

SUSTAINABILITY

REPORT 2017

New perspectives

OeKB Group Highlights

Monetary values in € million	2015	2016	2017
Consolidated financial statements			
Total assets at 31 December	28.776	26.430	26.005
Equity including minority interest	746	766	801
Operating profit	51	56	54
Profit before tax	61	54	52
Total comprehensive income for the year	48	40	59
Return on equity in % *)	6,4 %	5,2 %	7,5 %
Cost/income ratio in %	61,8 %	59,3 %	59,7 %
Non-financial performance indicators			
OeKB Group's average number of employees	404	406	402
Proportion of management positions held by women in percent	40,3 %	38,5 %	35,0 %
Guarantees of the Republic of Austria under the Export			
Number of guarantees in place	3.509	3.544	3.773
Number of new guarantee contracts issued	738	824	965
New guarantee contracts issued	3.758	3.566	5.355
Aggregate guarantee exposure limit at 31 December	50.000	50.000	40.000
Utilisation of the guarantee exposure limit at 31 December	25.897	22.501	24.436
Premium and interest income	165	157	146
Gross claims paid by the Guarantor	81	77	47
Recoveries on claims paid	58	154	49
OeKB Export Financing Scheme			
New commitments issued	5.007	4.464	5.282
Total lending commitments outstanding at 31 December	21.369	19.210	20.585
Disbursements outstanding	18.373	15.701	17.539
Loan funds disbursed	4.051	3.778	4.795
Repayments received	5.265	6.450	2.958
(Decrease) in net loans outstanding	-1.214	-2.672	+1.838
Guarantees of the Republic of Austria under the Export Financing Guarantees Act			
Limit on aggregate guarantee exposure under Export Financing Guarantees Act	45.000	45.000	40.000
Utilisation of the guarantee exposure limit at 31 December	24.314	21.959	24.513
Total new guarantees issued	9.767	9.244	13.274
Capital Market Services			
Bond market – Federal bonds administered by OeKB	14.795	12.939	13.316
OeKB CSD Custody assets - Nominal value	300.159	315.750	328.493
Number of	10.551	10.120	9.328
OeKB CSD Settlement volume - Nominal value	414.790	512.693	701.474
Number	15.268	21.297	11.594
OeKB CSD - Number of depositors	93	84	79
OeKB CSD - Categories of securities	20.364	15.933	15.924

* RoE = (Total comprehensive income attributable to the owners of the parent company/equity attributable to the owners of the parent company)

CARBON DIOXIDE EQUIVALENTS

Energy consumption and business travel in kg/employee



OeKB EXPORT FINANCING SCHEME

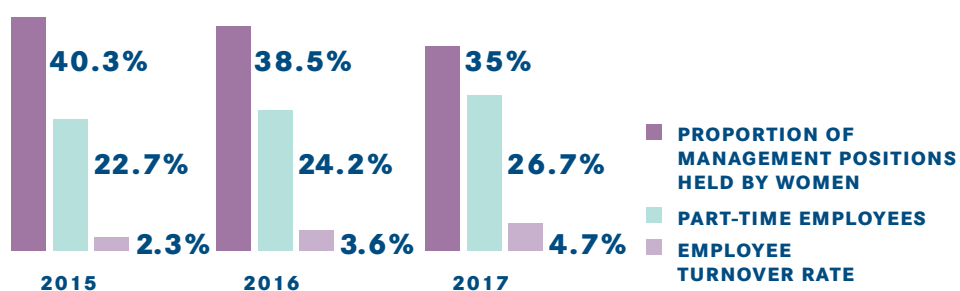
(Monetary values in € million)



NEW FINANCIAL INSTRUMENTS IN OeKB'S SECURITIES DATABASE

	2015	2016	2017
Debts	1,263	1,550	2,300
Warrants	4,397	4,334	4,286
Certificates	1,473	1,688	2,921
Funds	270	208	884
Other	67	63	37
SUM	7,470	7,843	10,428

EMPLOYEES OF OeKB GROUP



RATINGS

OEKOM RESEARCH
Prime

RFU SUSTAINABILITY RATING
qualified

SUSTAINALYTICS
Outperformer

Content

About the report	6
Preface by the Supervisory Board of OeKB AG	7
Preface by the Executive Boards and managing directors	8
OeKB Group	10
Shareholders and share capital of OeKB	11
Business model of the OeKB KI Group	12
Materiality analysis	15
Stakeholder relations and dialogue	19
Sustainability management in the OeKB KI Group	28
To help business grow	29
Export Services	31
Financing with Exportfonds	37
Financing with OeEB	38
Capital Market Services	42
OeKB CSD GmbH	46
Energy Market Services	49
Innovation management in the OeKB KI Group	50
To help employees advance	52
Our promise as an employer	52
Competencies	55
Diversity	57
Gender	58
Remuneration policy	59
To help the environment flourish	61
Ecology in day-to-day operations	61
Energy management	62
Business travel	63
Ecological key indicators	66
To help society succeed	69
Human rights	69

Corporate Governance	70
Compliance and legal requirements	73
Business ethics	74
Risik management system	77
Social responsibility with long-term benefits	79
Employee volunteering	80
Review and Outlook	81
Implementation of the programme of measures in 2017	81
Sustainability programme 2018	83
External confirmation	85
Independent Assurance Report	85
Environmental verifier's declaration on verification and validation activities	88
GRI content index	89

About the report

This sustainability report covers the OeKB Kreditinstituts-Gruppe (OeKB KI Group), in other words the members of OeKB Group that hold a bank licence. Die OeKB KI Group consists of Oesterreichische Kontrollbank AG (OeKB) and all fully consolidated subsidiaries:

- Oesterreichische Entwicklungsbank AG (OeEB),
- „Österreichischer Exportfonds“ GmbH (Exportfonds),
- OeKB CSD GmbH (OeKB CSD).

Details can be found in the section **Materiality analysis**

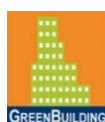
GRI 102-1, 12, 50, 51, 52, 53, 54



The topics of this report are presented in accordance with their materiality. We have published an annual sustainability report since 2001. Each report covers the corresponding calendar year. We published an integrated report for the years 2013 to 2016. The requirements for business reporting are increasing steadily in scope, so we resumed publishing our reports separately this year. This is intended to ensure target-group-oriented reporting and to better account for the communication needs of our stakeholders. For some information and figures that are required by the GRI Standards for sustainability reporting, please refer to the annual financial report and the annual Export Services report for 2017.



This PDF sustainability report for the 2017 financial year was prepared in accordance with the GRI Standards: Comprehensive option. Ernst & Young conducted an external audit on the report with limited assurance regarding the sustainability coverage in accordance with the GRI standards and the EMAS Regulation. The 2017 annual report was not part of the audit. The integrated annual report for 2016 can be found on the web site www.oekb.at.



The sustainability report also serves as a progress report for the UN Global Compact and satisfies the high standards required for its Advanced Level. The OeKB bank group has an environmental management system that meets the requirements of the EMAS Regulation. This report therefore also includes the implementation of the programme of measures for the EMAS declaration. Central Counterparty Austria (CCP.A) and the Legal Officer are not EMAS certified, but are included in the environmental statistics provided. We expanded our ecological performance indicators to document energy savings for the Green Building Partner certificate.

For more information about the “workandfamily” audit, see section **To help employees advance**

With the introduction of the “workandfamily” audit, all related project goals were integrated into the sustainability programme. This means that the sustainability report also contains the implementation plan for the “workandfamily” audit.



OeKB has been in oekom research’s “Prime” category since 2005. oekom research bases its corporate ratings on over 100 social and ecological criteria selected specifically for each sector. Companies that meet these standards are awarded oekom “Prime” status and consequently count among the leading players in their respective industry.

As a forward-looking company, we wish to learn from your comments, ideas, and suggestions for improvement. Please feel free to send any input or questions you have about this report to: nachhaltigkeit@oekb.at.

Preface by the Supervisory Board of OeKB AG

Ladies and Gentlemen,
dear Reader,

GRI 102-14

The global economic growth had a positive impact on the core activities of Oesterreichische Kontrollbank AG (OeKB) and on all other companies of the OeKB KI Group. Austria's export ratio rose substantially in annual comparison, as can also be seen in the performance of OeKB AG. In its role as the official export credit agency, the development bank of the federal government, and a central service provider for the capital and energy markets, the OeKB KI Group bears particular responsibility for the Austrian economy in respect of its numerous stakeholders and the environment.

The services of OeKB are intended to enable Austrian companies to conduct more business around the world and to strengthen Austria as a business location. At the same time, we are committed to being a good corporate citizen and to living up to our social responsibility as a member of the Global Compact and of the Steering Committee of the Austrian network of this United Nations initiative. OeKB as a service provider of the federal government orients itself strongly towards the Sustainable Development Goals of the United Nations in all it does in the interests of the Austrian public.

The OeKB KI Group can proudly look back on a long history of sustainability management. It has had an EMAS-certified environmental management system since 2001, and has published annual reports since then. These show the continuous efforts made to tackle the growing challenges of ensuring sustainability in every sense. Sustainability management has become an integral part of the group's business policies. This is a fundamental requirement for fulfilling a wide range of responsibilities in the interests of Austrian society.

With that in mind, the Supervisory Board of OeKB AG would like to thank all employees of the OeKB KI Group, who increase the trust placed in their companies with their efforts and whose achievements are documented in this report.

Vienna, March 2018

The Supervisory Board of Oesterreichische Kontrollbank AG

[ERICH HAMPEL](#) m.p.

Chairman

Preface by the Executive Boards and managing directors

GRI 102-14 Ladies and Gentlemen,
dear Reader,

We are pleased to report on a highly positive financial year for the OeKB KI Group, which comprises all credit institutions of OeKB Group. The general economic upswing combined with the strategic measures that we implemented generated a very satisfactory result for the year.

We reliably fulfilled our duty to help secure Austria as a business location with our services. We also succeeded in expanding our existing range of services for the capital market, effectively covering the growing demand for our export services, and bringing a new product for Austrian exporters onto the market.

As part of the restructuring of the Export Services unit, we assessed options for improved and even closer collaboration with „Österreichischer Exportfonds“ GmbH (Exportfonds). At the end of 2017, we acquired the shares in this subsidiary previously held by the Austrian Federal Economic Chamber and now hold 100%. We plan to further strengthen the close collaboration in the interests of our customers, seize growth opportunities, and further expand our services for small and medium-sized enterprises.

The Austrian central depository for all securities OeKB CSD GmbH (OeKB CSD) was spun off from OeKB in 2015 for regulatory reasons. The next step in this process was the submission of an application for a licence as a central depository according to the EU regulations in 2017. Another milestone last year was the launch of the TARGET2-Securities settlement platform, which OeKB CSD successfully implemented with five other European central depositories.

And in the field of development financing, Oesterreichische Entwicklungsbank (OeEB), which provides made-to-measure loan financing and venture capital for private investment projects in developing countries, celebrated its tenth year of activity this year. There was also a change in executive management at the end of 2017. Andrea Hagmann, who played a major role in the growth of OeEB, left the Executive Board at own wish. She was succeeded by Sabine Gaber.

GRI 102-15 Despite the numerous positive developments over the past financial year, our responsibility to society demands that we take a critical view of trends and evaluate the resulting opportunities and risks. Climate change, resource scarcity, digitalisation, and Industry 4.0 are just some of the current challenges. We are also committed to global sustainability initiatives such as the climate targets adopted at the UN climate conference in Paris in 2015 and the Sustainable Development Goals (SDGs) that were adopted by the international community. The implementation of the SDGs is a joint task borne by all members of the OeKB KI Group.

We have already implemented a number of measures within the group to achieve maximum compliance with the SDGs. SDG #9 addresses innovation, which plays a central role for us. We leverage external know-how in this area and are implementing an open-innovation approach. We saw an entirely new and very positive development in 2017: We became involved in the start-up initiative weXelerate, which brings existing companies and start-ups together, and we are evaluating cooperation projects with fintech providers in selected areas. We are also active in the field of blockchain technology and have developed a first prototype.

OeEB founded the project development company Rendcor (Renewable Energy Development Corporation) in cooperation with the respected engineering agency ILF Consulting Engineers last year with the goal of employing Austrian competence and capital in the expansion of renewable energy infrastructure in developing countries. In this way, we are contributing to the growth of clean energy and are advancing SDGs #7 and #13, which address renewable energy and climate protection.

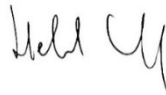
Another important step was taken in 2017 with the drafting of a comprehensive sustainability strategy. We are strongly committed to fulfilling our social responsibility and to sustainability as a holistic concept. Our sustainability strategy covers the following aspects: business and the economy, innovation, employees, the environment, and society. We will follow an implementation plan for this strategy to continue striking a healthy balance between business success, social justice, and ecological sustainability as we move forward.

After publishing an integrated report for several years, we decided in 2017 to create separate financial and sustainability reports again. The reporting requirements have grown substantially in recent years. We decided on two separate reports to continue presenting the various topics in a target-oriented and clear manner.

We hope that the results of our efforts meet your needs, and look forward to continued dialogue with you. We would like to sincerely thank our employees for their commitment over the past financial year.



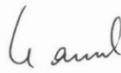
Angelika Sommer-Hemetsberger



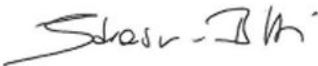
Helmut Bernkopf



Sabine Gaber



Michael Wancata



Elisabeth Strassmair-Brunetti



Carl De Colle



Peter Felsinger



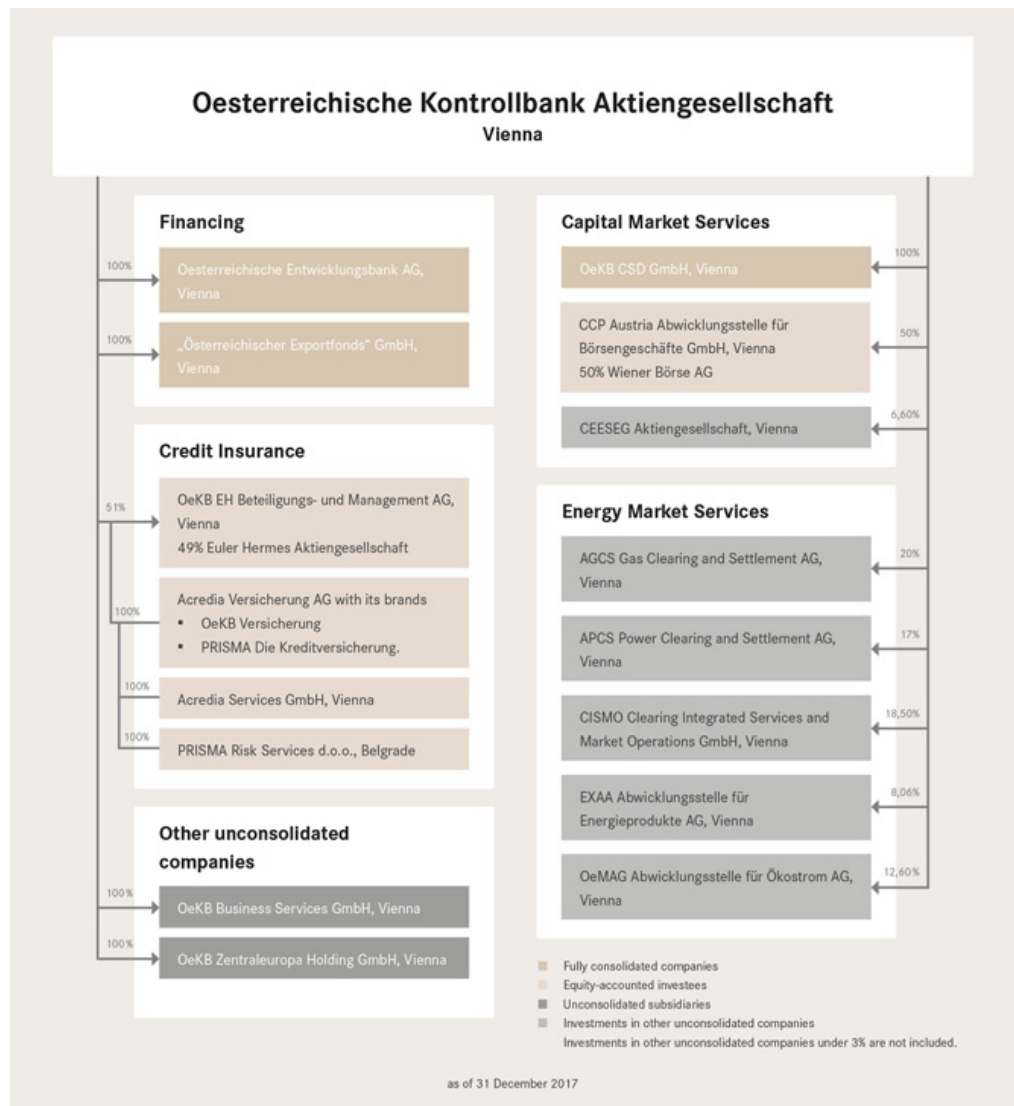
Georg Zinner

OeKB Group

GRI 102-1, 2, 3, 5, 45

OeKB has been strengthening Austria as a business location since 1946 with numerous services for small, medium-sized, and large corporations and for the Republic of Austria. OeKB manages the export promotion programme of the Austrian federal government as an authorised agent. OeKB Group is headquartered in Vienna and plays a special role as a central financial services provider. OeKB Group has a broad range of competencies and focuses on four major segments: Export Services, Capital Market Services, Energy Market Services, and Development Financing.

OeKB Group consists of the OeKB KI Group, which is the subject of this report, and of various equity holdings. In the interests of completeness, these are listed here to provide an overview of all of our activities.



Shareholders and share capital of OeKB

OeKB has a share capital of €130.0 million. In view of the special functions performed by OeKB, its shares are registered ordinary shares that may only be transferred with the consent of the Supervisory Board. They are not listed.

GRI 102-5

Ownership structure of Oesterreichische Kontrollbank AG at 31 December 2017

The current shareholder structure can be viewed at www.oekb.at/en/oekb-group/oekb-ag/oekb-shareholders

Shareholder	Number of shares held	Shareholding in %
CABET-Holding-GmbH, Vienna (UniCredit Bank Austria Gruppe)	217.800	24,750 %
UniCredit Bank Austria AG, Vienna	142.032	16,140 %
Erste Bank der oesterreichischen Sparkassen AG, Vienna	113.432	12,890 %
Schoellerbank Aktiengesellschaft, Vienna	72.688	8,260 %
AVZ GmbH, Vienna	72.600	8,250 %
Raiffeisen Bank International AG, Vienna	71.456	8,120 %
BAWAG P.S.K. Bank für Arbeit und Wirtschaft und Österreichische Postsparkasse Aktiengesellschaft, Vienna	44.792	5,090 %
Raiffeisen OeKB Beteiligungsgesellschaft mbH, Vienna	44.000	5,000 %
Oberbank AG, Linz	34.224	3,889 %
Bank für Tirol und Vorarlberg Aktiengesellschaft, Innsbruck	26.888	3,055 %
BKS Bank AG, Klagenfurt	26.888	3,055 %
VOLKSBANK WIEN AG, Vienna	13.200	1,500 %
Total shares	880.000	100,000 %

Business model of the OeKB KI Group

GRI 102-2, 6
GRI 203-2
FS5
GRI 201-1 see **annual
financial report 2017**

The OeKB Kreditinstituts-Gruppe (OeKB KI Group) plays a special role as a central financial services provider. It sees its role as promoting economic growth and strengthening Austria's competitiveness in a global environment. We fulfil this role by using economically relevant services to support the Austrian export industry, the domestic capital market, the commercial banks, and the Republic of Austria. We provide our services neutrally for all companies and in all sectors.

More details on funding
operations can be found in
the **annual financial
report 2017**

We are the second-largest Austrian issuer on the international capital markets after the federal government. Our bonds are used to fund the Export Financing Scheme.

More information about the
services can be found at
<http://group.oebk.at>

Exporting and investing abroad are both ways in which Austrian companies can grow and secure jobs in the country. OeKB manages the export guarantees from the federal government and facilitates attractive financing for foreign business. „Österreichischer Exportfonds“ GmbH (Exportfonds) is a credit institution that specialises in financing for small and medium-sized enterprises (SMEs). We protect claims in Austria and abroad with the private credit insurance company Acredia Versicherung AG.

