
	DMA Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions	p. 15–18
	DMA Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines	p. 20–22
	DMA Interactions with clients/investees/business partners regarding environmental and social risks and opportunities	p. 15–17
	FS6 Percentage of the portfolio for business lines by specific region, size, and sector	https://www.bawagpsk.com/FinancialResults
	FS7 Products with a significant social benefit	p. 15–16
	FS8 Products with a significant environmental benefit	p. 15–16
	Audit	DMA Auditing of processes to assess sustainability risks
Active ownership	FS11 Percentage of assets managed according to sustainability criteria	p. 15
	DMA Procurement practices	p. 12–13, p. 15–17
	EC9 Proportion of spending on local suppliers	Approx. 99% of the suppliers are located in Austria. There is no official policy to favor local suppliers.
Procurement practices	EN32 LA14 HR10 SO9 Proportion of new suppliers assessed according to sustainability criteria	BAWAG P.S.K.'s sustainable procurement policy (Supplier Code of Conduct, see p. 13) has been firmly established at BAWAG P.S.K. for several years and focuses on corresponding certifications and domestic suppliers. In cases of suspected violations of the Supplier Code of Conduct, the Procurement, Real Estate & Facility Management division would react immediately. So far, however, no such cases have occurred.

Environmental indicators

Identified material aspects	G4 indicators (Core)		Reference/Comments
Energy	DMA	Energy	p. 25
	EN3	Energy consumption within the organization (Scope 1 and 2)	p. 24
	EN 4	Energy consumption outside of the organization (Scope 3)	p. 24
	EN6	Reduction of energy consumption through efficiency measures	p. 25
	EN7	Reductions in energy requirements of products and services	p. 25
Emissions	DMA	Emissions	p. 25
	EN15	Direct greenhouse gas emissions (Scope 1)	p. 24
	EN16	Indirect energy-related greenhouse gas emissions (Scope 2)	p. 24
	EN 17	All other indirect greenhouse gas emissions generated outside of the organization (Scope 3)	
Products and services	EN19	Reduction of greenhouse gas emissions	p. 25
	DMA	Products and services	p. 25
Transport	EN27	Mitigation of environmental impacts of products and services	p. 25
	DMA	Transport	p. 25
	EN30	Environmental impacts of transporting products, materials, and members of the workforce	p. 24

Social indicators

Identified material aspects	G4 indicators (Core)		Reference/Comments
Labor practices and decent work			
Employment	DMA	Employment	p. 19–23
	LA1	New employee hires and employee turnover	p. 37
	LA2	Benefits provided to full-time employees	p. 23
Occupational health and safety	DMA	Occupational health and safety	p. 22–23
	LA5	Representation of the workforce in health and safety committees	Regulated by law in Austria
	LA6	Injuries, occupational diseases, lost days, absenteeism and fatalities	p. 22–23
		Number of accidents reported to AUVA (Austrian Workers' Compensation Board) and BVA (Austrian Social Insurance Authority for Civil and Public Servants): 18 in 2014, 19 in 2015 and 15 in 2016 (4 workplace accidents and 11 commuting accidents).	
Training and education	LA8	Inclusion of health and safety in collective agreements	Regulated by law in Austria
Training and education	DMA	Training and education	p. 20–22

Identified material aspects	G4 indicators (Core)	Reference/Comments
	LA9	Number of training hours p. 20
	LA10	Programs for skills management and lifelong learning p. 20–22
	LA11	Feedback for employees regarding their performance and career development p. 21–22
Diversity and equal opportunity	DMA	Diversity and equal opportunity p. 19–20
	LA12	Composition of governance bodies and breakdown of employees according to gender, age group, and minority group membership p. 20; please refer to table 1 in the appendix
Equal remuneration for women and men	DMA	Equal remuneration for women and men p. 20
	LA13	Ratio of remuneration of women to men p. 20
Human rights		
Investment	DMA	Investment p. 12–13
	HR1	Inclusion of humans rights aspects in significant investment agreements p. 12–13
Non-discrimination	DMA	Non-discrimination p. 12–13
	HR3	Incidents of discrimination and corrective actions taken No incidents reported in 2016
Society		
Local communities	DMA	Local communities p. 14–17, p. 26–27
	S01	Operations with implemented local community engagement, impact assessments, and development programs p. 15–17
	FS13	Access to banking services / supply security in low-populated or economically disadvantaged areas by type p. 15–16
	FS14	Initiatives to improve access to financial services for disadvantaged people p. 15–16
Anti-corruption	DMA	Anti-corruption p. 12–13
	S03	Assessment of operations for risks related to corruption Local communities The business units were examined for risks related to corruption within the scope of money laundering examinations p. 14–17, p. 26–27
	S04	Communication and training on anti-corruption Since 2010, BAWAG P.S.K. Group has had a gift policy covering the acceptance and giving of gifts and invitations. This policy is regularly checked and adapted if necessary. The policy is presented to all new hires during their Welcome Days. In addition, all employees, especially those working in a confidentiality area, must successfully complete training courses on the prevention of money laundering. Furthermore, BAWAG P.S.K. has been a member of Transparency International (Austrian Chapter) since 2012.
	S05	Incidents of corruption and actions taken No incidents of corruption were identified in 2016.

