

# Human Resources and Corporate Social Responsibility

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# Human Resources

Working for a banking group of European stature such as UniCredit Group creates numerous possibilities for employees. On account of the Group's international reach, job options and opportunities for development go well beyond the home market and extend into the twenty-three other countries in which UniCredit Group is active. Over 170,000 colleagues (54,387 full-time equivalent – FTEs – in Austria and CEE) are working together throughout the world to achieve common goals, realise significant projects and contribute materially to the success of UniCredit Group. At year-end, 9,953 FTEs were employed in Austria, some 6,711 of them at BA-CA AG (parent company).

Human Resources maintains an effective network within UniCredit Group and within the Divisions. In Austria, too, HR stands for

- cultural identity and core values,
- a claim to having the best leadership team,
- recognising and promoting talent,
- making use of the diversity within the Group and
- proximity to the business activities of the Divisions.

## Multi-dimensional HR cooperation model

HR Business Partners support – both at a holding company level and in Austria – top management and the managers of the respective Divisions, adapt HR strategy to meet the needs of the respective divisions and serve as the initial point of contact for issues related to personnel development, strategic personnel planning, recruiting, etc.

The networked, cross-border activities of Business Partners in the respective divisions serve as the basis for achieving divisional objectives throughout the Group. In Austria as well, HR managers function as a team working to implement common personnel objectives at Bank Austria. Another factor behind the Group's success is the close cooperation with cen-

tralised HR technical and service units such as executive management, training, diversity management, staff compensation, etc.

These networks – Business Line on the one hand and Competence Line on the other – ensure that know-how is shared among Divisions throughout the Group as well as in Austria, and promote both best practice and the exchange of expertise.

## Core values guarantee sustainability

The Integrity Charter encompasses the set of values shared by all employees of UniCredit Group. The six core values – fairness, transparency, respect, reciprocity, freedom and trust – serve as practical guidelines for all of us – from board member down to young apprentice – with regard to our dealings with colleagues and customers. They also serve as the basis for HR management activities and for qualifications of employees with management responsibilities.

Two ombudsmen have been available at Bank Austria since March 2007 to handle complaints arising from conflicts or from infractions against the values of the Integrity Charter. Employees can turn to these ombudsmen with complete confidentiality. "Restorative justice" serves as the basis or set of rules used by the Group to implement the Integrity Charter. This approach is supported by a culture of mediation and/or notification, which are used as instruments of redress. The main emphasis in this regard is on restoring inter-personal relationships, relationships between company and employees as well as on external relationships.

On 1 October 2007, all BA-CA employees once again took two hours off work and formed some 2,000 working groups to analyse customer relationships and discuss ways to better implement our values in day-to-day contact with customers. These groups were supported by a task schedule and related materials provided by HR and the Communications unit.

## Developing the best leadership team

The **Executive Development Process** is one of the core processes for the development of executives and for talent management. The EDP Plan serves as a strategic guide for performing annual appraisals and implementing development plans for executives. Our goal is the systematic, ongoing development of management skills and leadership qualities needed in the Group.

The Leadership Competence Model focuses on:

- investments in employees who face challenges successfully
- benefiting from international diversity in the composition of our leadership teams
- strengthening our "development culture" and internal promotion of employees
- better and earlier identification of talented young executives.

EDP promotes constructive dialogue between middle and top management. Ensuring the long-term success of the EDP process, however, requires the firm commitment of everyone involved as each person has the power to influence their own development path and that of others. The Group Heads of Division assume an important role in this context as they are responsible for ensuring that each executive is provided with individual feedback and a personal development plan by their immediate superior. In 2007, some 234 executives were included in the EDP process. The process has already produced results which have made it possible to assign executives from the EDP pool to management positions in Austria and in CEE countries.

The **UniManagement Center** in Turin was opened in January 2007 in order to fulfil the ambitious objective of "Developing Leadership". To further improve the level of man-

agement expertise within UniCredit Group, the UniManagement team has developed a number of innovative strategies:

- physical architecture – the work environment offers space for teamwork, engages all aspects of the human intellect and permits real-time processing
- content architecture – management capability is acquired through dealing successfully with specific challenges and realistic situations
- process architecture – improves the ability to learn based on the most current research results

For top management executives, the annual **Leadership Meeting** offers a unique opportunity to become familiar with the organisational and corporate priorities for the new year, and to exchange relevant information with other participants. At this event, held at the UniManagement Center, participants develop strategies and visions for addressing future challenges from an operational and managerial perspective. The collaborative approach taken at this meeting further strengthens the sense of solidarity within UniCredit Group.

## Talent management

Talent management at UniCredit Group is not the sole responsibility of the HR department – on the contrary, talent management is a key managerial function which is supported by HR.

The Talent Management Review Process (TMR process) at Group level is a key element. This process identifies talented young employees for the “UniCredit Group’s Talent Pipeline” at a very early stage. The objective is to develop these promising young employees into highly-qualified and passionate leaders. This group-wide TMR process also identifies talented divisional and local employees for BA-CA.