Our capital market services cover key functions relating to securities: Every Austrian security comes into contact with the capital market services of the OeKB KI Group multiple times in its "lifetime", including in relation to a number of legally mandated tasks. Among other things, OeKB is the legal registration agent under the Capital Market Act (KMG) and holds auctions for Austrian government bonds. OeKB CSD GmbH (OeKB CSD) is Austria's central securities depository. As a local infrastructure provider, it provides an extensive range of services for capital market participants including the safekeeping and administration of securities and the efficient settlement of securities transactions. CCP Austria (CCP.A) guarantees the proper and transparent settlement of the transactions conducted on the Vienna Stock Exchange in its role as the relevant capital market infrastructure. As a central counterparty, CCP.A assumes and manages the fulfilment and default risk for the transactions on the Vienna Stock Exchange (clearing, risk management).

The OeKB KI Group also applies its decades of experience in financial clearing and risk management for the liberalised Austrian energy market through its energy market services. We assess the creditworthiness of market participants and handle the relevant financial clearing, payment processing, and risk management

As the official development bank of the Republic of Austria, Oesterreichische Entwicklungsbank (OeEB) finances investments of private companies in developing and emerging countries where access to financial products is often limited. The inclusive and sustainable growth that is generated in this manner is intended to improve the living conditions of the people in these countries. Project-related programmes of OeEB enhance the development-policy impact of the projects. OeKB can also offer financing for projects that meet certain requirements in selected developing and emerging countries with soft loans from the Federal Ministry of Finance (BMF). These are not always economically feasible for the issuer, but contribute to the development of the recipient country.

Business Modell

	Impact on the total comprehensive income	Direct environmental and social impacts	Indirect environmental and social impacts	Positive environmental and social impacts	OeKB Group SDG focuses		
Core business						How OeKB Group creates sustainable value	
Protecting against credit default risks	Net fee and commission income	x	x	x	8, 9	Export guarantees of the federal government (export guarantees and bill guarantees) limit the risks for companies that export to or invest in other countries. OeKB has been commissioned by the Republic of Austria to offer and manage the export guarantees. Due to the general office operations and business travel, the most substantial direct environmental impacts stem from energy and fuel consumption. We are subject to the Common Approaches of the OECD and the “watchful eye” principle with regards to assessing the risks of the suitability of the environmental and social conditions.	
Financing	Interest and similar income	x	x	x	8,9,13	Under the Export Financing Scheme (EFS), OeKB provides financing for exports to and investments in other countries through the exporter’s or investor’s own bank. Energy and fuel consumption are the most important direct environmental impacts here, as well.	
		x	x	x	8,9,13	Exportfonds offers revolving credit facilities to small and medium-sized exporters. Energy and fuel consumption are the most important direct environmental impacts here, as well. The indirect negative and positive environmental and social impacts are assessed in the risk evaluation.	
		x	x	x	1,7,8,9,10,13	OeEB offers long-term loans and venture capital as well as assistance for private companies in developing and emerging countries. OeEB only supports projects with a positive assessment according to the IFC (International Finance Cooperation) Performance Standards. Long-distance travel to the projects in the focus countries causes significantly higher fuel consumption.	
Refinancing	Interest and similar expenses	x			8,9,13	OeKB raises the funds that it requires on the international and domestic financial markets by issuing bonds, tailored private placements, medium-term notes, and short-term money market instruments and by taking out loans. The substantial direct environmental impacts from energy and fuel consumption are caused by general office operations and business travel. The market is being monitored continuously to determine whether OeKB can issued debt instruments in the ESG (environmental, social, governance) or green bond format.	
Capital Market Services	Net fee and commission income	x				8,9	The services of OeKB include: Provision of financial data and performance indicators, process and IT solutions for the investment fund industry, office for the issue of government bonds. Energy consumption due to general office operations is the most substantial direct environmental impact.
		x				8,9	The functions of OeKB CSD are: Notary services and safekeeping, securities account management, cash account management, settlement, and asset servicing. Energy consumption due to general office operations is the most substantial direct environmental impact.
	Results of equity-accounted investments	x				8,9	CCP.A assumes and manages the fulfilment and default risk for all securities on the Vienna Stock Exchange that are eligible for CCP handling as the central counterparty for clearing and risk management. Energy consumption due to general office operations is the most substantial direct environmental impact.

Energy Market Services	Net fee and commission income	x	x	x	8,9,13	Services for the electricity and gas balancing energy market, Energy Exchange Austria, the green electricity settlement office, the energy spot market, and CO2 emissions trading. Energy consumption due to general office operations is the most substantial direct environmental impact.
Other services	Other operating income	x	x	x	8,9,13	Economic and business research, OeKB business climate index for Central Europe, online press review SWIFT connection service, electronic balance transfer, rental. The most significant direct environmental impacts are energy consumption and waste generated in rented properties. Reitersaal is let out with zero climate impact.
Services from other subsidiaries	Other operating income	x	x		8,9	IT services. The most significant environmental impacts come from energy consumption and CO ₂ emissions related to the operation of two data centres
	Results of equity-accounted investments				8	Acredia Versicherung AG operates the brands PRISMA and OeKB Versicherung and assesses the creditworthiness of business partners for its customers and insures receivables against the risk of insolvency. It not only protects against bad claims on goods deliveries and services in key industrialised countries and in Austria, but especially in emerging markets. The most significant direct environmental impacts arise from office operations.
	Operating income					
	Staff costs	x		x	4,8	Our employees are our most important asset in providing our services. Working in offices and travelling for business have substantial environmental and social impacts. The Executive Board, senior managers, and employees are committed to responsible, legal, and careful action and always adhere to the clear rules set forth in the Code of Conduct. OeKB Group considers a good work-life balance to be a fundamental prerequisite for motivated and healthy employees
	Other administrative expenses and write-downs	x	x		9	Well-thought-out investments in IT systems and infrastructure to offer customers the best possible service. Sustainable procurement criteria are applied.
	Administrative					
	Income taxes	x			8	The tax expenses consist of actual and deferred taxes.
	Dividend				8	Dividend payments to the owners of OeKB
	Retained earnings				8,9	To strengthen the capital base for future business growth

Materiality analysis

The materiality analysis assists the OeKB KI Group in identifying the topics that are most important for its operations and for its stakeholders. To this end, the economic, ecological, and social impacts of our activities within and outside of the OeKB KI Group are carefully assessed. Because of the constantly changing conditions and the new EMAS (Eco Management and Audit Scheme) Regulation requirement to complete a context analysis, the materiality matrix was revised in 2017.

*GRI 102-15, 27, 29, 40, 42,
43, 44, 46, 47, 48, 49
GRI 413-1*

We conducted a macro-environment analysis and a SWOT analysis to better understand the context in which we as the OeKB KI Group operate. We worked together with internal and external stakeholders to this end. Interviews were conducted with the department heads, managing directors, Executive Boards, Staff Council chairman, the innovation manager, the health officer, and the safety officer to determine what trends and developments they see in society in general and within the OeKB KI Group in particular. The department heads, managing directors, and Executive Boards also communicated the concerns of external stakeholders, with whom they are in regular contact. We also conducted a market segment analysis of the sustainability focuses in the financial and export credit agency industry. OeKB employees participate regularly in relevant events. We also took the economic, ecological, and social topics and future industry requirements that are discussed with experts into account in the context analysis.

The most important stakeholders of the OeKB KI Group (in alphabetical order) remained unchanged and were taken into account when evaluating the material topics:

- Customers,
- Employees,
- Federal Ministry of Finance as the guarantor,
- Investors,
- NGOs/the public/the media,
- Owners,
- Supervisory bodies/lawmakers.

The following material concerns of the stakeholders were identified in this process (in alphabetical order):

- Climate financing,
- Cost and resource efficiency,
- Development of the private sector,
- Digital and innovative services,
- Diversity,
- Environmental assessment of projects,
- Holistic diligence in the value creation chain,
- Human rights,
- Impact management,
- Motivation for employees,
- Processing of our services (reliability),
- Reputation,
- Responsible finance,
- Securing jobs,
- Sustainability as part of the corporate culture,

- Sustainable Development Goals – SDGs and climate targets,
- True cost accounting,
- Work-life balance.

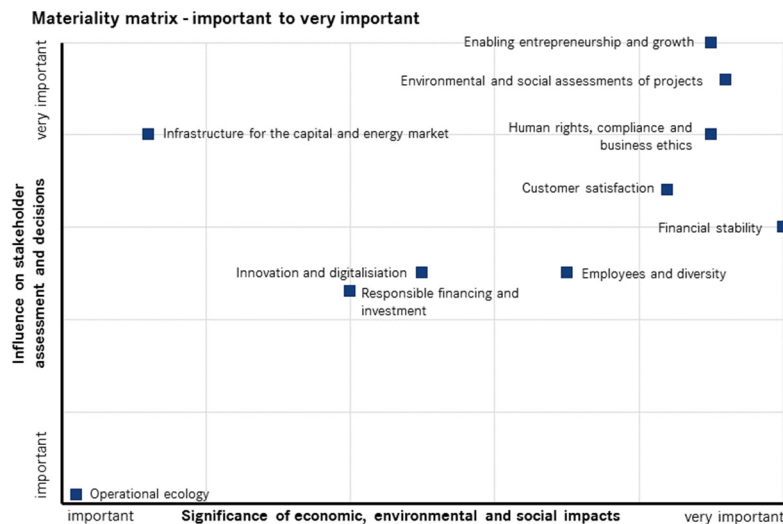
The results of the context analysis of the material future trends, their effects on and through the OeKB KI Group, opportunities and risks, and the material concerns of the stakeholders were evaluated by an expert committee together with the Executive Board, taking the business strategy into account.

This led to a change in the materiality matrix compared with the previous year. The matrix expresses our understanding of sustainability: The key is to strike a balance between business success, social justice, and ecological sustainability. For this reason, economic sustainability topics were also added to the updated materiality matrix.

Innovation and also digitalisation are growing in importance for our society in general and for the OeKB KI Group in particular. This also applies to the topics of human rights and compliance and to employees and diversity. Operational ecology plays a role because the OeKB KI Group is EMAS certified and because it also raises employee awareness.

The evaluation of direct and indirect environmental aspects as required by EMAS was expanded with social aspects and was also updated in 2017. This analysis showed that energy and fuel consumption are among the most material direct environmental aspects. Thus, these are reported as material Global Reporting Initiative (GRI) indicators.

This matrix is not a complete representation of all aspects, but simply depicts the material topics:



During the update of the materiality analysis, we repeated the mapping of the OeKB KI Group to the Sustainable Development Goals (SDGs) that we conducted for the first time in 2016. We can make a significant contribution to the attainment of the SDGs #1, 4, 8, 9, and 13. The SDGs #1, 7, 8, 9, 10, and 13 were identified for Oesterreichische Entwicklungsbank (OeEB).

- SDG 1: No poverty
- SDG 4: Quality education
- SDG 7: Affordable and clean energy
- SDG 8: Decent work and economic growth

- SDG 9: Industry, innovation, and infrastructure
- SDG 10: Reduced inequalities
- SDG 13: Climate action



We drafted a sustainability strategy for the OeKB KI Group based on the results of the context analysis and in collaboration with our stakeholders. It covers five areas:

- To help business grow:
We develop sustainable products and services to contribute to the sustainable operation of the OeKB KI Group.
- To help innovation drive:
We collect, prepare, assess, and market new possibilities. To this end, we build an environment and internal and external networks to cover this broad topic.
- To help employees advance:
We pay attention to the health of our employees, to a good work-life balance, and to imparting necessary know-how. This will enable all of us to make a contribution to the sustainable success of the OeKB KI Group.
- To help the environment flourish:
We monitor and optimise the direct and indirect ecological impacts of our activities.
- To help society succeed:
We take an active role as a shaper and facilitator for the sustainable development of our society.

The sustainability report is also structured by topic. The measures that are intended to achieve these goals are shown in the sustainability programme.

List of material topics

Aspects and topics	GRI KPIs	OeKB KI Group SDG focuses	Description in the sustainability report
Enabling entrepreneurship and growth	Management approach described in the report 203-1, 203-2, FS1, FS5, FS6, FS7, FS8, FS13, FS14, FS15	1, 8, 9, 10	Business model of the OeKB KI Group To help business grow Export Services Credit insurance Financing with Exportfonds Financing with OeEB Capital Market Services Sustainability programme 2018
Environmental and social assessments of projects	Management approach described in the report 412-1, 412-2, 412-3, 413-1, 413-2, FS2, FS3, FS9, FS11,	8,13	To help business grow Credit insurance Financing with OeEB Policies Sustainability programme 2018
Human rights, compliance, and business ethics	Management approach described in the report 205-1, 205-2, 205-3, 418-1, 419-1	8, 10	Credit insurance To help society succeed Compliance and legal requirements Sustainability programme 2018
Infrastructure for the capital market and energy market	Management approach described in the report	7, 9	Business model of the OeKB KI Group To help business grow Capital Market Services OeKB CSD GmbH Energy Market Services Sustainability programme 2018
Customer satisfaction	Management approach described in the report	8	Customer satisfaction and customer care Sustainability programme 2018
Financial stability	Management approach described in the report 201-1, 201-2	8	Business model of the OeKB KI Group To help business grow Financing with the OeEB Policies Annual financial report 2017 Sustainability programme 2018
Employees and diversity	Management approach described in the report 401-1, 401-2 401-3, 404-1, 404-2, 404-3, 405-1, 405-2, 406-1, FS4	4, 8	To help employees advance Competencies Diversity Sustainability programme 2018
Innovation and digitalisation	Management approach described in the report	7, 8, 9	To help drive innovation Sustainability programme 2018
Responsible financing and investments	Management approach described in the report FS10, FS12, FS 16	8	To help business grow Sustainability programme 2018
Operational ecology	Management approach described in the report	7, 13	To help the environment flourish Sustainability programme 2018
Energy	302-1, 302-2, 302-3, 302-4		Energy management Ecological key indicators
Emissions	305-1, 305-2, 305-3, 305-4, 305-5		Energy management Ecological key indicators

Stakeholder relations and dialogue

Our stakeholders and stakeholder relationships are just as diverse as the broad range of services of the OeKB Kreditinstituts-Gruppe (OeKB KI Group). We view transparent communication and an open dialogue as key to finding common solutions to controversial, budding, and critical topics and interests. We openly address differing viewpoints. Engaging stakeholders, in other words people and groups who have a justifiable interest in and influence on our direct or indirect business activities, is an integral part of our business processes. We strive to use our contacts to initiate and realise joint projects for the economy, environment, and society. We use different forms of dialogue for this depending on the stakeholders in question.

GRI 102-40, 42, 43, 44,
GRI 413-1, FS1, FS5

*More information on the most important stakeholder groups can be found in the **Materiality Analysis***

Publications

The OeKB KI Group publishes the magazine RELEVANT every quarter to present well founded, clear information from the world of OeKB Group. The special edition OeEB Spezial is published once a year and showcases the activities of Oesterreichische Entwicklungsbank (OeEB).

RELEVANT is not only a platform for executive and senior managers. Experts from all departments contribute greatly to the contents of each issue. They share their highly specialised knowledge with interested members of the public in articles on a wide variety of topics. Subscribers include stakeholders and customers of OeKB Group who not only profit from relevant information and background reports for their daily business, but who also provide valuable inputs for the magazine.

Every issue features a key topic that is covered in multiple articles and that is displayed prominently on the title page. Fundamental values, benefits, and positions of OeKB Group on the selected focuses are presented in a way that makes it easy for the reader to orient himself or herself. The following topics were the focuses in 2017: fintechs, free trade, distribution, and direct investment.

A contemporary online presence is important to account for the search, information gathering, and reading habits of our stakeholders. To this end, we launched a new web site in 2017. It is optimised for mobile devices, clearer, more simply structured, and offers better service than the previous version. We adopted an entirely new perspective for the site relaunch. The central questions were: What are the needs of the visitors to our web site? What are the most important use cases for them? What is important, and what is not? The result was a comprehensive redesign of our online presence focused on the perspective of the stakeholders and with our solutions for them in the spotlight.

Exchange with employees

The Executive Boards and managing directors of the companies of the OeKB KI Group value regular dialogue with their employees. This takes various forms ranging from regular meetings to a dedicated internal event series where the Executive Board of OeKB meets with small groups of employees below management level for breakfast to discuss current issues in the business segments, developments in the bank and industry, or personal matters.

We also organise information events on relevant topics for our employees. The chief economist at Bank Austria presented his assessment of the effects that the presidency of Donald Trump will have on Europe. Around 80 participants from Bank Austria and OeKB Export Services learned about the economic effects that the policies of the new administration could have. Specific topics included taxes, protectionism, interest rates and the dollar, and populism.

OeEB implemented a one-year corporate development process after nearly 10 years of activity. It was assisted by an independent business consulting firm with expertise in change management, strategy development, organisational design, and corporate governance. Work packages were completed by employees in different teams and in various workshops with the objective of adapting the organisation to current challenges. Different stakeholders of OeEB were also involved in this process, including customers, the Supervisory Board, the Federal Ministry of Finance (BMF), the Federal Ministry for Europe, Integration and Foreign Affairs (BMEIA), the Federal Economic Chamber, and NGOs.

GRI 103-1, 2, 3

Customer satisfaction and customer care

The OeKB KI Group's clients are diverse and often have different needs and desires. It is essential to be familiar with these wishes in order to continuously refine our product range and adapt our processes to our clients' requirements. The OeKB KI Group's employees obtain this knowledge in personal conversations, structured interviews, electronic surveys, and at special client forums. Representatives of all OeKB business segments come into direct contact with clients by attending external events and appearing on discussion panels. The findings flow into the conception, structuring, and forming of innovations.

The Export Services unit was restructured in 2017. We have further increased our focus on good customer advice and improved access to the export guarantee and export financing instruments for Austrian companies that are active abroad. The concerns and initial experiences of our employees with the new processes are decisive for offering the best possible services to our customers. For this reason, we conducted an employee survey after the first 100 days and were pleased that nearly 80% of the affected employees participated. Concrete measures focusing on the refinement of the processes and procedures were then developed in cooperation with the employees. These measures will be implemented over the course of 2018. An evaluation will be conducted by way of a further employee survey in the first half of 2018.

The OeKB Executive Board and the Export Services team also attend corporate client events held by commercial banks and events hosted by the Federal Economic Chamber all over Austria. Here, they report on further developments in our services, explain the benefits of using our instruments, and provide information on trends in important target markets for the Austrian export industry and concrete ways of mitigating business risk and of financing business together with OeKB.

The members of the OeKB KI Group regularly organise information events for clients. We not only collect feedback on these occasions, but also offer participants a forum to exchange experiences. For example, the Capital Market Services unit arranged events for its customers covering the challenges of regulatory requirements for funds and the need for reliable data.

The Federal Economic Chamber's trade association for financial services providers was a guest at OeKB during the annual trade association conference. The functionaries gained insights into the activities and processes in OeKB in a two-hour information event.

OeEB was evaluated by independent consultants at the order of the BMF in 2017. The implementation of the business activities of OeEB was found to be positive. For OeEB, the evaluation report presents a coherent picture of the achievements of OeEB over the past years. For example, the significant portfolio that was built up over the past years was praised, and the good reputation that OeEB has among the development banks was stressed. The evaluation also identified a number of current and future key challenges for OeEB.

Federal Ministry of Finance

OeKB has been assisting Austrian exporters since 1950. It offers export guarantees in the name of the federal government, thus mitigating economic and political risk for business abroad. It also facilitates attractive financing for foreign projects. OeKB acts as the export credit agency (ECA) of the Republic of Austria in this capacity.

The OeKB KI Group continuously coordinates with the Federal Ministry of Finance (BMF) with regards to guarantees and financing. The basic parameters for covering export transactions in the individual countries are set based on our proposals and then published in the form of country policies on our web site. For soft loans, we submit proposals to the Federal Ministry of Finance regarding recipient countries and specific terms. The necessary funds are raised and the terms set in coordination with the Federal Ministry of Finance based on the valid legal framework.

OeKB evaluates applications for transactions from a bank perspective and submits a summary opinion to the BMF and from there to the members of the Advisory Board, and also to the Export Financing Committee in the case of soft loans. In addition, OeKB and the BMF exchange information on a regular basis, more intensively with regard to specific, major cases and in the case of critical current developments (such as substantially increased political risk in the target country).

We prepare quarterly reports that the BMF uses to inform the parliament. Moreover, we provide basic data to the BMF for the annual report to the Main Committee of the National Council, i.e. the Activity Report of the Advisory Committee pursuant to § 6 Austrian Export Guarantees Act. We also supply the BMF with the information needed to answer enquiries.