Identified material aspects	G4 indicators (Core)	Reference/Comments
Anti-competitive behavior	DMA	Anti-competitive behavior p. 12–13
	SO7	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices No incidents in the reporting period
Compliance	DMA	Compliance with legal regulations p. 12–13
	SO8	Fines and sanctions for non-compliance with legal regulations No incidents in the reporting period
Product responsibility		
Customer health and safety	DMA	Customer health and safety p. 11–13
	PR1	Assessment of health and safety impacts of products p. 11–13
	PR2	Incidents of non-compliance with regulations concerning the health and safety impacts of products No incidents in the reporting period
Product and service labeling	DMA	Product and service labeling p. 15–17
	PR3	Type of product and service information and proportion of products affected by such information p. 15–17
	PR4	Incidents of non-compliance with obligations concerning product and service information and labeling No incidents in the reporting period
	PR5	Results of surveys measuring customer satisfaction p. 14
Marketing communications	DMA	Marketing communications Advertising/marketing is performed in line with the applicable legal regulations. The Legal division provides checklists for the legally compliant implementation of measures. In addition, all campaigns undergo a legal review.
	PR7	Incidents of non-compliance with regulations and voluntary codes concerning marketing communications No incidents of non-compliance in the reporting period. The marketing and communication guidelines were complied with.
Customer privacy	DMA	Customer privacy p. 11, p. 12–14
	PR8	Complaints regarding breaches of customer privacy and losses of customer data No incidents in the reporting period
Compliance	DMA	Compliance with legal regulations regarding products p. 12–13
	PR9	Sanctions in connection with requirements regarding products and services No incidents in the reporting period

UN GLOBAL COMPACT COMMUNICATION ON PROGRESS (COP)

COMMUNICATION ON PROGRESS (COP)

As a signatory to the UN Global Compact, BAWAG P.S.K. is committed to complying with its ten principles, which focus on labor standards, human rights, environmental protection and anti-corruption, and as a signatory to the UN Global Compact Women's Empowerment Principles in fall 2015,

BAWAG P.S.K. is committed to complying with the 7 WEP. The CSR Report 2016 is also an annual Communication on Progress (COP). Examples are provided of how each principle has been and is being implemented at BAWAG P.S.K.

THE TEN PRINCIPLES OF THE UN GLOBAL COMPACT AND EXAMPLES OF THEIR IMPLEMENTATION AT BAWAG P.S.K.

The ten principles	Examples of their implementation
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights (COP 1)	p. 12–13 General/Principles/Guidelines: Code of Conduct, Human Rights Matrix
Principle 2: Businesses should make sure that they are not complicit in human rights abuses (COP 2)	p. 12–16 General/Principles/Guidelines: Code of Conduct, Supplier Code of Conduct Measures/Results 2016: The “New Chance” account had approx. 34,000 customers at year-end 2016, which highlights the necessity of this service.
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining (COP 3)	General/Principles/Guidelines: Freedom of association and the authorization of labor unions are protected by law in Austria. All employees are covered by collective bargaining agreements. There is an ongoing exchange of information between management and the Works Council, and new works council agreements are concluded on a regular basis.
Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labor (COP 4)	p. 12–13 General/Principles/Guidelines: Supplier Code of Conduct; nearly 100% of our suppliers are located in Austria. Before new contracts are concluded, customers are subjected to media screening to look for possible violations. The topics of freedom of negotiation, compulsory labor, working hours and wages are covered in the Code of Conduct for Suppliers of BAWAG P.S.K. Group under item 3 “Respect for the basic rights, health and safety of employees.”
Principle 5: Businesses should uphold the effective abolition of child labor (COP 5)	p. 12–13 General/Principles/Guidelines: Supplier Code of Conduct
Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation (COP 6)	p. 12–13 General/Principles/Guidelines: Code of Conduct, Recruiting Policies Measures/Results 2016: Continuation of the Women's Promotion Plan aimed at promoting the equality of women and men at BAWAG P.S.K.
Principle 7: Businesses should support a precautionary approach to environmental challenges (COP 7)	p. 24–25
Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility (COP 8)	p. 24–25 Measures/Results 2016: BAWAG P.S.K. implemented energy audit measures according to the Austrian Energy Efficiency Act in 2016.
Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies (COP 9)	p. 24–25 The photovoltaic system on the facade of the building on Buchengasse/Quellenstraße has been in operation since 2012. In addition, energy efficiency is promoted in the area of IT infrastructure.