Talented young employees are brought to the attention of the TMR process by their direct

superiors. In a manager appraisal process, an employee’s performance, potential and career development are evaluated with the assistance of the HR department. The HR department then calibrates these results for Austria. Talented young employees in the division are subsequently reviewed at a Group level and then presented in the course of the EDP session. Thus top management is provided with a summary of the performance and potential of its management team on the one hand, and with a clear picture of “young talent” on the other.

Two centralised development programmes support the talent management process:

- **UniQuest** is the development programme for successful, talented young employees of UniCredit Group which operates on a voluntary basis. Divisional projects form the core of this international programme. Each respective project is then taken under the aegis of a member of the Management Committee (Group Managing Board).

Eligibility under the programme is open to employees in all the countries represented by the Group who wish to pursue international careers. A total of 100 participants are selected each year in the course of a multi-stage selection process. In 2007, over sixty BA-CA employees applied for the programme, and fifteen of these employees were accepted. Austria and CEE thus account for 60% of participants in this programme.

- **UniFuture** is a leadership development programme for managers who have been identified as possible management successors to the leadership team. The objective is to promote the participants’ further development through the exchange of knowledge and experience. They work out a new business idea or an idea to modify or improve a relevant process. Each team is sponsored by a senior executive of the Group. Five Austrian managers have already successfully concluded UniFuture.

## Diversity as a basis for corporate success

“**Your Voice – Our Future**”: In line with the above motto, we invited all employees to participate in a group-wide staff survey (“**People Survey**”), allowing them to actively shape their future in UniCredit Group by providing feedback and submitting suggestions on an anonymous basis. Survey questions range from satisfaction over Group management and immediate superiors, information strategies, the clarity of the communicated objectives, over the bank’s image to workplace satisfaction and training and development opportunities. The high level of participation reflects the strong commitment of employees. Building on these results, employees in the Divisions worked together with their managers to establish action plans for improvements which will be implemented in the course of 2008. The People Survey will be carried out on a periodic basis – every 12 to 18 months. This will allow the success of the various activities to be measured.

The first People Survey took place in the autumn of 2006, and the results of the survey became available in the spring of 2007. Following a period of analysis and planning, wide-ranging activities were implemented at both corporate and divisional levels at BA-CA, including, for example:

- regular dialogue and exchange of information among top management (Management Board and 1st level management) pursuant to the Austria Management Team Meetings;
- a series of discussions entitled “A talk with ...”: Management Board members meet interested employees to informally discuss topics of current interest which can be selected by the employees themselves;
- numerous division-specific measures with various areas of emphasis (communication, team building, management topics, promoting talented young managers, continuing education, etc.).

# Human Resources (CONTINUED)

## Diversity management

Mutual respect, candour and the recognition and appreciation of differences are integral components of the corporate culture at UniCredit Group.

In order to maintain the high level of commitment, performance and health of all our staff members, we consider it important to pay due regard to the various circumstances in the lives of our employees and to create general conditions in which they can achieve a good balance between work and family. For this reason BA-CA offers numerous part-time work models, flexible working time, sabbaticals and the possibility of telecommuting. Assistance for families includes company kindergartens with a capacity for some 200 children, selective support during maternity leave and seminars for those returning to work.

Taking a gender-based approach, the bank established the BA-CA **Mentoring** programme as one of its staff development and diversity measures a number of years ago. In 2007, some 40 pairs of employees – including, for the first time, ‘international pairs’ – took part in the programme, which is already in its fifth year. The programme’s objective is for mentees and mentors from various functions and hierarchical levels to support each other, become acquainted with new viewpoints and integrate themselves into networks. Mentees recognise their potential and are then ready to assume new tasks. Plans are in progress to match mentoring pairs on a cross-border basis at Group level.

### Health and employee safety

At a number of locations, employees have access to advice and treatment by a highly-qualified team of doctors and therapists from different medical disciplines and in line with state-of-the-art occupational medicine. Specialists in occupational safety provide onsite advice on ergonomic issues. Numerous precautionary

measures as well as physical exercise and relaxation programmes intended to promote healthy lifestyles are offered at reasonable prices. Cost-benefit analyses show that these investments lead to significant reductions in employee absences.

## Personnel management – transparent and fair

“We are family” could be the caption describing the Personnel Management System being implemented as an integrative measure throughout the various Divisions of Bank Austria. With “job families”, we are introducing a performance-oriented, effective personnel management system which is closely aligned with the core values of the Integrity Charter – in particular with regard to transparency and fairness. All processes and decisions will be made in a manner which is both calculable and transparent for employees.

Project operations were successfully concluded on a trial basis at the end of 2007, and a transition to real-time operations in 2008 has been prepared in cooperation with the Employees’ Council.

The linchpin of the new system is the Job Families Structure of Functions, which defines 117 job profiles for the entire Group, and bundles these jobs into ‘job families’. Within each respective job family, a distinction is drawn among the ‘levels’ which indicate the job’s respective qualification level (e.g., job family: controller, level: senior controller).