OeEB was established as the development bank of the Republic of Austria in 2008 and works on behalf of the Austrian government to improve living conditions for people in developing and emerging countries. The legal basis for the activities of OeEB is largely defined in the Export Guarantees Act. It is also bound by the principles of development cooperation as defined in the Development Cooperation Act. It works on behalf of the BMF as well as for the BMEIA (Federal Ministry for Europe, Integration and Foreign Affairs).

Investor relations of OeKB KI-Gruppe

Regular roadshows are a prerequisite for the diversification and expansion of OeKB's investor base. In 2017, meetings were organised with investors in Europe, Asia, the USA and Canada, who also participated in OeKB KI Group's bond issues. We also attend issuer and investor conferences every year where we meet central banks, official organisations, insurance companies, asset managers, bank treasuries, and investment funds. These investors are interested in our issues due to their very high credit quality, the guarantee of the Republic of Austria, their scarcity value, and their excellent performance on the primary and secondary markets. We continuously compare the success of our capital market activities with that of our peer group, which includes sovereigns, multilateral organisations, and other export credit agencies.

Rating agencies

www.oekb.at/investor-relations/rating

The OeKB issues that are guaranteed by the Republic of Austria are rated Aa1/AA+ (long term) and P-1/A-1+ (short term) by Moody's and Standard & Poor's. Annual due diligence meetings are also held with Standard & Poor's and Moody's. Rating reports are published regularly and can be found on the OeKB web site.

Additionally, specialised sustainability rating agencies analyse and assess OeKB's performance from an ecological and social perspective at regular intervals. We have Prime status with oekom research, we improved our rating with sustainalytics in 2017, and we have had qualified status in the rfu sustainability rating since 2016.

Dialogue with civil society

GRI 102-13,-17, 21
FS5

Members of civil society (committed citizens and the groups representing their interests) primarily approach the OeKB KI Group in its role as a national export credit agency acting on behalf and for the account of the Federal Ministry of Finance (BMF). More concretely, this pertains to large projects with potentially high impact on the environment, social issues, and human rights that OeKB assesses or for which the federal government has either provided a guarantee or indicated the prospect of one being provided.

The relevant non-governmental organisations (NGOs) are organised in the platform Finance and Trade Watch (FT Watch) Austria. We have maintained a dialogue with this platform for many years. We actively provide information as soon as project information according to the OECD Common Approaches is published on our web site. At the same time, FT Watch Austria asks questions about potential projects. We use this information to ensure a holistic view of a given project and its context in the event that we audit it. We also actively participate in surveys for the preparation of academic studies. NGOs come to us with their concerns through this exchange.

After being invited by the Austrian national contact point, we participated in the peer review of the Organisation for Economic Co-operation and Development (OECD) and answered the questions of the OECD in the panel. We maintain regular contact with the Austrian national contact point and participate in its events to interact with other contact points and experts.

In addition to an internal whistleblower system, an external complaint mechanism has been set up for every credit institution in the OeKB KI group. This enables our customers to address us with their concerns in the form of feedback, suggestions, or constructive criticism. This in turn allows us to recognise, analyse, and correct recurring potential legal and operational risks. This is also required by the legal regulations on complaint processing (§ 39e BWG). The complaints are reported to the Financial Market Authority (FMA) once per year. These can include expressions of dissatisfaction with certain IT services or the manner in which applications are processed, for example.

GRI 102-33
GRI 413-11
More information can be found in the section **Business ethics**

The OeKB web site also contains contact details for directly submitting questions and comments about projects.

www.oekb.at/esia

OeEB acts as the official development bank of the Republic of Austria and operates on behalf of the federal government to attain the objectives of the Austrian development cooperation policy. OeEB assesses the economic feasibility and development policy compatibility of all projects. The primary task of OeEB is to generate momentum for sustainable economic growth in order to lastingly improve the living conditions of people in disadvantaged regions. OeEB focuses on compliance with international labour, environmental, and social standards in this.

www.oe-eb.at/en/contact-center/feedback.

In response to a parliamentary enquiry in 2017 relating to a project in Africa that was co-financed by OeEB, OeEB answered questions from FIAN (FoodFirst Information and Action Network), an NGO and international human rights organisation that strives to ensure that everyone can live free of hunger and can feed themselves. Questions and complaints can be submitted directly on the OeEB web site.

European Forum Alpbach: OeKB discusses direct investment

The OeKB KI Group promotes foreign direct investment, for example the construction of plants abroad, as a means to maintain the international competitiveness of Austrian companies. It assists Austrian direct investors on behalf of the federal government with guarantees to hedge political risks and provides low-cost financing. Direct investments in foreign countries are a central instrument of globalisation for companies. Ideally, this brings benefits not only for the companies, but also for the people living in the source and target countries. But this does not always work..

You can read more about direct investment in the *RELEVANT* magazine 04/2017 <http://relevant.oekb.at> (only in German)

For this reason, OeKB participated in a breakout session at the European Forum Alpbach 2017 on 30 August to discuss questions with interested stakeholders such as: Is foreign direct investment a blessing or a curse? What makes “good” direct investment projects? How can negative impacts be avoided?

The keynote address was given by the renowned development economist Werner Raza. VAMED AG, a globally active company, and OeKB, which supports Austrian foreign investment through guarantees and financing, contributed their expertise.

The organisation of and participation in this breakout session and the exchange with stakeholders shows how we live up to our responsibility: We address economically relevant issues and recognise global challenges and trends. Our goal is to support successful business in a changing, conflict-ridden environment, to anticipate developments, and to make a contribution that enables the economy to grow. We focus on more than just the Austrian economy in this. We also account for the interests of the target countries of the Austrian exports and investments. We take a global and long-term perspective.

Core statements

“Foreign direct investment is beneficial for developing countries when it is paired with know-how transfer, innovation, and productivity increases in the target countries. This enables dynamic, long-term processes to arise from which the economy profits substantially, especially in low-income countries.” Werner Raza, head of the Austrian Foundation for Development Research

“Sustainability is a central element of our projects. Our goal is to be active in the selected foreign markets for the long term. Technology transfer and training local workers are key success factors.” “The guarantees and financing from OeKB are often what makes projects possible in the first place.” Andrea Raffaseder, member of the Executive Board of VAMED AG

“We carefully evaluate the effects of every direct investment that we support, both in Austria and in the target countries. A positive effect for the Austrian economy must be likely. And for the target countries, we conduct environmental and social audits and human rights compliance screenings for all of the projects that we support.” Helmut Bernkopf, member of the Executive Board of Oesterreichische Kontrollbank AG

Networks and memberships

GRI 102-13

The memberships of the OeKB KI Group companies focus on organisations and initiatives that are essential for achieving their business and sustainability objectives.

The most important memberships are as follows (in alphabetical order):

- Aktienforum,
- Austrian Bankers' Association,
- Berner Union,
- C.I.R.A. - Cercle Investor Relations Austria,
- Club of Rome - Austrian Chapter
- European Development Finance Institutions (EDFI),
- Federation of Austrian Industry (IV),
- ICMA - International Capital Market Association,
- International climate financing working group (AGIK) of the Federal Ministry of Sustainability and Tourism (BMNT),
- ÖGUT - Austrian Society for Environment and Technology,
- respACT
- Transparency International - Austrian Chapter,
- UN Global Compact - Austrian Network,
- UN Women - Austrian National Committee,
- VÖIG - Association of Austrian Investment Fund Management Companies,
- WIIW - Vienna Institute for International Economic Studies,
- WIFO - Austrian Institute of Economic Research,
- WKO - Austrian Federal Economic Chamber

The OeKB KI Group attends meetings of the European Union (EU), the Organisation for Economic Co-operation and Development (OECD), and the Paris Club as an adviser to the BMF.

Events

The OeKB KI Group has organised events for several years to promote an exchange of information between businesses, government, the scientific community, and civil society. We strive to play an active role as a shaper and facilitator for the sustainable development of our society. We held a total of 15 events in collaboration with partner organisations or independently in 2017. These included:

FS5

OeKB >Export academy

The OeKB >Export academy is an event for banks, exporters, consultants, and export promotion agencies, intended to raise their awareness of the services offered by the OeKB bank group and to enable them to exchange experiences and make contacts.

Participants learn a great deal about our hedging and financing solutions over a period of two consecutive days. The experts at OeKB Export Services and the subsidiaries ACREDIA and Exportfonds present their offerings. The participants gain an overview of the applications and benefits of our financing facilities, guarantees, and insurance for exports.

Export breakfast

We organise an information/dialogue breakfast in the Reitersaal hall for employees of banks once a year. Here, our employees give short presentations on current topics in the areas of hedging and financing with the OeKB KI Group. Afterwards, our employees are on hand for questions and discussions in smaller groups.

Vienna Roundtable

For over 25 years now, we have been inviting respected economists and financial market experts from around the world to a two-day winter conference in the Reitersaal hall. At the Round Table, they discuss significant developments for society, the economy, and finance. With this event, we provide an opportunity for a thorough analysis of issues that are currently important or that will become so in future. We apply the findings in our role as a provider of services of relevance for the national economy.

OeKB > Business Talk: Grave New World - The End of Globalization

Globalisation is essential for a small, open economy like Austria. At the end of November, our Executive Board invited high-ranking representatives from Austrian companies to a talk given by respected economist Stephen King. The award-winning author of the book *Grave New World: The End of Globalization, the Return of History* discussed the question of why globalisation is increasingly being rejected around the world and what dangers this poses for prosperity and peace. There was then an intense exchange of opinions after the presentation.

CEE Impact Day

<http://ceeimpactday.org>

<http://investment-ready.org>

Impact investments are a new form of investment that focuses not only on maximising financial return, but also on generating positive effects for the environment and society. This year's CEE Impact Day was held on 22 and 23 June with the goal of promoting impact investments in Central and Eastern Europe. As in the previous year, the OeKB bank group was the host for the first day of the event. Around 200 investors, selected charitable enterprises, and global stakeholders in the area of impact investments came together to analyse the growing investment and cooperation possibilities in the region.

Banking for a better world

The Federal Ministry of Finance and OeEB invited to a book presentation and discussion on the topic of "Banking for a Better World – Private sector development and the role of European development finance institutions". After a keynote talk by Nanno Kleiterp, author of the book of the same title and EDFI Chairman, representatives from the BMF, Austrian Foundation for Development Research (ÖFSE), OeEB, and the audience discussed with the author.

Transparency International – Austrian Chapter review for 2017

During a Christmas get-together for private and corporate members of Transparency International (TI) – Austrian Chapter and interested persons, the chairwoman of the executive board and president of the advisory committee of TI – Austrian Chapter presented a review and outlook of relevant topics and activities. The event was rounded out with a presentation on "Compliance for global market leaders" with a subsequent discussion and networking.

Further forms of dialogue in alphabetical order

Information Objective: create transparency	Consultation Objective: gather perspectives, expectations, and possible solutions	Cooperative dialogue Objective: promote open exchange and realise joint projects
Employee information events held by the Executive Board members and managing directors	Advisory Board meetings	Employee visits to exporters and banks
Export Services newsletter	Gathering expertise, for example as part of the Vienna round table	Exchange and collaboration with start-ups as part of the weXelerate start-up hub
Intranet	Organisation of expert presentations for employees, for example on human rights	Exchange with the Federal Ministry of Finance
OeEB development report	Personal discussions, for example during performance reviews and small group activities such as the breakfast talks	Expert presentations and exchange with academic universities and universities of applied sciences
OeKB press review	Sustainability meeting of the focal points	Export academy
Participation in studies and surveys on sustainability and in the financial industry, sustainability reporting, environmental management system, etc.		Information and dialogue events with employees from OeKB and other banks
RELEVANT magazine RELEVANT OeEB Spezial RELEVANT Annual		Organisation and participation in events to discuss with different stakeholders (such as European Forum Alpbach)
Reports: annual financial report, sustainability report, Export Services annual report		UN Global Compact Steering Committee member
Social Media		
Webpage		

Sustainability management in the OeKB KI Group

GRI 102-19, 20, 26, 27, 28, 31

The companies of OeKB KI Group are integrated into the group sustainability management system to varying degrees.

The Organisation, Construction, Environmental Issues, and Security department (OBUS) and the sustainability management unit that is located there report directly to the Executive Board. Sustainability affects all segments and units of the OeKB KI Group and is relevant for the business strategy orientation of the group. For this reason, the Executive Board of OeKB, the Executive Board of OeEB, and the managing directors of OeKB CSD and Exportfonds decide on the sustainability strategy and measures. They are updated on the progress of the implementation of the sustainability management activities on a regular basis. This governance group also conducts a management assessment according to the EMAS (Eco Management and Audit Scheme) requirements once per year.

The business segments and subsidiaries nominated focal points for the sustainability management. The respective employees serve as fixed points of contact and communication interfaces between the sustainability management structure and the business segments and subsidiaries. They also help to identify the employees in their units who will implement the measures from the sustainability programme in task-specific working groups.

Sustainability management organisation in the OeKB KI Group



To help business grow

Advantages and disadvantages from free trade, new protectionist tendencies, international political instability and uncertainty, internal and international conflicts on the distribution of resources, human rights violations, climate change, and resource scarcity are just some of the current challenges that we must face in a globalised world. And by “we”, we mean both the stakeholders of the OeKB Kreditinstituts-Gruppe (OeKB KI Group) and ourselves. How closely we are intertwined is also shown by the fact that all of these topics also have further economic, ecological, and social implications at the local, national, and international levels

*GRI 102-6, 15
GRI 103-1, 2, 3
GRI 201-2*

The OeKB KI Group regularly assesses global and local trends and contexts. This enables us to ensure that our economic activities have a positive impact on the economy, environment, and society. This also requires that we are constantly ready to refine and adapt our business models, services, and processes. The management of the OeKB KI Group addresses these topics in regular strategy development processes. The objective is to continue acting as a responsible partner for the Austrian economy going forward. The sustainability strategy for the OeKB KI Group was also fundamentally revised in 2017.

The OeKB KI Group comprises the companies of OeKB Group with bank licences, in other words OeKB, OeEB, Exportfonds, and OeKB CSD. In its role as the official export credit agency, the development bank of the federal government, and a central service provider for the capital and energy markets, the OeKB KI Group bears particular responsibility for the Austrian economy and in respect of its numerous stakeholders. This is reflected in our business and risk policy.

GRI 102-11

Financing with a holistic view

Companies that invest abroad have different motives. The goal is often to tap new sales and procurement markets. Another frequent objective is improving competitiveness by accessing lower-cost production opportunities in other countries. A globally operating company is also in a better position to weather regional crises. These benefits are offset by the costs and risks of going abroad. No matter how well a company prepares for the local situation and conditions, there is often still a considerable risk that an investment could lose its value, for example because of political changes.

GRI 203-1, 2

Companies can hedge against political risks by way of a federal guarantee through the OeKB KI Group. This type of promotion also entails great responsibility. We take our role seriously in investment guarantees and evaluate the impact of every transaction on the environment, employees, and local population through a screening and an environmental and social assessment. Experience has shown that many Austrian investors set a good example in the target country – for example with codes of conduct for suppliers, extensive training programmes, and excellent environmental protection and safety standards that often go far beyond the local regulations.

In many of the lowest-income countries in the world, small and medium-sized enterprises (SMEs) and microbusinesses are often the entire economy. They account for as much as 90% of the companies in these countries and for half or even two-thirds of all jobs. At the same time, they are often the “missing middle” in development financing. Microfinance has enjoyed great prominence since the 2006 Nobel Peace Prize was awarded to Muhammad Yunus, one of the pioneers of this movement. Large companies, on the other hand, have the capacity and know-how to develop projects whose economic benefits are easy to communicate, and therefore have an easier time accessing financing.

This is why Oesterreichische Entwicklungsbank (OeEB) strives to maintain a focus on those in the middle. We provide venture capital to enable smaller companies to start or expand through investments managed by OeEB as fiduciary for the Republic of Austria. OeEB reacts to the lack of capital in developing countries by providing financing for SMEs. OeEB can also combine this with local training measures and with the development of the capabilities of local partners. This transfers crucial know-how to small companies and especially creates jobs and better living conditions for people in developing countries.

FS10 Responsible financing and investment also pertains to our proprietary portfolio. The responsible investment team handles all of these investments on the basis of the “magic triangle”, balancing the three economic objectives of security, liquidity, and return. We also evaluate the effects that our investments have on others by accounting for the non-economic objectives of ethical action and sustainability. The OeKB bank group uses exclusion criteria to avoid conflicts between the consequences of an investment and the purpose of our institutions, and also to avoid risks. For this reason, the defence industry is currently excluded from the proprietary portfolio of the OeKB KI Group based on the data from SIPRI and Bloomberg Defense. The strategic asset allocation team decides whether additional exclusion criteria or positive criteria will be added to the catalogue.

Export Services

Good risk management and attractive financing are crucial for the lasting success of export business and investments abroad. We have specialised in this since 1950. We offer instruments that make companies stronger in global competition. The key feature is always the assumption of default risks to create a basis for attractive financing. In this, we stay true to the values of the OeKB KI Group by serving all sectors, acting impartially, and adhering to our sustainability policy.

GRI 102-2, 6
GRI 203-1, 2

OeKB's Export Financing Scheme (EFS)

OeKB's Export Financing Scheme enables exports and foreign investments to be financed. It is available to domestic and foreign banks as a source of refinancing, subject to certain criteria (such as a suitable credit rating). We are bound by Austrian laws and also international regulations in this, in particular EU guidelines and OECD agreements.

Information about the OeKB's EFS can be found at www.oekb.at/financing

Financing at commercial terms

Financing for bank supplier and buyer loans and for equity investments is extended in euros and in foreign currencies at variable and fixed interest rates. The interest conditions are set based on the weighted average life (WAL) of the refinancing loan. In the case of euro financing, the interest rates are published on our web site, where a WAL calculator is also provided to calculate the interest conditions. Furthermore, the refinancing products are simple, standardised, and strongly orientated towards market practices.

The current EFS interest rates can be found at www.oekb.at/interest

The WAL (weighted average life) calculator can be found at wal.oekb.at (only in German)

Concessional financing for special projects – soft loans

New and less-developed markets offer great opportunities for Austrian companies. In order to be able to access these more easily, we also offer soft loans for certain countries under the Export Financing Scheme in collaboration with the Federal Ministry of Finance (BMF). These development loans, which can be offered at very low cost thanks to government assistance, are also intended to promote the sustainable development of the target country. This is subject to the relevant provisions of the OECD Arrangement and dependent on the approval of the Export Financing Committee. Federal funds used for this purpose are viewed as part of Austria's official development assistance.

GRI 203-2
FS7, FS8

The eligibility criteria for soft loans and the financing conditions can be viewed at www.oekb.at/soft-loan-interest

Developments in products and services in 2017

Since 2016, the interest conditions for euro financing at commercial terms have been set based on the weighted average life (WAL) of the refinancing loan. This made the EFS even more attractive. The export industry and its banks have reacted extremely positively to this innovation and appreciate the clear and easy online calculator on our web site.

To promote and expand financial cooperation, framework agreements were concluded with Kosovo and Mongolia (follow-up agreement) and extended with Vietnam in 2017.

Business in 2017

OeKB's Export Financing Scheme

GRI 203-1
 Statistical overviews of the
 OeKB's EFS can be found in
 the **OeKB Export Services**
 – Annual Report 2017

	2017	2016	2015
Number of banks/exporters involved	72/1.006	66/974	67/948
Number of export financing contracts outstanding (rounded)	2.650	2.550	2.700
€ million			
Total lending commitments (i.e. financing contracts and conditional commitments) outstanding at 31 December	20.585	19.210	21.369
Financing contracts outstanding at 31 December	20.254	18.493	21.108
Disbursements outstanding	17.539	15.701	18.373
New commitments issued	5.282	4.464	5.007
New conditional lending commitments issued	1.493	1.057	369
Loan funds disbursed	4.795	3.778	4.051
Repayments received	2.958	6.450	5.265
(Decrease) in net loans outstanding	+1.838	-2.672	-1.214
Total funds used under the Export Financing Scheme	34.486	34.569	39.391
Limit on aggregate guarantee exposure under the Export Financing Guarantees Act	40.000	45.000	45.000
Utilisation of the guarantee exposure limit at 31 December	24.513	21.959	24.314
Total new guarantees issued	13.274	9.244	9.767

Credit insurance

Administration of guarantees by OeKB as the agent of the Republic of Austria

OeKB is a reliable partner of the Republic of Austria and the Austrian export industry. As an agent for the Republic of Austria, OeKB provides guarantees for export sales and Austrian foreign direct investment. The export guarantees are currently limited to non-marketable risks. Cover for marketable risks is available from private export credit insurers. The guarantee system is based on the provisions of the Export Guarantees Act (AusfFG) and the respective regulations.