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery (COP 10)	p. 12–13 General/Principles/Guidelines: Code of Conduct, Anti-Corruption and Gift Acceptance Guidelines, Conflict of Interest Policy. The division Non-Financial Risk Management & Regulatory Compliance monitors compliance with the rules and regulations. All new hires must successfully complete training courses on the prevention of money laundering.
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THE SEVEN UN GLOBAL COMPACT WOMEN'S EMPOWERMENT PRINCIPLES AND EXAMPLES OF THEIR IMPLEMENTATION AT BAWAG P.S.K.

The seven principles	Examples of their implementation
Principle 1: Establish high-level corporate leadership for gender equality	Defined target ratio for the underrepresented gender in the Managing Board and Supervisory Board, Women's Promotion Program, Women's Mentoring Program, flexible working time models, point of emphasis in management development programs
Principle 2: Treat all women and men fairly at work – respect and support human rights and nondiscrimination	Human Rights Matrix, Recruiting Policies, Women's Promotion Program For further indicators, see: G4-LA1, G4-LA12, G4-LA13
Principle 3: Ensure the health, safety, and well-being of all women and men workers	Career and Family Audit, generation management, information events for expectant parents, Welcome Back events for parents returning from parental leave, company daycare centers at two locations For further indicators, see: G4-HR3, G4-LA6
Principle 4: Promote education, training, and professional development for women	Women's Promotion Plan, Women's Mentoring Program, specific seminars focusing on the further development of women For further indicators, see: G4-LA9, G4-LA11
Principle 5: Implement enterprise development, supply chain, and marketing practices that empower women	Women's Prize
Principle 6: Promote equality through community initiatives and advocacy	Women's Prize, <i>Fe-male</i> Future Day, Women's Initiative
Principle 7: Measure and publicly report on progress to achieve gender equality	Report on measures, objectives and achievements in the annual CSR Report and the Communication on Progress (COP).

APPENDIX

Table 1: Composition of workforce / governance bodies by age group and gender

		Age group			Total
		<30	30–50	>50	
Men	Managing Board		5		5
	Division managers / senior managers		18	5	23
	Regional marketing managers / sales managers / department managers		51	10	61
	Branch managers / group managers / team managers	12	100	27	139
	Non-management functions	128	373	533	1,034
Total (men)	140	547	575	1,262	
Women	Managing Board				
	Division managers / senior managers		3	1	4
	Regional marketing managers / sales managers / department managers	3	16	3	22
	Branch managers / group managers / team managers	2	42	17	61
	Non-management functions	221	694	494	1,409
Total (women)	226	755	515	1,496	
Total	366	1,302	1,090	2,758	

Table 2: Workforce by nationality

	Austria	Other
Managing Board		5
Division managers / senior managers	20	7
Regional marketing managers / sales managers / department managers	78	5
Branch managers / group managers / team managers	196	4
Non-management functions	2,331	112
Total	2,625	133

Table 3: Workforce by province

	Total
Vienna	1,973
Styria	192
Lower Austria	147
Upper Austria	122
Carinthia	97
Salzburg	74
Tyrol	67
Burgenland	37
Vorarlberg	33
Abroad	16
Total	2,758

Table 4: Employees leaving in 2016

	Total
By region	
Vienna	197
Other	98
By age group	
<30	56
30–50	135
>50	104
By gender	
Women	143
Men	152
Total	295

Table 5: New hires in 2016

	Total
Vienna	110
Other	11
Total	121

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