Consistent with the concept of a comprehensive and integrated personnel management system, the job families approach ties in with other system components such as compensation management (Compensation & Benefits), performance management and the career system.

## Leadership Competence Model

### Market and product knowledge

#### Customer Focus And Value Proposition

(customer focus; customer value proposition; connected with the community)

#### Risk Management (risk management focus)

#### Quality Orientation (quality oriented; cost focused)

### Values

#### Integrity And Trustworthiness

(live the “ethics” rules – integrity; trustworthy)

#### Growth Oriented (growth oriented)

**Team Culture** (accountable; team culture – open to feedback and ideas; equitable)

#### Embrace Diversity

(embrace diversity, globally connected)

### Leadership

#### Thought Leadership

(project the future state/communication; intellectual curiosity/analytical)

**Execution** (performance driven; make tough calls – on people and ideas; entrepreneurship)

**Committed To People** (committed to people development)

**Energising** (energising)

**Change Oriented** (change oriented; innovation)

## Compensation & Benefits

Compensation management – in addition to complying with minimum standards established through collective bargaining agreements – is based on the ‘market value’ of a specific activity (‘function’). This means that each function is assigned a BA-CA salary range which is pegged to regularly-compiled market data and which is established pursuant to a clearly-defined set of rules. As a result, decisions affecting salaries are transparent and in line with the market. In 2007, Compensation Committees were established which convene twice a year to determine salary increases, taking into consideration current market benchmarks and personal factors (a sustained level of exceptional performance, values-based approach). This new approach to compensation management makes it possible to achieve a focused distribution of budgeted funds, ensures that compensation is in line with market requirements and serves to strengthen the commitment of key personnel to the bank over the long term.

### Performance management

A comprehensive performance management system was completed in 2007. The introduction of an **MbO process** (Management by Objectives) represents a key element of this system. Pursuant to the MbO process, concrete work goals are established based on target-group-specific scorecards, making it possible to implement corporate objectives more efficiently. A subsequent evaluation during the following year of whether the objectives have been realised serves as the basis for the award of performance-based incentives. Thus we also refer to an STI system (short-term incentive system). With the MbO system, business activities can be efficiently managed and employees compensated based on performance.

Another key aspect of the performance management system in 2007 was the development and completion of a new annual performance review. This review focuses on the employee’s sustained, future-oriented overall performance, and encompasses feedback from the immediate supervisor regarding the achievement of objectives, performance with regard to specific job requirements, strengths and areas of development for the employee based on Group competence criteria and personal development planning. A motivational dialogue, in which the feedback is discussed and a sound basis for continued cooperation is established, is at the heart of these activities.

### Career management and personnel development

The implementation of the job families system will make career management and personnel development more efficient for each employee. All job profiles are accessible, and each employee knows which qualifications are required for the various jobs. This allows for the kind of self-assessment which is necessary for planning and directing individual careers.

## Training and development

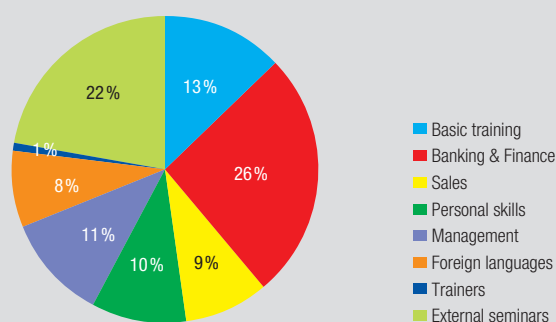
The 2007 training programme was geared to the divisional business models.

In particular, the Banking & Finance and Sales training packages were revised with regard to content, didactic methods and structure, and brought into line with the requirements of job profiles in the Retail and Corporates Divisions.

The following guidelines were used to define the wide range of possibilities offered:

- clearly-defined requirements per job description and/or advisory model, based on the catalogue of core products for the various customer groups
- implementation of generalised training for customer advisers to ensure broad technical and sales qualifications
- implementation of training paths for each job description with recommended minimum requirements and supplemental modules
- underpinning all training measures with well-defined learning objectives based on requirements pursuant to the job description, the catalogue of core products and sales skills

Total training days in 2007: 38,200



# Human Resources (CONTINUED)

- coupling the training programme to the qualifications profile in order to support a planning process for training which is efficient and geared to meeting individual needs.

As part of the ongoing initiative aimed at enhancing (self-)motivation and job satisfaction we covered topics such as (self-)motivation, individual mindset, performance maintenance and stress prevention not only in the “Personal Skills” segment, but also in courses offered by the Sales Academy and in management training courses.

Management training reaches across the bank’s Divisions. All courses are based on the values of UniCredit Group and are designed to serve as the foundation upon which management skills are developed within the Group. They also take into consideration division-specific peculiarities with regard to management instruments and techniques.

In order to continually raise the level of general competency in English, the official Group language, “English Guidelines for UniCredit Group” were introduced. These guidelines call for obligatory proficiency tests to diagnose individual levels of language proficiency, which make it possible to create participant groups with similar ability levels, on the one hand, and to document individual language progress on the other.