The guarantees for covering political and commercial risks and the use of avals give customers access to the Export Financing Scheme (EFS). The EFS facilitates the low-interest refinancing of exports and foreign direct investments.

*A statistical overview of export guarantees according to the Export Guarantee Act can be found in **OeKB Export Services Annual Report 2017***

Information about the OeKB Export Services can be found on the Internet at www.oekb.at/financing

Environmental and social aspects

OeKB reviews every application by a company for a federal government guarantee for various risks. In its capacity as fiduciary, OeKB is obliged to accept all applications for review. Products that are subject to the War Material Act or the Nuclear Energy Security Monitoring Act are ineligible. OeKB is also entitled to define its own exclusion criteria. After reviewing a proposal, OeKB prepares a proposal that is submitted to the Advisory Board of the Federal Ministry of Finance (BMF) for a final decision.

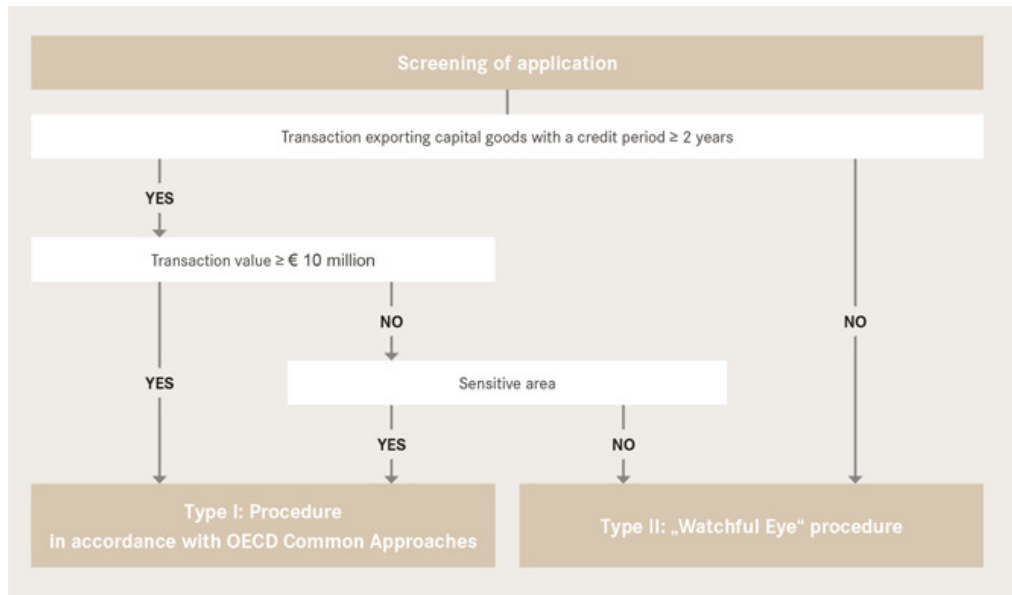
*GRI 102-11
GRI 203-2
GRI 412-1, 2, 3
GRI 413-1, 2
FS2, FS3, FS9*

When assessing the compatibility of the environmental and social aspects, OeKB (as the Austrian export credit agency) must adhere to the Common Approaches of the OECD. These rules stipulate how to proceed with project assessments, thus establishing standardised conditions for competition among the export credit agencies represented in the OECD. Human rights have taken on a higher weighting in the assessment requirements since the revision of the Common Approaches in 2016.

More information about environmental audits, the Common Approaches, and the projects can be found at www.oekb.at/esia

Projects that do not fall under the Common Approaches due to their scope or duration but that will presumably have an environmental and social impact are evaluated separately using the “watchful eye” principle. This ensures that as many of the submitted projects as possible are evaluated for their impacts in these areas. A total of seven Category A projects were evaluated according to the watchful eye principle in 2017.

The assessment procedure divides projects into the categories of A, B, C, and E depending on the extent of the project’s potential impact. Project financing in Category A is accompanied by monitoring at regular intervals.



We decide which environmental and social assessment procedures are necessary when screening the applications.

Environmental impact assessments

	2017	2016	2015
Category A	7	4	6
Category B	10	7	4
Category C	7	6	10
Category E	9	3	3
Total	33	20	23
Sectors			
Power plant, thermal	-	2	-
Power plant, hydroelectric	6	2	4
Other forms of renewable energy	3	-	1
Chemicals (synthetics)	1	1	-
Paper and pulp	-	4	1
Iron and steel	3	4	4
Drinking water, waste water	5	-	-
Traffic	-	-	-
Agriculture, timber	-	-	-
Transport infrastructure	2	1	2
Miscellaneous ¹	13	6	11
Total	33	20	23

¹ Miscellaneous: medical technology (10), other (3)

Example: Bangladesh – Electro-steel based production equipment for the manufacture of long steel products

Project-category	B
Goods type/project	Electro-steel based production equipment for the manufacture of long steel products
Guarantee recipient	Primetals Technologies Austria GmbH
Target country	Bangladesh
Loan term	10 years
Date	24 May 2017

Detailed information on further projects can be found at www.oekb.at/en/export-services/about-oekb-export-services/environmental-and-social-aspects/projects-after-commitment (projects published in German only)

Primetals Technologies Austria GmbH concluded a supply contract with GPH Ispat Ltd., Chittagong (Bangladesh) for a new electro-steel plant. The existing steel plant of GPH Ispat Ltd. is being modernised and expanded as part of this project. Capacity will be increased and efficiency, the product range, and production flexibility will all be improved. The plant components from Primetals are state-of-the-art, and the contract is being fulfilled in compliance with the relevant international standards (International Finance Cooperation – IFC Standards for Environment, Health, and Safety). Producing steel in country will allow substantial import substitution for steel. The project will make a positive contribution to the development of the business location and will create and secure jobs. A number of reports can be found in the media on the customer and the project that underscore the social commitment of GPH Ispat and the economic importance that the expansion of the plant will have for the region.

OECD Recommendation on Bribery and Officially Supported Export Credits

The international community is fighting corruption and bribery. The OECD adopted the Action Statement on Bribery and Officially Supported Export Credits to this end in 2000, and then expanded it and converted it into an OECD recommendation in 2006. This recommendation aims to prevent the bribery of foreign officials relating to officially supported export credits.

GRI 205-1

OECD intends to further raise awareness for preventing corruption with this recommendation. To this end, exporters are also called upon to set up internal control systems in their management organisation to avoid potential cases of bribery in advance.

The OECD recommendation calls upon export credit insurance agencies such as OeKB to enact further measures to effectively prevent the bribery of foreign officials in connection with export transactions. The Republic of Austria has committed to adhere to all of these anti-corruption measures. In its capacity as national export credit insurer acting on behalf of the Republic of Austria, OeKB fully complies with the regulations set forth in the OECD Recommendation on Bribery and Officially Supported Export Credits.

For the export guarantees, this means that the applicant must confirm for every application according to the Austrian Export Guarantees Act (AusffG) that no foreign officials will be bribed (bribery as defined in § 307 StGB) by the applicant or, to his knowledge, by his representatives or agents in connection with the transaction or transactions to be covered. We then check whether the applicant is included on any exclusion lists of certain international financial institutions (IFI) such as the World Bank or European Bank for Reconstruction and Development. If this is the case, OeKB initiates an intensified assessment procedure to investigate in detail the structure of the transaction and the applicant's internal set of regulations in terms of avoiding and preventing corruption. The application is not processed until all concerns have been rectified.

There is also an ongoing monitoring process. An intensified assessment can also be conducted here, if appropriate.

The OeKB KI Group assists its customers in their efforts to proactively fight corruption. One primary instrument in this is raising awareness.

- Information on preventing corruption is available on the OeKB web site
<https://www.oekb.at/en/export-services/about-oekb-export-services/combating-corruption>
- The International Chamber of Commerce (ICC) recommendations on preventing corruption
<https://iccwbo.org/publication/icc-rules-on-combating-corruption/>

Financing with Exportfonds

„Österreichischer Exportfonds“ GmbH (Exportfonds) provides credit facilities for SMEs. These facilities are arranged through the client's bank and used to finance ongoing export orders and export receivables. As a partner of the client's bank, Exportfonds can bear part of the risk.

GRI 102-2, 6, 7, 8
GRI 203-1, 2

Exportfonds currently finances more than 2,000 exporters, many of which have built their market position on innovation and are successful niche players worldwide. Disbursed loans outstanding at 31 December 2017 amounted to €1,141.8 million.

*You can find out more about
Exportfonds and its
products and services at
www.exportfonds.at*

Exportfonds acquired 164 new customers in 2017, including a number of newcomers to the export industry. At the other end of the spectrum, Exportfonds has been supporting many customers in their export growth for generations.

Exportfonds helps raise client awareness concerning corruption prevention by providing relevant information on its web site. By formulating specific goals and participating in the OeKB KI Group's sustainability management system, Exportfonds will continue to document its social responsibility to its stakeholders.

OeKB and the Austrian Federal Economic Chamber (WKÖ) agreed on OeKB's acquisition of the remaining 30% stake in Exportfonds in 2017, making this company a 100% subsidiary. OeKB had already held 70% of the shares.

Excluding management, Exportfonds had 12 employees as at 31 December 2017.

Financing with OeEB

GRI 102-2, 6, 7, 8
GRI 201-2, 203-1, 2
GRI 413-1, 2
FS8, FS9, FS11, FS14, FS15

You can find out more about
OeEB, its projects, and its
services at www.oe-eb.at/

Oesterreichische Entwicklungsbank AG (OeEB) finances investments by private companies in developing and emerging countries. The bank grants loans at near-market conditions, provides equity capital, and augments the development policy effects of projects through technical assistance. OeEB works on behalf of the Republic of Austria to improve living conditions for people in developing and emerging countries.

The bank's projects are focussed on developing and emerging countries, where companies often lack access to the capital they need. Demand is high both for credit and equity financing. Investing in these projects creates jobs while the projects themselves help raise tax revenues and bring foreign currency inflows to the countries in question.

Financing sustainable development

As the official development bank of the Republic of Austria, we operate on behalf of the federal government to attain the objectives of the Austrian development cooperation policy. We finance and support projects in developing and emerging countries when they are economically feasible and compatible with the development policy goals.

Our task is to generate momentum for sustainable economic growth in order to lastingly improve the living conditions of people in disadvantaged regions. We also focus on compliance with international labour, environmental, and social standards in this.

We finance projects that meet the development policy criteria. They

- contribute to creating jobs and national income,
- improve access to modern infrastructure and financing,
- improve the power supply (especially through renewable energy projects and energy efficiency projects).

In line with this, our strategic focuses are on the promotion of micro, small, and medium-sized enterprises (MSME), renewable energy, and resource efficiency. Our focus regions are Africa, the South Caucasus/Central Asia, Southeastern/Eastern Europe, and Central America/the Caribbean.

Environmental and social standards

GRI 412-1, 3
FS2, FS3

The protection of the environment and resources and social compatibility are fundamental principles that we apply in the financing of all projects. This is the only way to fundamentally improve the living conditions of people in the developing and emerging countries over the long term. We only accept projects in which the project partners are also committed to these criteria.

In addition to the local and national environmental and social regulations of the country in question, we also strive to bring financing projects in line with international environmental, social, and human rights standards. If necessary, OeEB prepares a measures catalogue with the customer in the form of an action plan that then becomes a binding requirement for the credit agreement. Compliance with the environmental and social standards is verified at regular intervals over the course of the project.

We view the environmental and social standards adopted by the EDFI Group, the Association of bilateral European Development Finance Institutions, as a benchmark. These include the Performance Standards on Social and Environmental Sustainability drafted by the World Bank subsidiary IFC, which have become a market standard; the Environmental, Health and Safety Guidelines of the World Bank Group; and the international conventions of the International Labour Organisation (ILO).

Developments in products and services in 2017

The year 2017 saw moderately positive growth and also brought many requests for financing as a result of intensified project acquisition activities, with a number of deals being signed.

There were 53 employees as at 31 December 2017. The total transaction volume based on contracts signed in 2017 was around €255.73 million. Profit for the year was €6.694 million. After transfers to reserves, unallocated profit for the year amounted to €129 thousand.

The share capital totals €5.0 million and is entirely held by OeKB. The company focuses on its core business: the identification, structuring, implementation, and management of eligible projects. All supporting functions such as accounting, IT, human resources administration, internal audit, and asset management have been outsourced to OeKB on a paid basis with the approval of the Financial Market Authority (FMA). This lean organisation allows for high efficiency.

The development bank has been incorporated in the sustainability management system of the OeKB bank group since its establishment.

Renewable energy for developing countries

More than two billion people in developing countries do not have access to modern energy services. Yet such access is indispensable as a basis for economic development. OeEB thus also provides financing for renewable energy projects.

FS8

OeEB founded the project development company Rendcor (Renewable Energy Development Corporation) in cooperation with the respected engineering agency ILF Consulting Engineers in 2017 with the goal of employing Austrian competence and capital in the expansion of renewable energy infrastructure in developing countries. OeEB holds a stake in Rendcor in the name of the Republic of Austria on a fiduciary basis. With Rendcor, we are contributing to the growth of clean energy and are advancing the Sustainable Development Goals 7 and 13, which address renewable energy and climate protection.

Creating jobs by financing micro, small, and medium-sized enterprises

Since OeEB's founding in 2008, microfinance has been part of the bank's toolkit for improving access to financial services in developing countries. The instrument is not a panacea for reducing poverty. But when taken beyond mere lending and viewed as a way of building up savings and obtaining insurance, it makes a sustainable contribution to development in the financial sector.

FS7, FS13, FS14, FS15

You can find more information about the projects of OeEB here: www.oe-eb.at/en/our-projects/projects-at-a-glance

It is critical for the success of small-loan programmes that the loans are granted responsibly and that customers are protected from accumulating excessive debt. Both goals are realisable through transparency in the microfinance sector. In order to instil these principles and good practices in the local financial institutions, funds from the Advisory Programmes are used to provide training. This has included for instance a microfinance institution (MFI) in Nepal since January 2017.

Nepal is one of the countries in Asia that is already feeling the effects of climate change to a particularly significant effect, including in the form of more frequent thunderstorms, droughts, and flooding. The rural populations are being hit especially hard as a result of lower harvests. The affected people can counter these challenges by adapting and through measures to reduce the severity of climate change (such as solar generators for irrigation systems and organic fertiliser manufactured in biogas plants). But farmers usually need financing for these measures..

Microfinance institutions have expressed interest in offering such financial products. But they often do not have the necessary expertise. This is why the OeEB project includes training measures for employees and customers in cooperation with an MFI in Nepal. The focus here is on measures that create additional income opportunities for the customer base.

Micro loans make it possible for many people to build their own small businesses. Micro, small, and medium-sized enterprises (MSME) are the backbone of the economy in many developing countries. OeEB thus not only invests in funds that provide microfinance but also in funds that support the development of SMEs. Especially in crisis-affected regions, these financial instruments help provide a stable income and jobs for many people.

Together with the Dutch FMO and the OPEC Fund for International Development (OFID), OeEB provided funds for Lebanon and Gulf Bank to finance SMEs in Lebanon. Over 90% of the businesses in the country are micro, small, and medium-sized enterprises. They offer around 50% of all jobs, and thus play a central role in the economic growth of the country. However, these companies often have no access to financing needed for investments and further growth.

Lebanon and Gulf Bank is one of the leading banks in the country that has a strong focus on SME clients. The credit line in the amount of USD 67.5 million enables the bank to expand its offerings to service more SMEs. The improved access to financing for local businesses strengthens the private sector, secures and creates jobs, and contributes to the stability of the country.

Development effects

*FS9
More information about our most important development effects can be found at www.oe-eb.at/en/development-effects/development-effects*

A results framework was drawn up in 2011 to allow the various objectives pursued by OeEB to be measured. This planning and management tool includes a wide range of indicators including targets, and in this way provides information about to what extent we are fulfilling our legal mandate.

Different indicators were defined for the development policy, economic, and strategic goals of OeEB – for example newly installed renewable energy capacity, the regional project breakdown, and the number of people who have benefited from capacity building measures – and are evaluated at the portfolio level. This allows us to continually track the attainment of our goals, and to make operational changes at an early stage when needed.

The Business and Development committee is composed of representatives from the Federal Ministry of Finance, the Austrian Federal Chancellery, the Austrian Foreign Ministry, the Federal Ministry of Economy, Family and Youth, the Austrian Development Agency (ADA), the Austrian Federal Economic Chamber, the Austrian Federal Chamber of Labour and OeEB and examines the developmental effects. This alone ensures close contact with principals, the Republic of Austria, representatives of interest groups and development work.

The various indicators in the results framework are compiled on an annual basis and shown in the OeEB Development Report.

*Our publications –
RELEVANT OeEB Spezial,
OeEB Development Report,
and the OeEB annual report
– can be found here:
[www.oe-eb.at/en/
publications](http://www.oe-eb.at/en/publications)*

Capital Market Services

GRO 102-2, 6
GRI 203-2

More information on all
services and tasks can be
found at
[www.oekb.at/capital
marketservices](http://www.oekb.at/capitalmarketservices)

As an independent institution, the OeKB Capital Market Services offer central services for the Austrian capital market, thus making an important contribution to the success of our economy. Commissioned by the federal government to complete a number of different tasks, we develop infrastructure services that result in greater efficiency for all market participants.

Organisation and administration of Austrian government bond issues

More information can be
found at:
www.oekb.at/govbonds

OeKB is the agent for the issuance of bonds of the Republic of Austria through auctions. The auctions are held according to a clear procedure. The special Austrian Direct Auction System platform (ADAS) that was developed by OeKB is used for this.

At the end of every year, the Austrian Treasury (OeBFA) announces the expected issuance volume of Austrian government bonds and the auction calendar for the next year. The auctions are generally held monthly. Besides being issued through the auction procedure, bonds are also issued through a syndicate of banks.

Furthermore, OeKB acts as the paying and calculation agent for government bonds of the Republic of Austria.