## Headcount management

In order to ensure our business success in the long term, both employee qualifications and staffing levels must be constantly brought into line with market requirements. In 2007, 337 new employees joined the bank (measured in terms of FTEs), with a large percentage of these employees holding positions in the Retail Division. 596 FTEs left BA-CA AG, with employees submitting letters of termination in 257 of these cases. This results in a natural fluctuation rate of 3.2%. About 340 employees terminated their work relationship by mutual agreement pursuant to a restructuring programme in place for 2007 and 2008.

## Internal service regulations, labour relations

Thanks to the cooperation between HR Management and the Employees’ Council, it was possible to resolve a number of issues involving the bank’s internal service regulations and working relationships. Such issues included a reform of the BA-CA pension

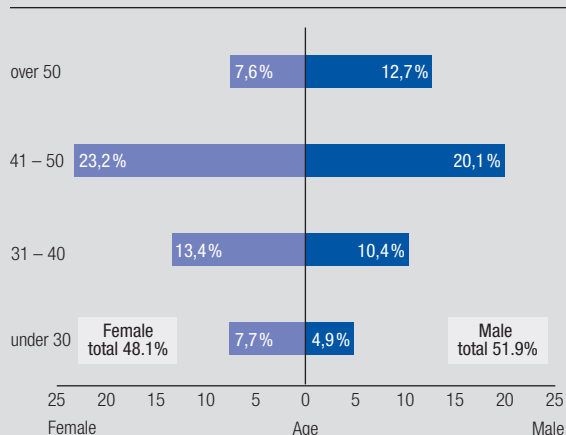
equivalent (ASVG equivalent), clarification of internal service regulations (“Internal Service Regulations Reform 2007”), the legal basis for performance management, job families and internal agreements on financial compensation systems, as well as video surveillance at the bank to protect against bank robberies.

## EWC – European Works Council

Following constructive negotiations between HR at the holding level and the “Special Negotiation Panel” comprising Employees’ Councils from various EU countries, it was agreed to establish the “European Works Council of UniCredit Group – UEWC”. “European Works Council” (EWC) is the name of the body established by the EU whose goal is to strengthen the right of employees to information and consultation. The body comprises representatives from all the countries in Europe where UniCredit Group is active. HR managers and representatives from top management will regularly inform the EWC over planned or approved measures.

### Age structure, male/female

Bank Austria Creditanstalt AG



## CEE Human Resources

CEE Human Resources is responsible for managing all staff-related issues for the banks belonging to the CEE Division of UniCredit Group. It fulfills three roles: governance, leadership (implementation of Group projects), and coordination (best practice sharing).

In 2007, CEE HR provided services in the areas of HR integration (particularly in the merger countries Slovakia, the Czech Republic, Romania, Bulgaria, and in the Baltics), due diligence and managed selection. It also provided expertise on integration and HR processes, in particular for the appointments of 1st level positions in the CEE countries. A structured succession planning process was launched for Executive Development. CEO/COO appointments were based on the respective results of the Executive Development Plan (EDP process).

Moreover, enhanced cooperation was sought with HR from UniCredit Holding and Leasing. CEE HR moreover managed the implementation of numerous Group projects and initiatives (People Survey, Unidea Foundation, Integrity Charter etc.).

At the 2nd UniCredit HR Conference (13–14 September 2007) Rino Piazzolla presented an “Award for Special Achievements in HR 2007 for designing and implementing Cross-Border Projects and HR Competence Centers” to the CEE HR leadership team. Six Cross-Border Projects (CBP) – Performance Management, Leadership Initiatives, Sales Force Training Retail, Sales Force Training Corporate, Talent Sourcing (Employer Branding), Docking Station (DigiSimplification) –

and three Competence Centres (CC) – Retention Measures, Executive Development & Talent Management, HR Integration & Change. One of the main reasons for launching the initiative to create a new way of working together is to use the expertise UCG has in the CEE region and to avoid reinventing the wheel by working together across borders. Closely related to this is the need to create synergies and save time and costs. For this reason, evaluation criteria for all the projects were established. These initiatives are in response to the most pressing business needs. Talent recruitment was already implemented in pilot countries during 2007.

As regards training initiatives in CBP, multi-national teams of experts from HR and business developed state-of-the-art sales force training programmes for retail and corporate relationship managers and started to implement them in pilot countries. Furthermore, a uniform “Basic Leadership Skills” training course was developed in order to provide newly-appointed managers with basic leadership tools and to promote the development of UniCredit leadership culture. With regard to the CBP and CC, quarterly “Together We Can” events were organised (most recently in November 2007) with the participation of HR leaders.

CEE HR managed the integration of HR systems of ATF Bank in Kazakhstan, including the implementation of change management measures. ATF-related events were organised to introduce the new bank to UniCredit Group business strategy and corporate culture.

People Survey 2006 action planning was carried out at a sub-holding level; the People Survey results were also reflected in the CBP

and CC. Followed by the launch of the Restorative Justice Ombudsman System – in coordination with the Group Ombudsman – in selected CEE countries, the 2nd Integrity Charter Day 2007 fostered the dissemination of our Integrity Charter values within the CEE Division.

In order to increase efficiency in cross-border collaboration between the CEE Division’s offices in Vienna and Milan, and with the entire HR network in CEE, an online file-sharing platform was set up.

In order to enhance UniCredit Group’s positioning as an attractive international employer, CEE HR launched sponsoring initiatives – UniCredit CEE Student Cercle and Center of Excellence (from 2008) – with Wirtschaftsuniversität Wien, Austria’s largest academic institution for business studies.

In terms of compensation, HR stepped up its involvement in HR cost management in order to develop know-how in the countries with a view to improving efficiency.

A Strategic Workforce Planning project with a pilot in UniCredit Tiriac Bank (Romania) was set up to ensure efficient HR planning and availability of the right people at the right place, in order to meet business needs at the right time.

In 2007, 50% of UniQuest participants came from CEE Division countries, underlining the quality of its candidates. Numerous CEE managers were selected and enrolled in UniFuture and UniManagement leadership programmes.

# Sustainable Business Management

**We aim to operate profitably while meeting high social and ecological standards and taking concrete steps today to make life worth living tomorrow.**

We see sustainable business management not only as a way to assure the long-term success of our company. We also think that this approach reflects our responsibility to society and for our environment.

Thinking and acting on a sustainable basis is therefore an integral part of our corporate culture, which includes respect, reciprocity and fairness in our dealings with customers, employees and investors, suppliers and communities – values which are enshrined in the Integrity Charter which is applicable on a Group-wide basis.

The commitment to sustainability of Bank Austria's top management is reflected in its participation in "respACT – Austrian Business Council for Sustainable Development", a group of top managers of large Austrian companies. The Business Council's objective is to take account of the principle of sustainable development in the business sector by implementing it within the companies they lead and by propagating this attitude within the business sector.

In organisational terms, sustainability management is based on a structured network. As part of Communications, the unit acts as coordinator, finder of topics and provider of internal services, supported by a network of colleagues in the Divisions. At Group level, Bank Austria contributes ideas and expertise to cross-regional CSR teams focusing on sustainability.

## Basic principles

Product ecology (sustainable products), operations ecology (environmental efficiency in operations) and corporate citizenship (corporate social responsibility) safeguarding our business interests are the basic principles observed by the bank in sustainable business management.

The values underlying these focal areas fit perfectly with those in UniCredit Group. The Integrity Charter applicable within UniCredit Group is a framework of values for all banks and each employee. Fairness, transparency, respect, reciprocity, freedom and trust are the values guiding our relationships with all stakeholders within and outside the Group.

## Product ecology

### High standards in financing business

Ecological values are standard in our core business as a financial services provider. Our lending principles therefore include the environmental and social standards established by the World Bank in connection with project financing activities in threshold and developing countries, and the Equator Principles, a global industry standard signed in 2003 and applied to all major project financing transactions in addition to the World Bank standards. We have long taken into consideration ecological aspects in our creditworthiness evaluations.

We provide comprehensive information to contribute to help create a greater awareness of environmental and sustainability issues among our customers. This is becoming increasingly important for many companies because within the Basel II framework, companies with a certified environmental management system (for example, EMAS, ISO 14001) are assigned a better rating than other companies.

Internal training is an essential factor to meet the requirements of sustainable product ecology. Our environmental desk has supported credit officers and risk managers in the area of ecological risk evaluation for many years. Industry checklists and training programmes enable customers and the bank's employees to identify and address environmental risks at an early stage. Account managers and risk managers use industry checklists to identify and assess environmental problem areas, including contamination, and the legal requirements. Our customers can use our BusinessNet service to obtain information from our environmental desk.

## Sustainability – memberships

Our memberships of many sustainability-focused organisations and initiatives as well as the bank's active role in them are further evidence of the importance Bank Austria attaches to sustainable product ecology.

In this context the bank has been cooperating in the EU project "Concerted Action on Brownfield and Economic Regeneration Network" (CABERNET), a network for revitalising abandoned former industrial sites, for many years. An ÖNORM working group deals with a new standard for "recording and evaluating environmental aspects of property valuation – potential uses of brownfields and determination of related costs" in Austria. The "2nd International Conference on Managing Urban Land", a joint conference of CABERNET ([www.cabernet.org.uk](http://www.cabernet.org.uk)) and REVIT ([www.revit-nweurope.org](http://www.revit-nweurope.org)) took place in Stuttgart/Germany in April 2007, with Bank Austria participating as moderator.

## Ethical investments

Bank Austria offers ethical investment products based on sustainability considerations. Investments are regarded as being ethical if the area in which the issuer (company, central government, international organisation) operates meets specific requirements of social, humanitarian and ecological responsibility. There are various approaches depending on the investment strategy and orientation, with a range of products differentiated according to ethical features. We offer such products via Pioneer Investments Austria, our mutual fund company.

### **Pioneer Funds Austria – Ethik Fonds**

is a mixed fund seeking long-term capital growth and current income; it is targeted at investors who take into account ethical criteria in making their investment decisions.