Austrian Federal Government bonds issued in 2017

Nominal value in € thousand	
0,500 % Bundesanleihe 2017-2027/1	4.500.000
First reopening	698.015
Second reopening	776.912
Third reopening	690.000
Fourth reopening	928.662
Fifth reopening	452.939
0,000 % Bundesanleihe 2017-2022/2	4.000.000
First reopening	847.886
2,100 % Bundesanleihe 2017-2117/3	3.500.000
0,750 % Bundesanleihe 2016-2026/1	
Tenth reopening	715.000
Eleventh reopening	770.000
Twelfth reopening	660.000

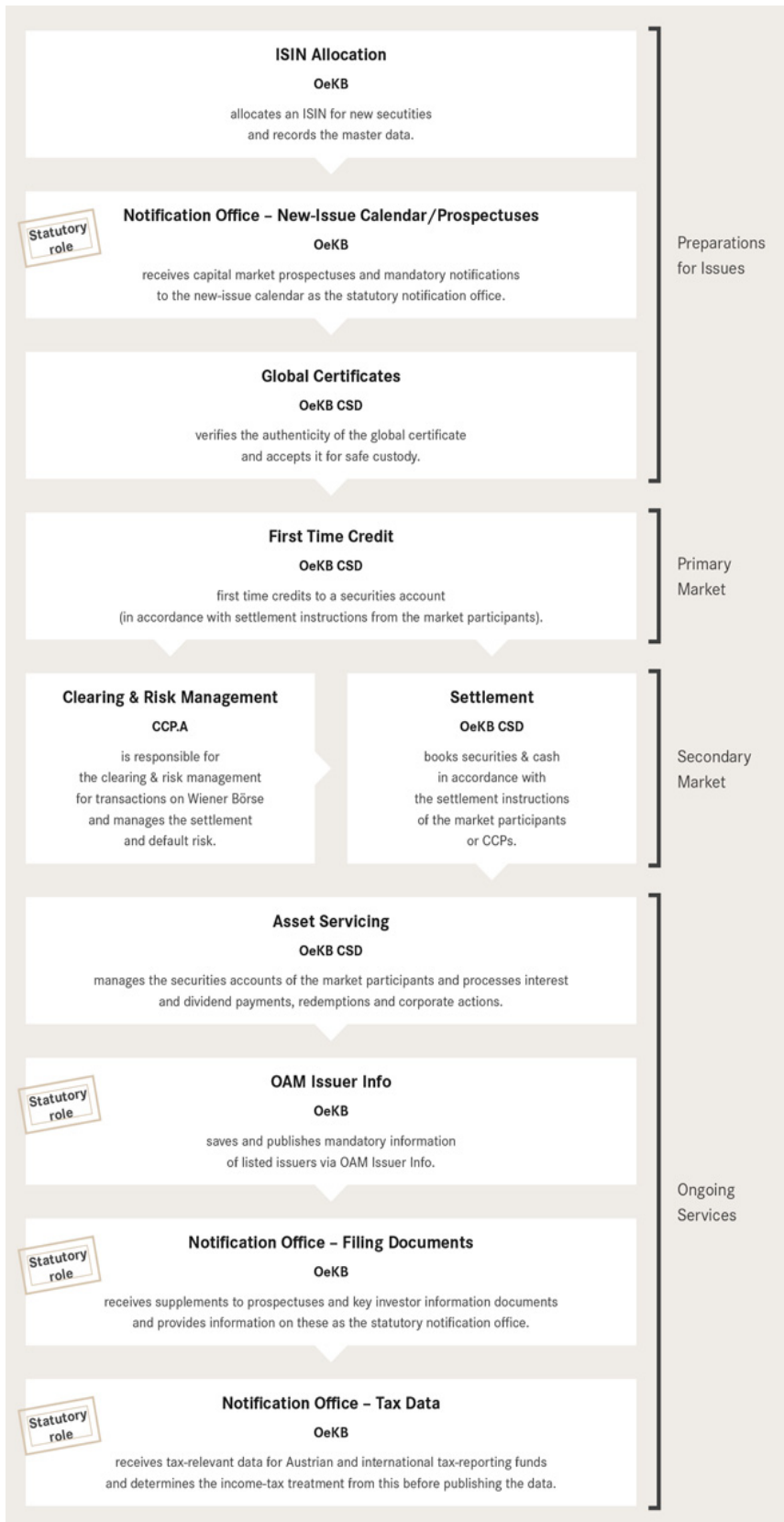
1,500 %	Bundesanleihe 2016-2047/2	
	Third reopening	411.933
	Fourth reopening	515.925
	Fifth reopening	575.000
	Sixth reopening	393.068
0,000 %	Bundesanleihe 2016-2023/3	
	First reopening	715.000
	Second reopening	661.250
	Third reopening	500.000
	Fourth reopening	500.000
1,500 %	Bundesanleihe 2016-2086/4	
	First reopening	500.000
2,400 %	Bundesanleihe 2013-2034/1	
	Ninth reopening	687.625
1,750 %	Bundesanleihe 2013-2023/2	
	Twelfth reopening	660.000
	Thirteenth reopening	842.929
3,800 %	Bundesanleihe 2012-2062/1	
	Fourth reopening	300.000
4,150 %	Bundesanleihe 2007-2037/1	
	Thirteenth reopening	663.330
3,900 %	Bundesanleihe 2005-2020/1	
	Eleventh reopening	300.000
	Twelfth reopening	350.000
	Thirteenth reopening	300.000
6,250 %	Bundesanleihe 1997-2027/6	
	Tenth reopening	650.081
	Eleventh reopening	300.000

On behalf of the Republic, for the benefit of the economy

We see ourselves as a neutral party between the various market participants. As a central service provider for the capital market, we strive to strengthen Austria's competitiveness in a global environment. Our goal is to support the Austrian capital market and to enhance Austria as an internationally respected financial market by offering economically relevant services.

OeKB Capital Market Services and the OeKB subsidiaries OeKB CSD and CCP.A offer highly specialised services at every stage in the life cycle of a security. We have been commissioned by the federal government to offer part of these services, and we also independently develop infrastructure services that are attractive alternatives to proprietary developments for capital market participants. In this way, we boost the efficiency and cut the costs of our customers' processes.

Our innovations are driven above all by the requirements of our customer base, suggestions from our employees, and the advancing harmonisation of the European internal market for securities. When refining our services, we collaborate closely with the Vienna Stock Exchange and the participants on the capital market and coordinate with the Federal Ministry of Finance (BMF), the Financial Market Authority (FMA), and Oesterreichische Nationalbank (OeNB).



OeKB Group throughout the life cycle of a security

OeKB CSD GmbH

GRO 102-2, 6

More information on all services and tasks can be found at www.oekb-csd.at

OeKB CSD GmbH (OeKB CSD) is a 100% subsidiary of OeKB. It was spun off OeKB in September 2015 and performs the role of the central securities depository in Austria.

The customers of OeKB CSD consist primarily of banks and issuers. It conducts its business in close cooperation with the Vienna Stock Exchange and CCP Austria Abwicklungsstelle für Börsengeschäfte GmbH (CCP.A). It generally maintains contact with its business partners by means of face-to-face meetings.

OeKB CSD draws on its expertise to support the legislative process and the implementation of EU Directives. It provides infrastructure for capital market transactions and thereby supports Austria as a business location. In this way, domestic issuers can make necessary investments.

Simple and reasonable financing is offered to Austrian companies via the capital market within the legal framework. This supports the competitiveness of Austrian companies in a globalised environment. At the same time, a functioning domestic capital market secures highly qualified jobs.

OeKB CSD offers the following services:

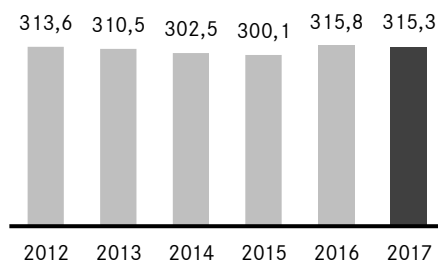
Notary Services and Safekeeping

Taking delivery of securities into the safekeeping and custodianship of OeKB CSD and the registration in OeKB CSD's IT system are a precondition for being able to settle securities transactions electronically.

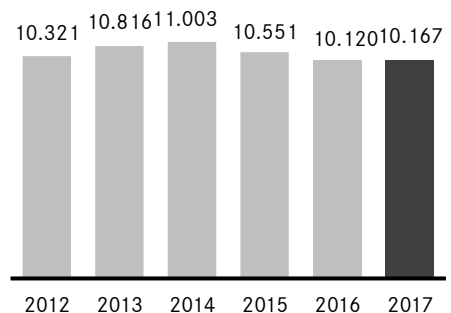
Securities account management

The delivered securities are credited to the clients' accounts. OeKB CSD held 15,924 categories of securities for national and international account holders as at 31 December 2017

Securities that are quoted in percent of par value
in billions of Euros



Securities that are quoted per unit
units in millions



Collective custody offers the banks that hold deposits at OeKB CSD a high level of efficiency and security in the safekeeping of securities, thereby saving them time and reducing costs in their in-house securities account business.

Cash account management

We offer our clients accounts in euros and other major currencies for the settlement of securities transactions and coupon redemptions.

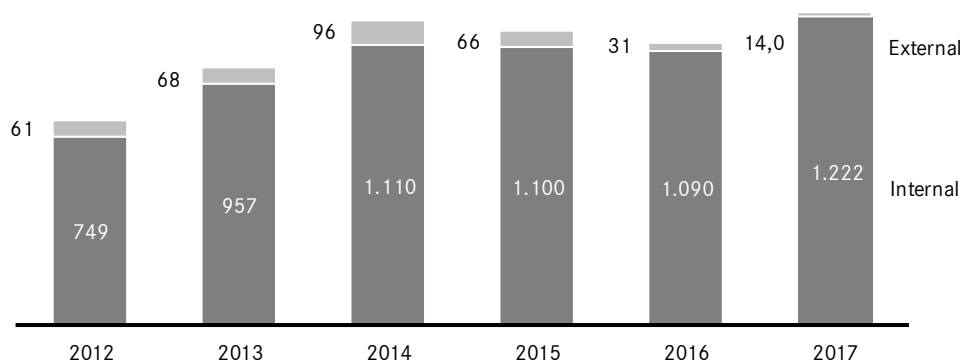
Settlement

A transfer effected by book entries on deposits at OeKB CSD replaces the movement of actual securities certificates

We have used the TARGET2-Securities (T2S) platform provided by Eurosystem since February 2017 for account management and the settlement of national and international securities transactions. T2S facilitates the harmonised settlement of securities transactions in central bank money throughout Europe. This eliminates barriers in cross-border settlement and increases security and efficiency. Euro central banks use T2S to manage their cash accounts. The provision of a platform like T2S is a key step towards creating a genuine internal market for financial services in the European Union. Together with the Austrian CSD, five other European CSDs went online with T2S in February 2017, including the central depository in Germany. T2S is currently used by 24 European CSDs.

OeKB CSD

Number of transactions settled in thousands



Asset Servicing

OeKB CSD does all the administrative work that can arise in the course of a complete securities cycle for the national and international securities placed in its safekeeping. This includes the redeeming of due securities, such as coupon payments and redemptions.

Current developments

OeKB CSD filed an application with the Financial Market Authority for a licence as a CSD pursuant to the CSDR and for a licence for the provision of banking-type ancillary services in good time in September 2017. An improvement request from the FMA was also answered in good time in December 2017

A User Committee including representatives of the securities account customers and issuers was set up. The User Committee met for the first time in December 2017 and is expected to convene up to four times a year.

With its “Digital transfer of global certificates” project, OeKB CSD will offer issuers an electronic interface in future through which securities certificates in digital form can be delivered to OeKB CSD. This can replace the physical delivery of securities certificates. The project is expected to be completed in the middle of 2018.

The objective of the “MegaCor Phase 2” project is to replace the existing IT systems for capital market measures by expanding the existing MegaCor system. At the same time, the project aims to enable the more efficient, safe, and customer-friendly processing of capital market measures. The project is expected to be completed in the first half of 2019.

Energy Market Services

Since the Austrian energy market was liberalised, OeKB has been commissioned to conduct credit rating services, financial clearing, and risk management by the following companies as a central and neutral agency:

- A&B Ausgleichsenergie & Bilanzgruppen-Management AG,
- AGCS Gas Clearing and Settlement AG,
- APCS Power Clearing and Settlement AG,
- EXAA Energy Exchange Austria,
- OeMAG Abwicklungsstelle für Ökostrom AG.

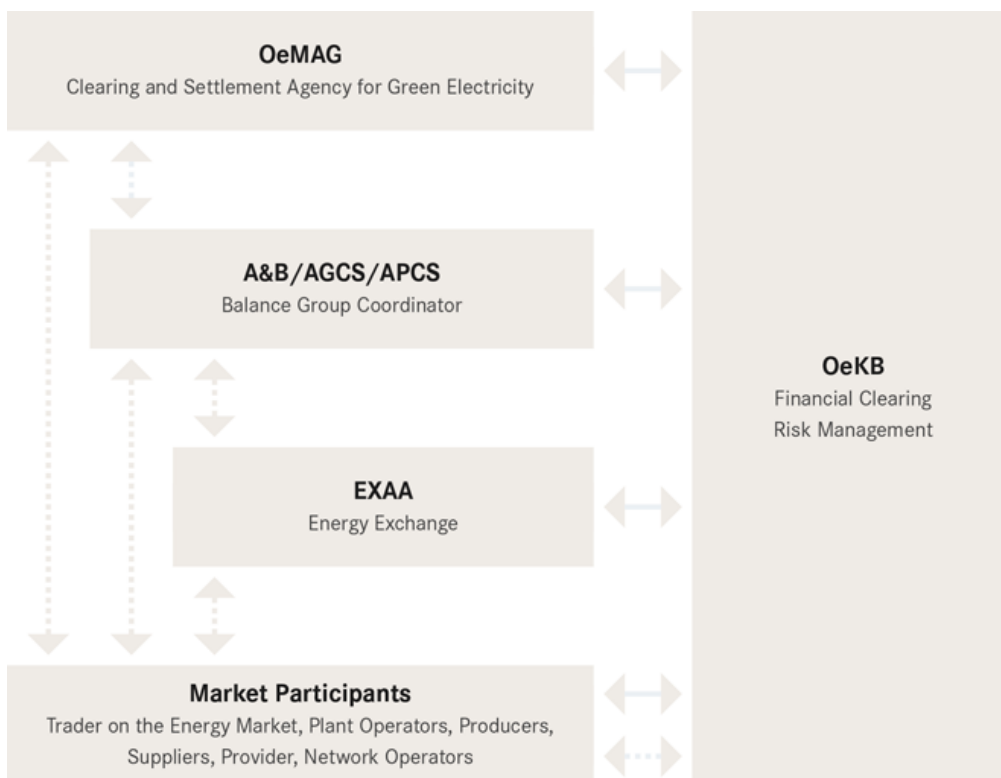
OeKB has also been providing clearing bank services with European Commodity Clearing AG (ECC) since 2012 and is an active general clearing member (GCM). ECC is an important European clearing house that handles settlement for a number of energy exchanges. As a GCM, OeKB handles collateral management and financial spot transaction clearing on selected energy exchanges for non-clearing members (NCM) of the ECC.

GRI 102-2, 6

GRI 203-2

More information can be found at www.oekb.at/en/energy-market-services

Smooth and cost-efficient processing



The participants on the Austrian energy market benefit from OeKB's smooth handling - the market operators, as well as NCM, that rely upon OeKB as a GCM. Cost-efficient settlement ultimately benefit all consumers. The environment also benefits from an attractive promotion system for alternative energy, the success of which OeKB has also contributed to with its expertise.

To help drive innovation

GRI 102-15
GRI 103-1, 2, 3

You can read more about
fintechs in the *RELEVANT*
magazine 01/2017
www.relevant.oekb.at
(only in German)

The topic of digitalisation is relevant for the OeKB Kreditinstituts- Gruppe (OeKB KI Group) from a number of perspectives. As a company that promotes Austria as a business location, we are highly interested in the effects of digitalisation. These impact our own business models as well as those of our customer base and other stakeholders. That said, effectively handling the digital transition is a top priority for the OeKB KI Group.

The Austrian capital market and the Republic of Austria have trusted in our competence in capital market services for decades for securities services requiring a high degree of expertise. Since the liberalisation of the Austrian electricity and gas market, there have been independent settlement agents that use our know-how in financial clearing and risk management. Non-clearing members (NCM) trust in us as a general clearing member (GCM) for clearing through ECC, European Commodity Clearing. This makes us highly relevant to the economy as an extremely specialised service provider of capital market and energy market services and enables us to help shape and drive the capital and energy markets by developing innovative infrastructure.

Innovation management in the OeKB KI Group

The innovation management system in the OeKB KI Group was launched in June 2017 and since then has addressed a wide variety of relevant topics for the future, above all digitalisation. The activities are coordinated by the innovation manager of the OeKB KI Group, who reports directly to the OeKB Executive Board. This manager works together with the department heads and top management at the subsidiaries to define the strategic orientation and to regularly evaluate the results of the individual measures.

An effective innovation management system can only be built up together, and all employees are invited to contribute. Because every change, idea, challenge, or incident can trigger new innovative solutions and approaches. The working members get into contact in different manners, including in the internal mentor and sparring partner networks in the different departments and in face-to-face meetings, at internal events, or simply through the dedicated intranet site and e-mail address for innovation management. The main responsibilities of the innovation manager are collecting, collating, evaluating, coordinating, initiating, and marketing new possibilities. A particular focus is placed on recognising internal potential and communicating innovations within the group. The establishment of a strong internal and external network helps in this.

Best practice models in the industry were already analysed in 2017 in addition to conducting talks with experts and finalising the space concept for an innovation space at the Strauchgasse site. We also actively support the start-up hub weXelerate as corporate leaders and mentors.

Promoting innovation over the long term

The objective of weXelerate, the largest start-up hub in Europe, is to bring young companies, established players, and investors together to move forward with innovative business models. The OeKB KI Group is involved as a corporate leader together with the subsidiary ACREDIA. The platform was also established to develop solutions for the services of OeKB Group. We have already selected three young companies working in the fields of artificial intelligence, chat bots, and big data for more intense collaboration. One of these is the German start-up Giromatch, which specialises in banking solutions. Its solution for automatic balance sheet data generation by means of optical character recognition (OCR) was able to automatically import 50% of the submitted balance sheets. We will continue to pursue cooperation projects of this kind with start-ups through weXelerate in the coming three years.

www.wexelerate.com

“Wonderful digital World“

Based on our social responsibility, we also address the effects that the megatrend of digitalisation has on society as a whole. Together with the Club of Rome – Austrian Chapter and SERI, we therefore launched the project “Wonderful digital world”. The goal of this project is to examine a broad spectrum of economic, ecological, and social implications from digitalisation and Industry 4.0 and to reveal new aspects.

www.schoenedigitalewelt.clubofrome.at

The work is based on compact essays from a diverse group of experts. The range of content is broad and covers a large number of different topics such as foreign trade, the labour market, infrastructure, medicine, education, blockchain technology, and crafts. Respected authors show how multifaceted digitalisation and Industry 4.0 are. This online platform is intended to promote an examination of these topics and to spark dialogue.

Industry 4.0 research project

Industry 4.0 refers to the digitalisation and networking of entire value creation chains. It is the fourth industrial revolution after mechanisation, electrification, and automation. A new research hot spot for the digital manufacturing processes of Industry 4.0 will be launched in Austria in the form of the Austrian Center for Digital Production (ACDP). From product development, industrial design, and automation technology to production optimisation, digitalisation has gained a firm foothold in all areas of industrial manufacture.

www.acdp.at

The goal is to reinvigorate and ensure the sustained competitiveness of the traditional manufacturing sector in Europe. This should in turn create new high quality jobs. A wide range of companies and scientific partners are involved in the project including Eberle Automation, EVVA Sicherheitstechnologie, Heid Antriebstechnik, HOERBIGER Ventilwerke, ÖBB, Ochsner Wärmepumpen, Rosenbauer International, Schaeffler Austria, Schelling Anlagenbau, TTTech Computertechnik, Welser Profile, ZKW, and many others as well as the Vienna University of Technology, ETZ Zurich, the Burgenland and St. Pölten universities of applied sciences, IWI, SBA Reserach, Vorarlberg university of applied sciences, the Vienna University of Economics and Business, and many others. OeKB Business Services GmbH as the IT subsidiary of OeKB Group is contributing its expertise in data management and as a data trustee. The research project was kicked off in the first half of 2017 and runs until the beginning of 2021.

To help employees advance

GRI 102-15
GRI 103-1, 2, 3

Demographic change and a lack of qualified workers are confronting companies in Austria with substantial challenges. We are also facing this challenge. Companies that succeed in creating a good work-life balance have a distinct advantage in recruiting suitably qualified employees. Our human resources policy is based on long-term cooperation with our employees, high standards in training and education, and social measures that allow work-life balance to truly become a reality.

Our promise as an employer

GRI 401-2

We have had the “workandfamily” audit certificate since 2006. This is a process that actively involves employees and that helps to continuously improve the work environment in the OeKB Kreditinstituts-Gruppe (OeKB KI Group) in a targeted manner. Measures that were implemented in the past years and that have become part of our working world include:

- Ongoing, comprehensive training and development in Austria and abroad.
- Providing for flexible working time models and teleworking.
- Company kindergarten and holiday care for school-aged children.
- A wide range of health services: from expanded check-ups to various vaccination programmes and the employee assistance programme.
- Occupational re-integration programme for employees after longer illnesses.
- Special presentations on psychological health (such as preventing burnout and greater success through positive self-management)
- Organisation of common sport and cultural activities outside of work from sports such as table tennis, football, squash, tennis, volleyball, Pilates, yoga, and spinal exercises to theatre performances and guided tours of exhibitions.

When change processes are necessary, such as in the Export Services unit last year, we actively involve the affected colleagues, share opinions and expertise, and explain and communicate decisions and courses that have been taken. The managers form a change team that focuses on the entirety of the affected area and regularly invites all employees to take active part in the change. Surveys of all involved employees (called Pulse Checks) collect information on sentiment and need for changes in a structured manner and allow decisions on how to attain the desired objectives to be modified when necessary.

The relationship with existing employees is just as important to us as becoming known to potential applicants as an attractive employer. The OeKB KI Group offers vocational days for secondary school pupils, mandatory job placements for students from universities of applied sciences, and general summer work placements. As part of cooperative arrangements, our employees are also active as lecturers and speakers at universities of applied sciences and the Vienna University of Economics and Business.

The in-house job portal is a good place to find out about new job vacancies. Many specialist and management positions are filled by existing employees in this manner. Management personnel is selected in a multi-stage potential analysis procedure to ensure that the best possible decisions are made. The wide range of services and activities conducted by OeKB KI Group is a further benefit for our employees. Well trained employees who are looking for new professional challenges can find new and interesting opportunities within the group. The job satisfaction level of the OeKB KI Group's employees is evident not just from the low turnover rate, but also from the positive assessments on www.kununu.com.