The basic portfolio is made up of international equities (about 30%) and euro-denominated bonds (some 70%).

### **Pioneer Funds – Global Ecology**

The objective of this fund is to generate capital growth in the medium to longer term by investing at least two-thirds of its assets in a diversified portfolio comprising equities and equity instruments issued by companies which make environmentally friendly products and technologies or contribute to making the environment safer and healthier. This definition includes companies active in the areas of air pollution control, alternative energies, recycling, waste incineration, waste water treatment, water purification and biotechnology.

### **Pioneer Funds – Global Sustainable Equity**

This fund focuses on generating capital growth in the medium to longer term by investing at least two-thirds of its assets in a widely diversified portfolio comprising equities and equity instruments issued by companies which meet specific environmental, social and government criteria. This definition includes companies withdrawing capital from businesses which damage the environment, and companies which distinguish themselves through their responsible behaviour towards the community.

### **Pioneer Funds Austria – Öko Garantie 9/2014**

The focus of this fund, which was offered for subscription until 25 September 2007, is on companies which make environmentally-friendly products or develop and use technologies actively contributing to environmental protection. The fund management invests in railway companies, solar technology companies or companies active in the areas of wind energy or water technology. A 100% capital guarantee and an 80% peak value guarantee minimise risk.

### **Pension fund and provident fund for employees focused on sustainability**

Bank Austria pays its contributions to the employee pension plan into VBV- Pensionskasse, a pension fund which has increasingly concentrated on sustainability over the past years. The contributions paid into VBV-Mitarbeiter-Vorsorgekasse, the provident fund for employees, are invested entirely on an ethical basis. The investment principles of VBV-Mitarbeiter-Vorsorgekasse are monitored by an independent Advisory Board on Ethical Investment. [www.vbv.at](http://www.vbv.at)  
[www.vbv.co.at](http://www.vbv.co.at)

respACT – Austrian Business Council for Sustainable Development is an association serving as a point of contact for all questions related to the implementation of sustainability, corporate social responsibility (CSR) and business ethics. It provides a platform for companies to exchange ideas and information, and jointly support environmental initiatives. Bank Austria is a member of respACT.

Bank Austria is an active member of the “Grünes Geld” platform set up by ÖGUT, the Austrian Society for Environment and Technology, to strengthen the market for ethical and ecological investments. ÖGUT organises an annual reception which has traditionally taken place in Bank Austria and provides the venue for presenting environmental awards in various categories.

In 2007, ÖGUT’s reception focused on financial market sustainability. Bank Austria acts as host of this event and has also endowed the ÖGUT Special Prize.

UNEP-FI CEE Task Force: Bank Austria, which as member of UniCredit Group operates the leading international banking network in the growth region of Central and

# Sustainable Business Management (CONTINUED)

Eastern Europe, was one of the institutions helping to set up the CEE Task Force within the framework of the United Nations Environment Programme (UNEP). The purpose of the task force is to enhance awareness of the interrelationship between environmental topics and banking transactions in the countries in Central and Eastern Europe. The main topic of conferences organised in Romania and Bulgaria in 2007, in which Bank Austria participated also as a speaker, was environmental risk assessment in the lending process. In 2007, the UNEP-FI CEE Task Force organised two e-learning courses in cooperation with several international organisations. The courses dealt with climate change as well as environmental and social impact assessment in the lending process; our experts attended the courses and passed the related tests.

## Operations ecology

The direct impact of the business activities of Bank Austria, a financial services provider, on the environment is not comparable in absolute figures with the impact of many production plants and industrial companies. But given Bank Austria's size and its numerous branch offices and many employees, it is not something that should be disregarded. Our objective is therefore to use resources in a responsible and environmentally-friendly manner.

Pursuant to the bank's internal operations ecology, and in order to improve its efficiency in this area, Bank Austria is pursuing a number of projects which reflect our comprehensive sustainability strategy. The bank aims to significantly reduce costs and enhance efficiency. Legal compliance avoids risks and underlines the bank's model role in the area of sustainability. An essential aspect of consistency and sustainability in the bank's

operations at all levels is the monitoring of consumption data, which was further improved in 2007. This provides a basis for more accurate forecasts, enabling the bank to respond with the appropriate measures.

### Environmental protection with state-of-the-art technology

Bank Austria is constantly implementing specific projects to keep energy consumption and emissions to a minimum. This is partly reflected in the fact that the Austrian Federal Economic Chamber (WKÖ) referred to energy optimisation for ventilation systems at the bank's Praterstern administrative centre as an example of best practice. Other examples are the "virtualisation of Windows servers" project, which involved the virtualisation of 638 physical servers, resulting in annual energy savings of 2,670 mWh. Another case in point is the W.O.L.F. (WakeOnLAN-Feature) project scheduled for 2008, which by means of energy-optimised equipment

settings will achieve energy savings of 500 kWh per personal computer each year. We are also promoting the use of state-of-the-art technology to reduce the amount of travel. To this end, we organised more than twice as many video conferences in 2007 as in 2006.

Employees of our bank have for many years been represented in ÖGUT's Financial Services Industry working group. This was set up in 1994 to put the financial services industry on an ecological basis. With a view to better communicating efforts and progress in the environmental and social areas and make them visible to the public, the working group has prepared a benchmarking procedure for Austrian financial service providers in the areas of operations ecology and social affairs. It is particularly significant that the working group offers the possibility for an intensive exchange of ideas and information in sustainability management and sustainability reporting.

Operations ecology data		
	2007 <sup>2)</sup>	2006 <sup>1)</sup>
Total energy consumption in kWh	148,000,000	152,953,341
CO <sub>2</sub> in tonnes (excl. business travel) <sup>3)</sup>	22,022	22,559
Waste in tonnes (total)	2,100	2,166
<i>Landfill</i>	–	–
<i>Incineration</i>	500	458
<i>Recovery</i>	1,500	1,546
Recycling in tonnes	100	162
Special refuse in kg	–	–
Water consumption in m <sup>3</sup> <sup>4)</sup>	350,178	380,091
Paper consumption in tonnes	1,142	1,114
Travel CO <sub>2</sub> <sup>5)</sup> in tonnes	3,734	3,260
Travel in km <sup>6)</sup>	19,718,976	17,484,124

1) All data are based on new, detailed calculation procedures. Data for 2006 are therefore not comparable with the data published in the Annual Report for 2006.

2) Extrapolations are based on previous energy consumption data from the bank's head office and other administrative office buildings in Vienna

3) Conversion factors according to ÖGUT (gas), Wien Energie (long-distance heating), electricity companies in Austria's federal provinces (electricity)

4) Including drinking water and water for industrial use

5) Conversion factors according to ÖGUT

6) Comprises all business trips by aircraft, train, private car and company-owned cars of Bank Austria (new basis, not comparable with figures in the 2006 Annual Report)

## Sustainable Human Resources management

The bank's HR management activities have been based on sustainable development for many years. In this context, an important aspect is diversity management: as a banking group operating internationally, we have for a very long time been faced with the challenges and opportunities arising from the integration of companies and employees from different countries. For Bank Austria, being part of UniCredit Group means that differences in terms of gender, origin, language, age, and cultural and religious values have taken on a new dimension. Diversity is supported by all employees and is embodied in UniCredit Group's Integrity Charter, which has already been referred to a number of times.

Today, Bank Austria can consider itself fortunate that joint meetings, working groups or projects of employees of different origin

and speaking different languages have become a matter of course. Such exchanges are welcomed at Bank Austria, and are also actively promoted, where this is possible.

Equality management and the gender approach are no less important. With female employees accounting for 56% of the total headcount, and 19% of employees in the first reporting line and 14% in the second reporting line being women, the promotion of women is a clear objective. One measure employed for this purpose is our Mentoring programme. Following two pilot projects, the programme will be entering its fifth year in 2008 and continues to meet with a resounding response. Each year, about 50 selected employees work closely together with their mentors. Two-thirds of the mentees participating in the programme are women, which makes the programme an excellent instrument for tapping the available potential and ultimately increasing the proportion of women in management positions.

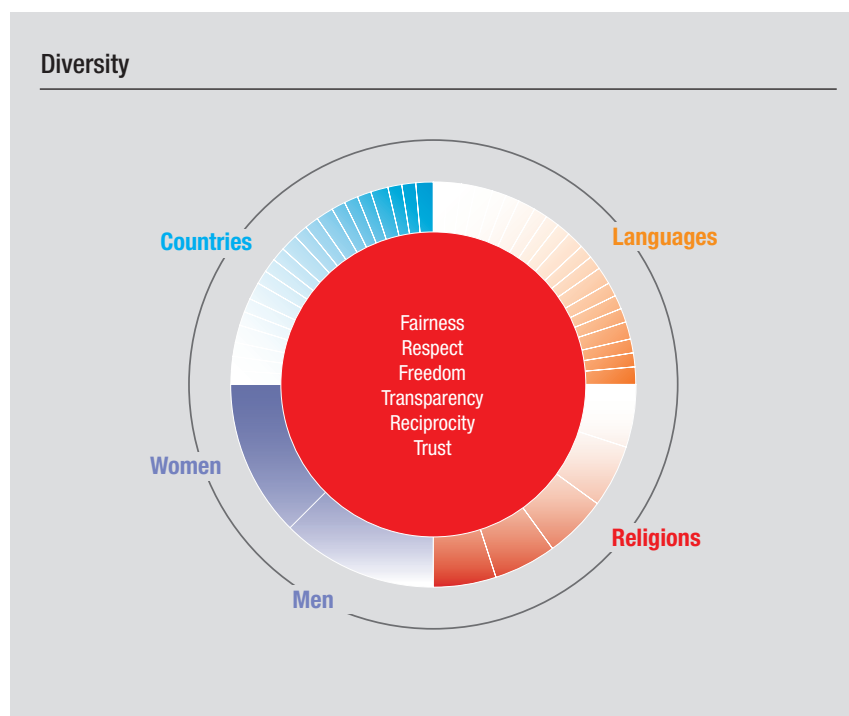
## Social commitment and social responsibility

Corporate citizenship, the assumption of social responsibility in the immediate business environment, has a tradition at Bank Austria and its predecessor institutions that reaches back many years. Corporate citizenship was first reflected in a large number of different projects. Today, we are pursuing a clear strategy in this area: committing ourselves to help the main pillars of the next generation, i.e. children and young people, young people and families who are in need through no fault of their own, and to provide assistance promptly and without any red tape in emergencies. This is our precept.