Employees in the OeKB KI Group on parental leave ¹

GRI 102-7, 8
GRI 401-1
GRI 401-3

As at	2017	2016	2015
Total employees (as at 31 December)	445	442	444
Of whom on parental leave	20	16	6
<i>Of whom women</i>	18	14	5
<i>Of whom men</i>	2	2	1
Total employees returning from parental leave	6	7	3
<i>Of whom women</i>	3	6	2
<i>Of whom men</i>	3	1	1
Number of employees still employed 12 months after returning from parental leave	7	3	8
<i>Of whom women</i>	6	2	8
<i>Of whom men</i>	1	1	0
Share of women returning to work	100 %	100 %	100 %
Share of men returning to work	100 %	100 %	100 %
Share of women remaining with the group	100 %	100 %	100 %
Share of men remaining with the group	100 %	100 %	100 %

¹ Including employees posted to OeEB, OeKB CSD, Acredia Versicherung, and Exportfonds.

Employees of the OeKB KI Group ¹

As at	31.12.2017	31.12.2016	31.12.2015
Total employees	445	442	444
<i>Of whom women</i>	248	-	-
<i>Of whom men</i>	197	-	-
<i>Of whom younger than 30</i>	40	-	-
<i>Of whom 30-50 years of age</i>	243	-	-
<i>Of whom over 50 years of age</i>	162	-	-
Of whom part-time employees	119	107	101
<i>Of whom women</i>	99	95	89
<i>Of whom men</i>	20	12	12
<i>Of whom younger than 30</i>	10	10	6
<i>Of whom 30-50 years of age</i>	61	61	58
<i>Of whom over 50 years of age</i>	48	36	37
Of whom employees with permanent contracts ³	438	-	-
<i>Of whom women</i>	243	-	-
<i>Of whom men</i>	195	-	-
<i>Of whom younger than 30</i>	34	-	-
<i>Of whom 30-50 years of age</i>	242	-	-
<i>Of whom over 50 years of age</i>	162	-	-
Of whom employees with temporary contracts ³	7	-	-
<i>Of whom women</i>	5	-	-
<i>Of whom men</i>	2	-	-
<i>Of whom younger than 30</i>	6	-	-
<i>Of whom 30-50 years of age</i>	1	-	-
<i>Of whom over 50 years of age</i>	-	-	-
Of whom new employees (hired in the reporting period) ³	28	26	28
<i>Of whom women</i>	10	16	8
<i>Of whom men</i>	18	10	20
<i>Of whom younger than 30</i>	7	12	7
<i>Of whom 30-50 years of age</i>	20	12	19
<i>Of whom over 50 years of age</i>	1	2	2
In full-time equivalents	405	405	412
Average age	45,5	45,0	44,9
Average length of service	16,3	16,2	16,2
Sick days per year and full-time employee	8,1	10,1	9,1
Proportion of total positions held by women	55,7 %	57,5 %	56,8 %
<i>Share of women among part-time employees</i>	83,2 %	88,5 %	89,1 %
<i>Share of women among employees with permanent contracts</i>	55,5 %	-	-
<i>Share of women among employees with temporary contracts</i>	71,4 %	-	-
<i>Share of women among new employees</i>	35,7 %	61,5 %	28,6 %
Proportion of management positions held by women	35,0 %	38,5 %	40,3 %
Share of managerial positions filled by employees under the age of 30	0,0 %	0,0 %	0,0 %
Share of managerial positions filled by employees aged 30-50	29,5 %	27,3 %	23,9 %
Share of managerial positions filled by employees over the age of 50	70,5 %	72,7 %	76,1 %
Total turnover rate excluding retirement ³	21	-	-
<i>Of whom women</i>	8	-	-
<i>Of whom men</i>	13	-	-
<i>Of whom younger than 30</i>	4	-	-

<i>Of whom 30–50 years of age</i>	14	-	-
<i>Of whom over 50 years of age</i>	3	-	-
Turnover rate excluding retirement ²	4,7 %	3,6 %	2,3 %
<i>Of whom women</i>	38,1 %	-	-
<i>Of whom men</i>	61,9 %	-	-
<i>Of whom younger than 30</i>	19,0 %	-	-
<i>Of whom 30–50 years of age</i>	66,7 %	-	-
<i>Of whom over 50 years of age</i>	14,3 %	-	-
Total turnover rate including retirement ³	28	-	-
<i>Of whom women</i>	14	-	-
<i>Of whom men</i>	14	-	-
<i>Of whom younger than 30</i>	4	-	-
<i>Of whom 30–50 years of age</i>	14	-	-
<i>Of whom over 50 years of age</i>	10	-	-
Turnover rate including retirement ²	5,9 %	5,6 %	3,9 %
<i>Of whom women</i>	50,0 %	-	-
<i>Of whom men</i>	50,0 %	-	-
<i>Of whom younger than 30</i>	14,3 %	-	-
<i>Of whom 30–50 years of age</i>	50,0 %	-	-
<i>Of whom over 50 years of age</i>	35,7 %	-	-

¹ Including employees posted to OeEB, OeKB CSD, Acredia Versicherung, and Exportfonds.

² The turnover rate is calculated as follows: the number of people leaving during the year x 100 divided by the number of employees on 31 December 2017. Because of the low turnover rate, a breakdown by gender and age group is not sensible.

³ A breakdown by region is not sensible. 99% of the employees work in Vienna.

Competencies

Competent managers and employees are a fundamental prerequisite for sustainable business and the long-term success of the OeKB KI Group. We have defined four areas of competence: entrepreneurial spirit, leadership, working together with others, and generating positive energy. Within these general skill sets, 15 individual abilities have been identified by which management and technical staff are measured. The competency model forms the basis for self-assessment and assessment by supervisors as well as for our structured selection procedure when filling managerial positions.

GRI 102-8
GRI 401-1

We have also expanded our leadership concept. Our managers see themselves as service providers for our customers, employees, and shareholders. Managers must balance the various expectations and interests to which they are exposed. They fulfil three key functions in their leadership role: performance orientation, supporting employees, and planning effectively for the future.

In the OeKB KI Group, we believe that respect and constructive feedback create a positive working environment. This promotes trust, loyalty, and therefore productivity. We see leadership as an internal service for employees. Working together means the individual responsibility of each employee with regards to their co-workers. Both are intended to allow the employees of the OeKB KI Group to realise their full potential to ensure the long-term success of the group.

Formulated ideals form the basis for leadership and working together. What is important is to strive to achieve these ideals in everyday work. All employees and managers should measure themselves against these ideals, and they are measured against these ideals in concrete terms during the annual performance review. Individual and group goals relating to the specific position, training needs, risk objectives, and goals relating to work-life balance, health, innovation, and sustainability are also defined during the performance review.

Training

GRI 404-1, 2, 3
FS4

The OeKB Academy provides a wide range of in-house seminars for all employees of the OeKB KI Group. The focuses are on developing the capabilities of specialist staff and managers and on personal development. Numerous training courses were provided to managers during the reporting period to support the ongoing change processes. Especially employees who were assigned new tasks received extensive training.

New focus of training included digitalisation (such as blockchain technology and process digitalisation), the use of social media, and creative idea development with brain-friendly methods.

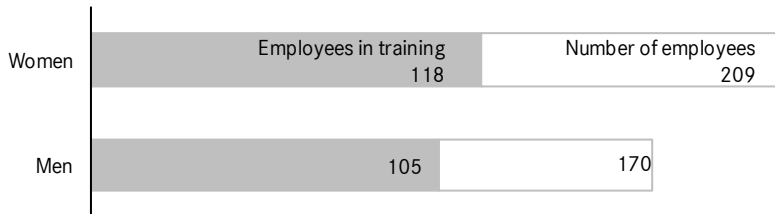
Good governance and compliance are key priorities for the OeKB KI Group. Every year, four mandatory online training sessions are held on subjects relevant to the activities of the business segments and new regulatory developments. Managing directors, members of supervisory boards, and other people in key positions receive intensive internal and external training on legal topics like supervisory law and corporate law as well as on technical finance subjects.

Training and development

As at	31.12.2017	31.12.2016	31.12.2015
Total number of employees at OeKB	379	385	391
Total cost of training (Euro)	400.292	382.133	429.009
Total hours of training	7.718	8.979	15.316
Per employee (Euro)	1.056	993	1.097
Hours per employee	20	23	39
Per employee (days)	2,6	2,9	4,9
Managerial employees	50	51	54
Cost of training (Euro)	109.897	124.756	135.968
Training hours	1.926	2.100	2.510
Per employee (Euro)	2.198	2.446	2.518
Hours per employee	39	41	46
Per employee (days)	4,8	5,1	5,8

Only training hours with external trainers were included.

OeKB employees in training 2017



Cost of training and training hours 2017



Diversity

People are becoming more mobile – and companies are, too. The megatrends of globalisation, mobility, and connectivity are opening up new business opportunities. But they also mean that companies are operating in environments that are becoming less and less predictable. This makes diversity and the associated openness crucial for ensuring that traditional business risks and unforeseen developments can be addressed effectively. Diversity is decisive for the creativity and resilience of the OeKB KI Group. We adopted our gender and diversity policy in 2017 to codify our attitude and implementation strategy. The implementation status is reported regularly to management as part of the sustainability strategy monitoring.

GRI 103-1, 2, 3
GRI 405-1, 2

We live diversity and mutual respect

We understand diversity to mean the commonalities and differences that we at the OeKB KI Group encounter on our markets, with our customers, and with our employees. Diversity stands for a central conviction of the OeKB KI Group: sincere respect, open dealings, and a conscious use of our diversity.

In its activities in different sectors and parts of the world, the OeKB KI Group is confronted with very different ideas about how to live and with different cultures. Diversity factors include gender, culture, religion, sexual orientation, nationality, education level, and also age, different ways of life, and special physical or psychological needs.

And for us, respect means valuing these differences, which in turn gives rise to trust, loyalty, and team spirit as well as potential for creativity and innovation. The OeKB KI Group also tolerates no discrimination whatsoever.

We apply this attitude of respect every day within the company and in all external dealings, following the principles set forth in our human rights policy.

We live openness and respect

We treat each other with openness and respect. All employees contribute to our shared tasks and objectives. As managers, we are personal and professional role models. We provide orientation for day-to-day operations and allow our employees as much freedom and self-responsibility as possible.

This attitude is supported by means of framework conditions that

- promote responsible and independent action.
- clearly define responsibilities and their limits.
- permit learning from mistakes.
- communicate ongoing developments in the company in a transparent and clear manner.
- allow successes to be perceived as shared accomplishments and allow everyone to learn from failures.
- allow open, direct, and respectful feedback to be given so that we can all grow and learn.

We take action and improve continuously

We make all of our personnel decisions based solely on social and technical qualifications and competencies. Our remuneration policy is based on strict gender equality, with the same payment for the same performance. The goal is to pay the employees of the OeKB KI Group a fair wage in line with the market conditions.

We strive to maintain a balanced composition of the Executive and Supervisory Boards in the OeKB KI Group, taking the necessary and different knowledge, skills, and experience into account. To apply this principle, the OeKB KI Group has set a target share of women on the Executive and Supervisory Boards of 30% by 2020.

Gender

At the OeKB KI Group, the traditionally high ratio of female employees was 56% at 31 December 2017. The share of female managers is 35%. Investments in a good work-life balance, promotional measures on the way to middle management, and continued transparent job descriptions, including for managerial positions, will be necessary to ensure and expand this in future.

GRI 405-1

We have set a target of 30% for the share of women on the Executive and Supervisory Boards by 2020. The current share of women on the Supervisory Boards is 33% at Oesterreichische Kontrollbank AG (OeKB), 38% at Oesterreichische Entwicklungsbank AG (OeEB), 13% at „Österreichischer Exportfonds“ GmbH (Exportfonds), and 43% at OeKB CSD GmbH (OeKB CSD). The balanced gender rate has largely been achieved on the Executive Boards. One of the two managing directors at Exportfonds, OeEB, and OeKB is a woman. The only exception here is OeKB CSD. Awareness for our policy must still be raised in the Supervisory Board.

Diversity in the OeKB KI Group ¹

As at	31.12.2017	31.12.2016	31.12.2015
Total employees	445	442	444
<i>Of which persons in governing bodies</i>	<i>18</i>	<i>-</i>	<i>-</i>
In full-time equivalents	405	405	412
Average age	45,5	45,0	44,9
Average age of new employees	35,1	32,2	35,6
Average length of service	16,3	16,2	16,2
Sick days per year and full-time employee	8,1	10,1	9,1
Proportion of total positions held by women	55,7 %	57,5 %	56,8 %
Share of women among part-time employees	83,2 %	88,8 %	89,1 %
Share of women among employees with permanent contracts	54,6 %	-	-
Share of women among employees with temporary contracts	1,1 %	-	-
Share of women among new employees	35,7 %	61,5 %	28,6 %
Proportion of management positions held by women	35,0 %	38,5 %	40,3 %
Turnover rate excluding retirement ²	4,7 %	3,6 %	2,3 %
Turnover rate including retirement ²	5,9 %	5,6 %	3,9 %

¹ Including employees posted to OeEB, OeKB CSD, Acredia Versicherung, and Exportfonds.

² The turnover rate is calculated as follows: the number of people leaving during the year x 100 divided by the number of employees on 31 December 2017. Because of the low turnover rate, a breakdown by gender and age group is not sensible.

³ A breakdown by region is not sensible. 99% of the employees work in Vienna.

Remuneration policy

Remuneration conforms with market norms, with variable remuneration throughout the group accounting for less than 10% of overall remuneration on average. Employee benefits such as additional health insurance and the employee restaurant with healthy meals are intended to ensure good health and sustainability.

Initial salaries of holders of academic degrees correspond to the market level. These are published on the intranet, making them transparent for all employees. We make all decisions on new hires, promotions, and wage increases based solely on social and technical qualifications and competencies. The internal benchmarking of salaries at the OeKB bank group is conducted according to eight salary bands, divided into one scheme for experts and one for management. The scheme an employee belongs to is decided primarily based on the kind of problem solving and the complexity of the activities their position involves, and on their leadership function. This ensures comparable pay for comparable jobs in a fair and transparent manner according to the qualifications required, the responsibility involved, and actual performance. In addition, compensation is regularly benchmarked against the market.

The Executive Board of OeKB defines the remuneration policy of OeKB, which serves as a guideline for the entire KI Group, based on the business strategy and risk policy of the company. This also satisfies the requirements of the BWG and the corresponding memo of the Financial Market Authority. This remuneration policy is reviewed once per year, most recently in March 2017. The Supervisory Board of OeKB has a Remuneration Committee that evaluates and approves the remuneration policy and that monitors compliance with this policy including reporting to the Supervisory Board. External experts from Towers Watson and Deloitte were consulted in the definition of the remuneration policy and various reviews.

The design of the variable remuneration policy ensures that the incentive structure is aligned with the long-term interests of the OeKB KI Group. The variable remuneration represents a reasonable share of the total remuneration and is oriented towards individual performance and towards single- and multi-year performance parameters of the company and group.

This is measured in quantitative terms based on a combination of company performance indicators. The indicators are based on the bonus pool depending one third on performance, one third on the sustainable increase in the value of the company, and one third on risk parameters.

The individual variable remuneration for executive management is limited to 40% of the total remuneration. The variable share is limited to 20% of the individual total remuneration from the second level (department heads) downward. If the variable remuneration exceeds 20% of the total remuneration, deferred payout is applied to comply with the regulatory requirements for sustainability and risk orientation, with 40% of the variable remuneration (or 60% for particularly high sums) being paid out over a period of five years. The employee only has a non-binding entitlement to the deferred amount until actual payout. The portion of the entitlement coming due each year is re-evaluated in that year. The changes in the deferred entitlements follow the relative changes in tier 1 capital.

In the event of a poor (or negative) financial and earnings situation, the executive management and Supervisory Board (Remuneration Committee) reserve the right to reduce the variable remuneration and the deferred bonus payments, up to the cancellation of the entire entitlement in accordance with the legal requirements.

For executive management and all employees in the OeKB KI Group in general, the fixed salary is the primary component of overall remuneration, which means that the variable remuneration allows for a flexible remuneration policy in all regards and that the payment of the variable portion can be waived if necessary. In line with the group's solid and effective risk management system, this ratio of fixed to variable remuneration ensures that no one is given an incentive to assume risks that exceed the specified risk appetite or tolerated degree of risk.

Guaranteed variable remuneration is not compatible with the performance-based approach at OeKB and is therefore not offered.

To help the environment flourish

Our nature, the ecological environment in which and with which we conduct our business, is in crisis: climate change, resource scarcity, and loss of biodiversity. These are just some of the challenges that we have to tackle as a company. In connection with the investment guarantees that we issue, the OeKB Kreditinstituts-Gruppe (OeKB KI Group) is responsible for evaluating not only the economic effects but also the ecological and social impacts of every transaction. We fulfil this responsibility through our environmental and social assessments, among other things

GRI 102-15
GRI 103-1, 2, 3

More information can be found in the section **To help business grow**

In addition to this evaluation of our impact on the environment in our core area of business, we have also been long committed to using resources wisely and protecting the environment in the day-to-day operations at all of our sites. Since 2001, we have been striving to continuously improve our environmental performance through a certified environmental management system.

Ecology in day-to-day operations

Operational ecology plays an important role for the OeKB KI Group because the group is EMAS (Eco Management and Audit Scheme) certified. This is also a reflection of our commitment to thinking and acting sustainably in all of our business processes. Operational ecology also raises awareness among employees. The evaluation of direct and indirect environmental aspects as required by EMAS was expanded with social aspects and was updated again in 2017. This analysis showed that energy and fuel consumption are among the most material direct environmental aspects. These stem from general office operations, the operation of two data centres, and business travel. For this reason, we are reporting on the GRI indicators pertaining to energy and fuel consumption in this section. All other indicators that are relevant for the environmental report according to the EMAS Regulation can be found in the overview of indicators and in the GRI index in this report.

FS9

The maintenance and continual improvement of the environmental management system in accordance with the requirements of EMAS and ISO 14001:2015 are handled by the sustainability management organisation of the OeKB KI Group in coordination with group management. This organisation is part of the Organisation, Construction, Environmental Issues, and Security (OBUS) department, which is also responsible for all operational ecology processes such as procurement and waste, energy, and facility management..

Our environmental management system is audited internally every year. As part of the management review, group management also evaluates the effectiveness of the implemented measures and further options for improvements and changes. This also always includes an evaluation of the sustainability policy, the objectives, and the provision of resources.

Energy management

The OeKB KI Group continuously monitors and optimises its energy consumption at all of its sites. With the introduction of the Energy Efficiency Act (EEffG), companies were obliged to take measures between 2015 and 2020 to improve their energy efficiency and to document and report these to a newly established monitoring body. We employ an internal energy auditor who investigates ways of reducing the energy required for the buildings, the various processes, and the mobility needs of the OeKB KI Group. The energy savings are reported to the monitoring body on an annual basis.

GRI 302-1, 4

The energy management cover all sites of the OeKB bank group, including the off-site emergency data centre. A particular focus is placed on the Strauchgasse building because the OeKB KI Group has the greatest ability to act here as the building owner. We continued the switch to LED lighting in 2017, thus saving and selling 8,083 kWh. We have a building management system installed that assists us with energy monitoring and further energy optimisation on the basis of careful analyses by our experts. This enabled us to further reduce the power consumed by the refrigeration units and data centres in 2017.

The use of waste heat to heat the Strauchgasse site proved itself in 2017 again. As a result of optimisation measures, the Strauchgasse building can now be heated solely using waste heat down to an outside temperature of 6°C. A higher level of heat had to be purchased because of the particularly cold winter months of January and February 2017. This also explains the increase in district heat usage compared with 2016.

Even though the direct ecological impact of office operations is not particularly relevant compared with the core business of the OeKB KI Group, the fact that the power consumption is equivalent to nearly 573 households (based on a four-person household with an annual power consumption of 4500 kWh) means that we must remain vigilant.

Energy consumption

kWh	2017	2016	2015	2000	Change compared to previous year
Electricity					
Strauchgasse	2.090.931	2.335.677	2.227.507	2.970.060	-244.746
Am Hof	272.970	239.610	344.580	821.900	+33.360
Wallnerstr., Wipplingerstr.	45.359	46.797	46.106	-	-1.438
Data processing centre Vienna 21	169.999	209.302	213.043	-	-39.303
Total electricity	2.579.259	2.831.386	2.831.236	3.791.960	-252.127
District heating					
Strauchgasse	316.344	184.404	211.805	1.496.750	+131.940
Am Hof ¹	228.115	268.601	269.102	359.453	-40.486
Total district heating	544.459	453.005	480.907	1.856.203	+91.454
Optimisation of energy consumption (Strauchgasse)					
Cooling energy produced	1.402.196	1.666.477	1.492.857	-	-264.281
Utilised waste heat	550.867	630.868	521.592	-	-80.001
Own photovoltaic system	31.490	30.860	31.050	-	+630
Fuels					
Non-renewable fuels	9.430	-	-	-	+9.430
Renewable fuels	944	1.407	850	-	-463
Sold energy	8.083	34.046	-	-	-25.963
Total energy consumption	3.157.499	3.282.612	3.344.043	5.648.163	-125.113

¹ The tenant's consumption at the Am Hof location accounts for one third of the total district heating consumption in 2017 and was deducted for the first time in 2017.

Business travel

Vehicles represent a considerable impact on the environment and serious health risks. At the same time, mobility is a key requirement for economic and social development in modern industrialised and service economies. Close to 20% of all greenhouse gas emissions come from transport, so this sector makes a significant contribution to climate change. This share actually came to around 40% of the total greenhouse gas emissions of the OeKB bank group over the past four years (not including compensated business travel).

With that in mind, we avoid business travel whenever possible. For all travel, trains or public transportation are preferred over automobiles and aeroplanes. Our mobility decisions are made on the basis of economy, ecological footprint, and the social aspects of the health, safety, and work-life balance of our employees. An electric bike and electric car are also available to our employees for trips within Vienna.

Business travel (all locations)

GRI 305-5

Kilometres	2017	2016	2015	2000	Change compared to previous year
Aircraft	1.581.959	1.321.238	1.316.601	984.663	+260.721
<i>Of which carbon-dioxide compensated</i>	<i>870.412</i>	<i>540.825</i>	<i>569.354</i>	-	<i>+329.587</i>
Railway	31.487	23.777	37.653	14.117	+7.710
Car	18.816	26.240	30.576	39.237	-7.424
<i>Of which emission-free (e-mobility)</i>	<i>5.333</i>	<i>7.950</i>	<i>4.802</i>	-	<i>-2.617</i>
Total business travel	1.632.262	1.371.255	1.384.830	1.038.017	+261.007

Carbon dioxide equivalents

GRI 302-2, 4
GRI 305-1, 2, 3, 5

Tons	2017	2016	2015	2000	Change compared to previous year
Scope 1					
Car	1,94	2,64	3,72	5,66	-0,69
Scope 2					
Electricity	22,36	27,53	28,03	498,83	-5,17
District heating	10,89	9,06	9,62	37,12	+1,83
Total purchased energy	33,25	36,59	37,64	535,96	-3,34
Scope 3					
Aircraft	14,02	15,53	14,72	19,40	-1,52
<i>Flights compensated</i>	<i>17,15</i>	<i>10,65</i>	<i>11,22</i>		
Railway	0,28	0,21	0,33	0,12	+0,07
Total business travel	16,24	18,38	18,77	25,18	-2,14
Total carbon dioxide equivalents	49,49	54,98	56,41	561,14	-6,18

At the locations in the first district of Vienna (Am Hof and Strauchgasse, Wallner Strasse and Wipplinger Strasse), the OeKB KI Group uses electricity obtained exclusively from hydro-electric power plants. The off-site emergency data centre uses the standard power mix, which is reflected in significantly higher emission values.

Carbon dioxide equivalents per employee are shown only for OeKB employees as the OeEB emissions were compensated for. Air travel is unavoidable for OeEB employees because of the international projects. We compensate for the CO₂ emissions through a reforestation project of the Vienna University of Natural Resources and Life Sciences (BOKU) in Ethiopia in which CO₂ is captured in newly planted forests. The project, in which the local population is heavily involved, also contributes to protecting the soil and biodiversity and is being accompanied by a BOKU study.

The breakdown into individual scopes is based on the Greenhouse Gas Protocol. Scope 1 contains all direct emissions from combustion in internal plants and in the engines of motor vehicles. Scope 2 contains indirect emissions from consumption of purchased energy, and Scope 3 includes all other indirect emissions from upstream processes. The calculation was changed to carbon dioxide equivalents in 2017, and the emissions figures for the previous years were recalculated.

A photovoltaic system with a capacity of 31 kWp is making a small contribution towards energy production in the building, 31,490 kWh in 2017. A highly redundant green IT data centre offers a high level of availability, the required reliability, and optimises the use of electrical energy.

Source:
www.ghgprotocol.org/calculation-tools/faq

Conversion table for calculating carbon dioxide equivalents

	kg CO ₂ - equivalents	Sources
1 km railway (electro)/person	0,0088	Federal Environmental Agency data base 2015 indirect emissions (Scope 3)
1 km aircraft/person, domestic	0,0382	Federal Environmental Agency data base 2015 indirect emissions (Scope 3)
1 km aircraft/person, international	0,0197	Federal Environmental Agency data base 2015 indirect emissions (Scope 3)
1 km car, per vehicle	0,1442	Federal Environmental Agency data base 2015 direct emissions (Scope 1)
1 kWh electricity - data processing centre	0,13155	Wien Energie contract ODC
1 kWh hydroelectric power	0,0000	Energie Allianz (acc. contract and certificate)
1 kWh district heating	0,0200	OIB guideline 6

Ecological key indicators

With regard to operational ecology, key indicators for energy, heating energy, water, and paper refer to the main locations at Am Hof 4 (47 employees) and Strauchgasse 1–3 (385 employees). The key indicator for waste relates exclusively to the Strauchgasse site since the OeKB KI Group companies at other locations are merely tenants and therefore unable to determine exact values for such indicators. The calculation of key indicators per employee for operational ecology goes beyond the limits of the system as it includes the Legal Officer's staff and CCP.A (20 employees).

Locations

GRI 102-4

	2017	2016	2015	2000
Floor space in m²				
Strauchgasse	15.032	15.512	15.512	13.612
Am Hof	3.139	3.479	3.479	3.075
Floor space, main locations	18.171	18.991	18.991	16.687

The changes in the key indicators show that power consumption was cut further. We are pleased to report that the share of renewable energy was increased in 2017.

The increase in waste paper and bulky refuse was caused by the increased clean-up in the archive and basement in 2017. The increase in batteries was the result of the specified maintenance intervals.

	Unit	2017	2016	2015	2000	ÖGUT 2014 average*
Energy (Strauchgasse, Am Hof)						
Electricity consumption	kWh/empl.	5.472	5.826	5.859	11.088	4.769
<i>Of which renewable energy</i>	<i>kWh/empl.</i>	73	70	71	-	
District heating	kWh/m ²	30	24	25	111	87
District heating	kWh/empl.	1.260	1.025	1.095	5.427	2.899
Energy consumption (energy, district heating, renewable energy)**	kWh	2.939.850	3.059.152	3.084.044	5.648.163	
Energy consumption (energy, district heating, renewable energy)**	kWh/empl.	6.805	6.921	7.025	16.515	
Business travel (all EMAS locations)						
Railway, aircraft, car	km/empl.	3.778	3.121	2.997	3.035	2.797
Carbon dioxide equivalents						
Energy and business travel	kg/empl.	138	146	148	1.688	968
Water (Strauchgasse, Am Hof)						
Water consumption	l/empl./day	54	53	58	116	49
Paper (Strauchgasse, Am Hof)						
Paper consumption	Sheet/ empl./day	22	22	25	41	22
Share of recycled paper	%	100,0 %	99,4 %	98,4 %	4,4 %	81 %
Waste (Strauchgasse including tenants)						
Waste paper	kg/empl.	182	134	146	98	97
Residual waste	kg/empl.	119	87	87	337	70
Separation quota	%	29 %	30 %	35 %	73 %	

GRI 301-1, 2
GRI 302, 1, 2, 3, 4

* Source: 'Benchmarking für Finanzdienstleister' (benchmarking for financial service providers), ÖGUT (Österreichische Gesellschaft für Umwelt und Technik), 2014

** The figures deviate from the 2016 Integrated Annual Report as renewable energy has been included this year.

Waste in kg (Strauchgasse)

GRI 301-1

	2017	2016	2015	2000	Change compared to previous year
Waste paper	69.999	53.558	54.070	26.288	+16.441
Glass	3.954	3.760	3.264	1.824	+194
Plastic waste	2.619	1.962	2.232	1.248	+657
Scrap metal and metal	350	320	270	480	+30
Grease trap contents	13.920	16.500	15.980	20.410	-2.580
Electronic scrap	1.707	3.741	262	715	-2.034
Bulky items	13.934	117	172	-	+13.817
Kitchen and canteen waste	17.350	17.262			+88
Used oil (from canteen)	292	266			+26
Reusable materials	124.125	97.486	76.250	50.965	+26.639
Reusable materials/employee	322	244	206	191	+78
Old cell phones	5	5	5		-
Accumulators, batteries	1.073	478	798	774	+595
Fluorescent lamps	105	80	40	129	+25
Colour residues		-	-	800	-
Developers, fixers		-	-	540	-
(Waste) oil		-	-	-	-
Monitors/TVs	19	32	-	-	-13
Electronic, electronic appliances		900	-	-	-900
Cooling/air-conditioning appliances		15	-	-	-15
Refrigerants		-	-	-	-
Hazardous waste	1.202	1.510	843	2.243	-308
Hazardous waste/employee	3	4	2	8	-1
Domestic type commercial waste	45.900	34.710	32.250	90.000	+11.190
Total waste	171.227	133.706	109.338	143.208	+37.521
Total waste/employee	445	334	295	536	+111

To help society succeed

We adhere to national laws and international standards in the OeKB Kreditinstituts-Gruppe (OeKB KI Group). We treat the environment and society with respect and a strong sense of responsibility. We are aware that we are held to a higher standard as a private company with a public mandate and therefore fulfil our responsibilities with particular care. The aspects of transparency; preventing corruption, money laundering, and terrorist financing; and respecting the internationally proclaimed human rights and complying with all legal regulations are important to us and a fundamental prerequisite for our business activities. We have defined corresponding processes and responsibilities to ensure and monitor compliance with all external and internal requirements

*GRI 102-15
GRI 103-1, 2, 3*

Human rights

Ensuring compliance with human rights is becoming more and more important. The United Nations Guiding Principles on Business and Human Rights are particularly relevant in this. These are a series of guidelines for governments and companies to prevent, address, and eliminate human rights violations that may occur in business operations. These guidelines are based on a concept developed by Harvard professor John Ruggie. It consists of three pillars: protect, respect, and remedy. It is a country's responsibility to "protect" human rights and a company's to "respect" them. The government and companies should "afford legal protection".

This "Ruggie Framework" was approved in 2011 through the adoption of the United Nations Guiding Principles on Business and Human Rights (UNGPs) by the UN Human Rights Council. The OeKB KI Group has been actively addressing the topic of human rights for years. We demonstrate our foresight and sense of responsibility in the evaluation of projects by also taking project-related human rights issues such as the protection of cultural assets, involuntary relocation, and impacts on local populations into account.

As part of our intensive evaluation of the Universal Declaration of Human Rights, we also assessed how these rights that have been in force for over 70 years are relevant to our business segments and how we can apply them to our daily operations. We summarised the results in our human rights policy. We are also committed to the 10 principles of the UN Global Compact and the fundamental labour rights according to the ILO Declaration on Fundamental Principles and Rights at Work.

Corporate Governance

The complete original code can be found at www.corporate-governance.at

The OeKB KI Group is not a listed company, but is nevertheless guided by the Austrian Code of Corporate Governance in so far as the Code's principles are applicable. For non-listed stock companies, L-rules (rules based on legal requirements) are to be interpreted as C-rules (comply-or-explain rules).

Cooperation between the Supervisory Board and Executive Board

GRI 102-26, 28

The companies of the OeKB KI Group are directed by an Executive Board or managing directors. They provide their Supervisory Board with regular, prompt, and comprehensive reports on all relevant business developments, including the risk situation and risk management in their company and the significant group companies. The aim of managing the group's business in accordance with the principles of good corporate governance is achieved in part through open discussion between the Executive Board or managing directors and the respective Supervisory Board and within each of these bodies.

The Executive Board or managing directors set the company's strategic direction together with, and subject to the approval of, the respective Supervisory Board and regularly discusses the progress made on implementing strategy with them. The Supervisory Board meets at least four times per financial year.

Executive Board of Oesterreichische Kontrollbank AG (OeKB AG)

GRI 102-18, 22



The two-member Executive Board of OeKB is responsible for managing the company. Its decisions comply with all relevant laws, the Articles of Association, and the Executive Board's internal procedural rules. The division of responsibilities and how the members of the Executive Board should work together are set out in these internal procedural rules. This is also the case at Oesterreichische Entwicklungsbank (OeEB), OeKB CSD GmbH (OeKB CSD), and „Österreichischer Exportfonds“ GmbH (Exportfonds).

The Executive Board's compensation includes both fixed and performance-based components. The variable part can represent up to 40% of total compensation. The design of the variable remuneration policy ensures that the incentive structure is aligned with the long-term interests of the OeKB KI Group (see the Disclosure Report). The company has taken out directors and officers liability insurance (D&O) for members of the Executive and Supervisory Boards. The disclosure of the aggregate compensation of the Executive Board foreseen by L-rule 29 of the Austrian Code of Corporate Governance is omitted pursuant to § 241 (4) of the Austrian Uniform Commercial Code (UGB).

GRI 102-35

The detailed composition of the Supervisory Board, the Staff Council, the state committee, and the government committee can be found in the 2017 annual financial report of OeKB AG. The composition of the management and supervisory boards of OeEB, OeKB CSD, and Exportfonds can be found on the corresponding web sites.

*Details on the composition can be found in the **2017 annual financial report** and the web sites*

Supervisory Board of OeKB AG

The Supervisory Board supervises the Executive Board and supports it in managing the company, especially in reaching decisions of fundamental importance. At the end of 2017, the Supervisory Board was composed of 15 shareholder representatives and seven members delegated by the Staff Council. This constitutes a deviation from C-rule 52, which stipulates a maximum of ten members excluding the employee representatives, legitimated by an agreement among OeKB's shareholders.

GRI 102-23, 24, 25, 33, 35

The Supervisory Board's remuneration is determined at the Annual General Meeting and is shown in Note 27 in the notes to the consolidated financial statements. The employee representatives perform their function on the Supervisory Board within the scope of their ordinary employment.

The Austrian Stock Corporation Act requires that the chairman of the Supervisory Board be independent from the operations of the company. All Supervisory Board members aside from the employee representatives are independent from the operations of the company.

Committees

The Remuneration Committee approves the remuneration policy and variable compensation rules and monitors the implementation of these policies in practice. In matters of remuneration policy and in particular the compensation of the Executive Board, the employee representatives do not attend or vote at the meetings of the committee. The Remuneration Committee met once in 2017.

GRI 102-21, 31, 33, 35, 37

Remuneration Committee

*See also the section **Remuneration***

The Supervisory Board also formed an Audit Committee, Working Committee, Nomination Committee, and Risk Committee.

The Audit Committee is responsible primarily for

- Audit Committee**
- the auditing and the preparation of the adoption of the annual financial statements, the proposal for the distribution of profits, and of the company management report,
 - the auditing of the consolidated financial statements and group management report, and
 - recommending an independent auditor to the Supervisory Board.

The Audit Committee is also required to monitor the effectiveness of the enterprise-wide internal control system and the risk management system. The Audit Committee met twice in 2017.

Working Committee

The Working Committee oversees borrowing to fund the Export Financing Scheme (EFS), lending under the EFS, lending under § 3 of the internal procedural rules (related debt restructuring facilities and purchase of accounts receivable), and the use of the amounts in the interest stabilisation account.

Nomination Committee

The Nomination Committee (pursuant to § 29 of the Austrian Banking Act) not only regularly evaluates the balance and variety of the know-how, skills, and experience of the managing directors but also that of the individual Supervisory Board members. Issuing recommendations, it monitors and supports the course of the Executive Board with regard to appointing senior management. The Nomination Committee met twice in 2017.

Risk Committee

The Risk Committee (pursuant to § 39d of the Austrian Banking Act) monitors the implementation of the OeKB risk strategy. The committee met once in 2017..

The legally required committees have also been set up in the subsidiaries.

Transparency and auditing

Openness and transparency in communication with our shareholders and stakeholders is particularly important to us. In 2017, the Executive Board as well as the Corporate Communications and Investor Relations departments upheld these principles. Up-to-date information on the company and its business segments is always available on the OeKB web site at www.oekb.at. This site also contains all information on director's dealings. Executive Board members and Supervisory Board members must report when they or a related party purchase financial instruments issued by OeKB.

*Details can be found in the section **To help employees advance***

The OeKB KI Group promotes the development of women in management positions for all functions (L-rule 60).

The publication of motions under L-rules 4 to 6 of the Code is not considered expedient, as this information is reserved for shareholders. Consequently, only shareholders may examine these documents and the right to confidentiality of the shareholders introducing a motion must be maintained. This applies to motions submitted to the Annual General Meetings and all related official documents, including shareholder motions and countermotions, as well as the list of candidates nominated for election to the Supervisory Board and the resolutions passed at the Annual General Meetings.

*The audit report can be found in section **Auditor's certificate in the 2017 annual financial report***

The company financial statements, company management report, consolidated financial statements, and group management report were audited by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna, the auditor appointed by the Annual General Meeting.

Compliance and legal requirements

We conduct our businesses with integrity and abide by the laws in question. This corresponds to our fundamental values. Our values determine the actions of all of our employees. In order to counter risks arising from the violation of legal regulations, the OeKB KI Group has appointed a Legal Compliance Officer, who reports directly to the Executive Board. This officer fulfils an advisory and coordinating function and ensures that there are no gaps in the regulations. Activities focus on the identification of the material legal regulations and requirements so as to ensure compliance. Another responsibility of the Legal Compliance Officer is raising awareness among the employees of the OeKB KI Group for regulatory issues.

GRI 102-16
GRI 205-2

Data protection

The OeKB KI Group has taken a prudent approach to the protection of data for many years, on the one hand to meet the requirements of the Austrian Banking Act concerning bank secrecy, and on the other as specified in the Data Protection Act and the EU's General Data Protection Regulation. We have appointed a Data Protection Officer and data protection coordinators in every department and in the subsidiaries to ensure the smooth implementation of and compliance with the requirements. An online query of the data protection reports, which is mandatory until 24 May 2018, is available to our customers and interested members of the public. A project organisation was set up to meet the expanded requirements of the General Data Protection Regulation and is coordinating the implementation of the necessary measures.

418-1
More information can be found at:
<https://dvr.dsb.gv.at/at.gv.bka.dvr.public/> (only in German)

The following requirements apply as the basis for dealing with data in the OeKB KI Group:

- Data is only transparent within the OeKB KI Group to the extent that it is absolutely necessary for the settlement of the transaction and the assessment of risk.
- For risk management purposes in the OeKB KI Group, customer exposures are combined and considered together.

The Data Protection Officer received no requests for information or customer complaints relating to data protection in 2017.

Preventing money laundering and terrorist financing

Money laundering refers to bringing illegally obtained assets into the legal capital market. The act of money laundering is defined in Austrian Criminal Code (StGB). It covers the holding, investment, management, conversion, or use of assets stemming from a crime or illegal activity, as well as obfuscating the source of assets. The international community significantly increased its efforts to prevent terrorist financing after the attacks in the USA on 11 September 2001. The act of terrorist financing is also defined in the Criminal Code and covers the provision of assets with the intent that they be used for terrorist purposes. Unlike with money laundering, the financial assets that go into terrorist financing can stem from legal sources.

To prevent money laundering and terrorist financing, the Financial Market Anti-Money Laundering Act (FM-GwG) stipulates special diligence and reporting obligations for credit and financial institutions. Banking transactions may only be conducted with known customers – the “know your customer” principle. Credit and financial institutions must verify the identity of their customers pursuant to the FM-GwG before they enter into a customer relationship.

GRI 205-2 The various activities of the OeKB bank group were evaluated in detail to prevent money laundering and terrorist financing and to identify potentially sensitive areas. There are detailed working procedures for these areas. The legal regulations are monitored on a continuous basis and the internal processes adapted when necessary in the event of changes. Employees in the OeKB KI Group that fulfil functions that are relevant to money laundering complete regular training. Those that do not fulfil relevant functions are informed about the money laundering prevention regulations. The Internal Audit department verifies compliance with these provisions on an annual basis.