At the same time, with a view to pursuing an integrated, sustainable approach, we do not forget the interests of our customers and stakeholders. The transparent and efficient employment of resources in an economically sensible manner are important criteria for our social commitment. We initiate and commit ourselves to concrete projects which are commensurate with our strategy, while strengthening our contacts with local, regional and national stakeholders by supporting charity organisations. Below are some examples of our activities:

### Eastern European Peace Camp

For over 50 years, young people from all over the world have been meeting in Langenlois, Lower Austria, upon the invitation of the Austrian Youth Red Cross to discuss current issues of social relevance, and to find solutions. We see this as an important contribution towards international understanding; Bank Austria is supporting this camp for the first time in summer 2008.



# Sustainable Business Management (CONTINUED)

Bank Austria has initiated a three-day meeting with a focus on Eastern Europe, an event that will make its debut in the summer of 2008. The meeting will be attended by young people from 15 countries in Eastern and South-Eastern Europe to discuss issues such as migration, education and development.

The programme includes a meeting of participants with members of the European Commission and representatives from the European Parliament. This will give the young participants the possibility to address their wishes and concerns regarding European politics to the appropriate persons.

## **Jugend ohne Netz**

Bank Austria supports the "Jugend ohne Netz" ("Youth without a Net") project initiated by the Ombudsoffice for Children and Youths. In 2007, the project's objective was to make the public more aware of the poverty of children and young people in Austria, and to instil this awareness in individuals. This was attempted with an interactive touring exhibition which provided food for thought for many people who visited the exhibition in all the capitals of Austria's federal provinces. The event was held under the patronage of Margit Fischer, wife of the Federal President of the Republic of Austria. A "tangible result" of the initiative was a petition that was handed to Ms Barbara Prammer, President of Austria's National Assembly.

The follow-up project to "Jugend ohne Netz" is a sponsorship project which will be implemented in the course of 2008. In this particular case we provide support for the training of helpers working on an honorary basis, who accompany and advise young people with problems in their daily lives. Employees at our bank have the opportunity to actively support and structure the project as sponsor, reflected in the cooperation with the Ombudsoffice for Children and Youths.

## **Bank Austria Familienfonds**

The fund provides quick and unbureaucratic support to Austrian families with children, helping them to cope with crises. Established in 1994, the fund is competently managed by the Caritas organisation of the Archdiocese of Vienna.

The "Poverty hurts" initiative of Volkshilfe Österreich. The initiative was launched to give financial support to Austrians in need – many children suffering from chronic diseases, victims of accidents, handicapped children and children from disadvantaged backgrounds living below the poverty line.

The "Austrians in Need" welfare fund of the Austrian Federal President supports people who get into financial difficulties through no fault of their own.

Combating homelessness in Austria is the aim of the **Vinzenz** community. Bank Austria supports their current campaign.

The **CliniClowns'** objective is to make children in hospital laugh and brighten up the everyday lives of older patients in line with the belief that laughter is the best medicine.

## **Active partner for science and research**

Bank Austria maintains non-profit foundations for the promotion of science and research at the University of Vienna, at Vienna's University of Economics and Business Administration, the Vienna University of Veterinary Medicine, the Vienna University of Technology and the University of Innsbruck.

These foundations grant scholarships, support university projects and award prizes (including Bank Austria prizes at the University of Vienna, and the "Student of the Year" award at the University of Innsbruck).

Bank Austria also promotes interdisciplinary initiatives and symposia, and helps organise lecture series and exchange programmes.

Joint events serve to promote a continuous dialogue between the business sector and research or teaching at the university level.

Activities are funded from interest earned on the assets held by the foundations. Funding is granted on the basis of a thorough selection process by boards of trustees comprising top representatives of the universities and of Bank Austria.

Bank Austria has set up Foundation Chairs at the University of Vienna, the Vienna University of Economics and Business Administration and at the University of Linz. Moreover, Bank Austria is one of the main donors of the Jubilee Private Foundation of the Vienna University of Economics and Business Administration.

## **Culture overcomes barriers**

Bank Austria's commitment to culture in Austria and in some countries in Central and Eastern Europe is an integral component of the bank's corporate culture. But it at the same time also reflects our belief that culture plays a key role in the development of an integrated Europe. To this end, we support internationally renowned facilities in Austria such as the Bank Austria Kunstforum – the home of classical modern art in Austria – and projects with young artists from Central and Eastern Europe in the areas of the fine arts and music.