The Money Laundering Officer and deputy are responsible for implementing the money laundering prevention regulations. They advise and inform all employees in accordance with their duties. Suspicious transactions must also be reported to them.

The OeKB bank group collaborates directly with the money laundering coordination office of the Austrian Bankers’ Association in this. We have also implemented the anti-money laundering principles of the Wolfsberg Group. These principles serve as global guidelines for entering into and maintaining customer relationships in distance selling.

Business ethics

GRI 102-16, 17 The international community has set the objective of preventing the misuse of the banking and financial system for criminal purposes. In particular, there are rules for preventing money laundering and the financing of terrorist activities. The employees of the OeKB KI Group are not public officials pursuant to § 74 Austrian Criminal Code (StGB). Nevertheless, it seems appropriate given our central role on the Austrian capital market and as a national export credit insurance agency to orient ourselves towards the stricter provisions of the anti-corruption laws that apply to public officials. Relevant behavioural rules and other requirements for us and our activities are defined in our Code of Conduct.

Code of Conduct

The success of the OeKB bank group is based in large part on our high reputation and the trust that our institution enjoys among stakeholders and the general public. The Executive Board, senior managers, and employees are committed to acting reliably, according to the pertinent laws, and with due care and adhere to the clear rules in the Code of Conduct.

The Code of Conduct not only sets forth the rules under which we act, but also what we expect from others. For this reason, we decline transactions that violate the Code of Conduct and welcome it when our stakeholders operate under similar rules.

The ethical and legal rules and guidelines are specified in the Code of Conduct and promote individual responsibility and an open, respectful, and responsible working climate.

Complaints mechanism

Pursuant to § 39e Austrian Banking Act (BWG), the OeKB KI Group has set up transparent and appropriate procedures for processing complaints from its customers and all persons with which it conducts business. The goal is to analyse and correct recurring and potentially legal and operational risks through the complaint handling system. The OeKB bank group adheres to the guidelines of the Joint Committee for complaints-handling for the securities (ESMA) and banking (EBA) sectors.

GRI 102-33, 34

Every company of OeKB Group that has a bank licence, in other words OeKB, OeEB, Exportfonds, and OeKB CSD offer the opportunity to submit feedback and complaints on their web sites

Customers of the OeKB bank group are generally asked to address their complaints directly to their customer adviser. If this adviser or the department head cannot rectify the situation, the central complaint management office of the respective credit institution can be contacted through the web form, in person, by telephone, or in writing. The central complaint management department processes and rectifies customer complaints as quickly as possible. The current status of complaint processing can be provided at any time upon request.

Customer advisers are required to report any complaints that they receive and the measures they take to address the complaints to the central complaint management office. The data protection regulations of the Data Protection Act (DSG 2000) must be followed in this. There were 25 relevant complaints to OeKB that were reported to Oesterreichische Nationalbank (OeNB) in 2017. Two relevant complaints were submitted to OeKB CSD. No relevant complaints were submitted to Exportfonds or OeEB.

The whistleblower systems pursuant to § 99g BWG in the OeKB KI Group employ the department heads, the Staff Council, those responsible for the issues concerned in the Code of Conduct, and the Legal Officer as contacts, always maintaining the required confidentiality. There were no reports in the internal whistleblower systems in 2017. Enquiries were submitted to the Staff Council, for example, to the typical extent. None of the enquiries triggered an internal audit.

Preventing corruption

The limits where invitations and sponsoring go beyond the acceptable bounds in business and subsequently lead to corruption through grey areas are not always easy to recognise. When a "benefit" that may not be accepted as defined in the Criminal Code is involved is very difficult to determine using general criteria.

Minor invitations and the exchange of gifts may be part of the local customs or part of local business practice. Benefits that lead to a conflict of interests or that could cause the impression of partiality may not be accepted under any circumstances, especially when this would put the neutral position of the OeKB KI Group at risk. It is sufficient in such cases when even just the appearance or expectation of return consideration is raised.

Every gift and invitation that an employee receives while performing his or her duties must be seen as consideration for the function being exercised, and not as a personal gift.

Employees of the OeKB bank group are not public officials pursuant to § 74 (1) 4a StGB. However, because of our central role on the Austrian capital market and the role we play for the Austrian export industry and in development policy, we feel that it is appropriate to orient our employee rules towards the legal anti-corruption regulations that apply to public officials.

The OeKB KI Group also supports its customers in their efforts to prevent corruption, particularly by organising and promoting events and workshops. We also make no donations whatsoever to political parties.

Sustainable action and risk management

GRI 102-15 The actions of the OeKB KI Group are oriented towards generating a sustainable and stable return on equity over the long term and towards creating and maintaining a healthy financial equity base. With this in mind, the responsible handling of risks is an integral part of our management approach and culture, and therefore of all decision-making.

The responsible handling of risks can also be seen in the manner in which we approach ecological and social issues. As an EMAS (Eco Management and Audit Scheme) certified company, the OeKB bank group has undertaken to account for resource consumption, climate protection, and social developments in its core business and operations and to pursue annual goals for improvement.

A key quality feature of the business and risk policy is the conservative approach to business and operational risks without jeopardising the necessary returns. Among other things, this can be seen in our risk policy principles, which are binding for all employees of the bank group and which can be found in the risk policy and strategy adopted by the Executive Board of OeKB.

GRI 102-11 The Executive Board of OeKB employs a comprehensive management system to ensure the long-term success of the company, transparent management, and compliance with the due diligence obligations at the individual company and bank group levels. In addition to maintaining a suitable organisation, the OeKB KI Group has a comprehensive system of internal guidelines that enables the Executive Board of OeKB to manage Group-level risks and risks at the level of OeKB AG as an individual company.

The policies and guidelines adopted by the Executive Board of OeKB form the uppermost level. These include the following guidelines that are binding for the bank group: business policy and strategy, risk policy and strategy, Code of Conduct, Fit & Proper policy, group guideline for preventing money laundering and terrorist financing, and the remuneration policy principles. The downstream organisational units that are responsible for risk management create more detailed, concrete guidelines as needed on the basis of these executive policies and guidelines. The management bodies of the companies in the KI Group ensure the implementation of the group guidelines in their areas of responsibility depending on their scope of application. The work instructions, standard operating procedures, and method and process documentation that are derived from the adopted guidelines and policies form the bottom level and are generally under the responsibility of the department heads.

Policies

The OeKB KI Group has adopted its own policies on socially relevant topics. These reflect our attitude and standards of behaviour, which are adhered to by management and all employees in day-to-day business.

GRI 102-14, 16
GRI 201-2
GRI 412-2, 3
FS1

The sustainability policy of the OeKB KI Group reflects our responsibility for the positive development of the economy over the long term and for our stakeholders within and outside of the group. It is submitted to the Executive Board once per year as part of the management review and is adapted when needed.

The sustainability, human rights, and climate policies can be found on our web site:
www.oekb.at/en/oekb-group/our-claim/corporate-social-responsibility

The human rights policy breaks down the articles of the Universal Declaration of Human Rights at the company level and specifies how each article is to be implemented in practice.

The climate policy stipulates that adequate measures be taken in all business processes aimed at a sustainable climate policy and therefore at a reduction in carbon dioxide emissions. It applies to all OeKB KI Group companies that are EMAS certified.

The gender and diversity policy that we adopted in 2017 states: We understand diversity to mean the commonalities and differences that we at the OeKB KI Group encounter on our markets, with our customers, and with our employees. Diversity stands for a central conviction of the OeKB KI Group: sincere respect, open dealings, and conscious use of our diversity.

*Additional information on the gender and diversity policy and on the risk and remuneration policy can be found in the section **on diversity and remuneration***

We also have a communication policy and a donation and sponsoring policy. These set forth our principles of behaviour in dealing with the media, at public events, and when making donations and sponsoring arrangements.

Risik management system

Risk measurement and management are key processes within the business strategy of the OeKB KI Group and are designed to ensure the long-term stability and profitability of the company. Our risk policy is therefore intended to ensure a stable return on equity on the basis of a conservative approach to business and operational risks.

GRI 102-11, 15, 29, 30, 31

As a group of special-purpose banks, the OeKB KI Group bears special responsibility. This also drives our business and risk policy, and we have installed a holistic risk management framework whose individual components are closely integrated. These include the risk policy and strategy; risk identification, measurement, and management; compliance; an internal control system; and internal auditing.

Given the OeKB bank group's key business activities and its specific business and risk structure, we have adopted a clear functional organisation for our risk management process with well defined roles.

*More information on risk management can be found in the **2017 annual financial report***

Internal control system

The aim of the internal control system (ICS) is to support the management in such a way that it is in a position to ensure ever better and more effective internal checks. The ICS is not limited to accounting. It covers all material business processes so that the economic efficiency and effectiveness of business activities, the reliability of the financial and non-financial performance information, and adherence to guidelines and regulations (compliance) can be guaranteed.

*More information on the ICS can be found in the **2017 annual financial report***

The ICS in the OeKB bank group is based on the COSO framework (Committee of Sponsoring Organizations of the Treadway Commission), which has five components: the control environment, risk assessment, control activities, information and communication, and monitoring activities.

The Supervisory Board is briefed at least every quarter with a comprehensive report on the balance sheet, income statement, and other controlling and risk data. The Executive Board receives this information in regular, significantly more detailed reports prepared on a monthly or more frequent basis. The Executive Board monitors the appropriateness and effectiveness of the ICS. The Executive Board also established an Asset and Liability Management Committee and a Risk Management Committee that receive, analyse, and monitor this data.

Financial statements intended for publication undergo a final review by management and staff of the Accounting & Financial Control department and by the Executive Board before being forwarded to the Audit Committee of the Supervisory Board. By monitoring compliance with all rules and regulations, we aim to make all business processes as reliable as possible and ensure group-wide conformity with policies and procedures. The staff members responsible manage identified risks and shortcomings in controls through prompt mitigative and preventative measures. The implementation of these measures is monitored. The Internal Audit department evaluates compliance with the requirements in accordance with the annual audit plan.

Social responsibility with long-term benefits

Many services of the OeKB Kreditinstituts-Gruppe (OeKB KI Group) are macroeconomically and thus socially relevant in terms of their characteristics and scope. Because of this, our company bears special responsibility, which we also live up to through our sponsoring and donation activities. We provide financial means and contributions in kind to promote organisations and projects and to address social issues when this support underscores the fulfilment of our responsibilities.

Donations and sponsoring in the OeKB KI Group

The sponsoring activities of the OeKB KI Group generally involve activities related to our business, which allows the sponsoring to support our communication and marketing objectives. It also improves the motivation of our employees and their identification with the OeKB KI Group. Specific services to be provided in return are set out in writing and compliance is verified for each sponsoring activity.

GRI 413-1

We as the OeKB KI Group donate to projects and organisations that focus on people and that are dedicated to ensuring that people can lead dignified lives with ample opportunity – regardless of their origin, ethnicity, or gender. When selecting projects, we attach particular importance to conformity with our corporate principles and sustainable benefits for society. Unlike our sponsoring activities, our donations are not tied to business goals and are not made in exchange for return consideration, but simply stipulate a purpose for which the funds must be used. Donations may be made only if the identity of the recipient and intended purpose are known. These may not be used to avoid external or internal regulations and have to be fully documented for the sake of transparency..

The following are the preferred recipients of donations from the OeKB KI Group (in alphabetical order).

- Art, culture, and media
- Children's aid
- Development work
- Disaster aid
- Education and research
- Equality, diversity, and promoting women
- Humanitarian aid, social issues, and fighting poverty
- Human rights
- Medical aid
- Refugee aid and integration
- Social issues
- Sustainability

Teach For Austria

We selected the SDGs #1, 4, and 8 as focuses in 2016 to guide our sponsoring and donation activities. In line with SDG #4 “high-quality education”, OeKB supported the Teach for Austria programme under a sponsoring arrangement in 2017. This independent charitable initiative creates better education opportunities and prospects for children and youths from socio-economically disadvantaged families. By promoting education for pupils who are experiencing difficulties in school, Teach for Austria contributes to enabling every child to grow in accordance with his or her strengths regardless of the education level, income, or origin of their parents.

OeKB Executive Board member Helmut Bernkopf was also personally involved in the initiative and taught a biology class in one of the focus schools during the “Teach for Austria Week”. During this week, successful people from business, the government, and other pursuits inspire the pupils through their own stories and show what they can achieve through hard work and perseverance.

Employee volunteering

GRI 413-1

As a modern employer, the OeKB KI Group supports its employees in being socially active in a number of different ways. This can consist of donations in kind or cash donations, or free time.



More information on the participating organizations and the supported projects under www.weihnachtsmarkt.oekb.at (only in German)

This volunteering has a long tradition in the OeKB KI Group, as OeKB AG already seized the initiative in the 1980s and set up the charitable Christmas market on Freyung square in Vienna. The market is now organised by the association Verein OeKB karitativ, which is run by employees of the OeKB bank group. Our employees and supporters of the association again served punch at the stand during the holiday season: in two-hour shifts, 10 hours per day, seven days a week, for five weeks. Four of the five stands are available for social organisations, which can use the proceeds that they generate entirely for their charitable activities. OeKB karitativ covers the stand operating costs. The net earnings of the association are donated to specially selected non-profit projects.

Further employee commitment projects:

- Employee donations finance a sponsorship for the SOS Children’s Village in Mallasa, Bolivia.
- OeKB donates old OeKB BlackBerry devices to the Ö3 Wundertüte programme. Our employees support this programme by donating private mobile phones that they no longer use.
- Employees who are volunteer members of fire brigades or other emergency services receive a limited period of special leave in the event of disasters (also for taking care of refugees). This is governed in a work’s agreement.
- Our Staff Council holds a blood donation drive once per year.
- The Staff Council organised the “Hike for a good cause”, where employees donated a fixed amount per kilometre hiked that went to the children’s hospice.

Review and Outlook

Implementation of the programme of measures in 2017

Environmental and social assessment of projects		
Objective	Measure	Progress report
Indirect promotion of young, sustainable companies	Collaboration with the Investment Ready Programme in that OeKB served as a host for the CEE Impact Day 2017	OeKB again hosted the investors pre-conference dinner of the CEE Impact Day 2017 in June 2017.
Improved rating from oekom research and Sustainalytics by one notch in each case	Drafting of a Responsible Investment Policy; use of a responsible investment team; creation of a diversity policy; revision of the sustainability policy	The OeKB KI Group adopted a gender and diversity policy. Responsibility for OeKB's proprietary investment portfolio changed in January 2018. A responsible investment team was nominated. The investment guidelines and the Responsible Investment Policy are being revised..
Infrastructure for the capital market		
Introduction of the TARGET2-Securities (T2S) settlement platform provided by Eurosystem	Consistent continuation of the project according to the project plan	OeKB CSD has used the TARGET2-Securities (T2S) IT platform that was developed by the ECB for account management and settlement since February 2017.
OeKB CSD GmbH licence pursuant to Regulation (EU) No. 909/2014	Preparation of the necessary documentation and filing of an application for a licence for OeKB CSD GmbH	OeKB CSD filed an application with the FMA for a licence as a CSD pursuant to the CSDR and for a licence for the provision of banking-type ancillary services in good time in September 2017.
Human resources		
Improving knowledge about financial products	Event with the Vienna Stock Exchange on the subject of financial literacy Collaboration with the "schülergestaltenWandel" student initiative on this topic	As part of the changes made to the sustainability management system, the topic of financial literacy was added to the sustainability strategy for 2018. A cooperation project was completed with "schülergestaltenWandel" in January 2018.
Corporate development/optimisation of the corporate structure based on the growth of OeEB's activities and the necessary resources	Preparation of a working base with the assistance of an external consultant to be positioned optimally in the medium and long term and to clearly communicate the value created by OeEB for its customers and stakeholders	The strategy process including workshops has started and is currently in implementation.
Joint target share of women on the Executive and Supervisory Boards of 30% by 2020	Persuading owners	Added to the gender and diversity policy as a strategic goal.
Generation 4.0. Using digitalisation as a driver of innovation at Exportfonds	Addressing digitalisation to a greater degree in quarterly meetings and sustainability	Processes were examined, restructured, and digitalised as part of the

	meetings and using existing digitalisation and new media expertise to optimise existing processes	restructuring. Ideas for refinements and improvements were also developed and discussed with Exportfonds employees in quarterly meetings.
Business ethics		
An improved understanding of the effects of digitalisation/Industry 4.0 on the economy, environment, and society	Collaboration with the Club of Rome in a report/event	A dedicated web site was launched as a platform for the publication of expert articles on digitalisation. The final event was held on 28 February 2018.
Deriving objectives and measures from the Sustainable Development Goals (SDGs)	Defining SDGs as focuses for internal sustainability meetings	The SDGs were added to the event briefing and the event calendar. The employees now define the SDG focus for the OeKB events.
Addressing gender-appropriate language in the group	Adapting upstream documents such as the management manual and status report to the gender status of the IGB 2016. An in-house seminar on this subject will also be offered in Q1	The management manual and Code of Conduct were drafted in a gender-neutral manner. The “gendering intelligently” training course was held.
Operational ecology		
Reduction of non-recyclable waste	Clearer depiction of the different waste components on the intranet; revision of the waste separation ABCs	A new Waste Officer has also been appointed as part of the reorganisation of the sustainability management. The waste management focus was postponed until 2018.
Improved measurability and traceability of the energy consumption indicators	Creation of a list of all power meters (electricity, district heat) including meter numbers and all supplied areas (Am Hof)	The individual meter numbers and room numbers are noted on the monthly reading forms.
Limitation of CO₂ emissions by OeKB vehicles (fringe benefits) <- 120 g CO₂	Revision of the car policy based on ecological considerations	The car policy is being integrated into a general travel policy. A draft has already been prepared. The policy is part of the travel guidelines and will be finished and released in Q1.

Done	In implementation	Planned for 2018
------	-------------------	------------------

Sustainability programme 2018

To help business grow: We develop sustainable products and services to contribute to the sustainable operation of the OeKB KI Group.		
Objective	Measure	Responsible
Managing the proprietary portfolio by a responsible investment team (Treasury) according to the OeKB KI Group Responsible Investment Policy.	Creating and publishing a Responsible Investment Policy as part of the investment guidelines. Appointing a Responsible Investment team.	Treasury
Better communicating and advertising improved terms for projects relating to renewable energy, climate protection, and adapting to climate change as well as for water projects according to the OECD sector agreement.	Appointing a project group and planning a communication campaign.	Export Services
Setting up a Future Advisory Council as an element of stakeholder management to secure the acceptance of the OeKB KI Group's mandate over the long term.	Creating a concept for a Future Advisory Council and holding the first meeting.	Executive Board

To help innovation drive: We collect, prepare, assess, and market new possibilities. To this end, we build an environment and internal and external networks to cover this broad topic.		
Objective	Measure	Responsible
Presenting the results of the collaboration with the Club of Rome on the "Wonderful digital world".	Organising an event for the closing of the project and publishing a report.	Organisation, Construction, Environmental Issues, and Security
Mentoring of start-ups and networking with the participating companies through WeXelerate.	Participating in and mentoring of batch two and three	Innovation Management

To help employees advance: We pay attention to the health of our employees, to a good work-life balance, and to imparting necessary know-how. This will enable all of us to make a contribution to the sustainable success of the OeKB KI Group.		
Objective	Measure	Responsible
Improving health and productivity through an integrated safety and health management system.	Implementing the measures of our company health concept and continuing the promotion of sports and other activities that improve health. Promoting awareness through special "vitamin weeks" and an "alkaline foods regimen" in the cafeteria.	Human Resources
Increasing the use of internal communication channels to disseminate socially and sustainability-relevant topics.	Implementing an internal communication campaign on the sustainability strategy and the SDGs. Publishing a sustainability quiz on the intranet. Organising on-board information events together with HR.	Organisation, Construction, Environmental Issues, and Security
Integrating the sustainability strategy and innovation management in employee objectives and performance reviews.	Adapting the guide for performance reviews and the questions on the employee form. Creating a guide for the implementation of the sustainability strategy by means of concrete individual goals and communicating it.	Organisation, Construction, Environmental Issues, and Security

Implementing a future talents promotion programme to recognise and assist suitable candidates for expert and managerial positions at an early stage (at least 50% women).	Creating a concept and curriculum and identifying future talents. Start of the first group with 12 to 15 candidates.	Human Resources
--	--	-----------------

To help the environment flourish: We monitor and optimise the direct and indirect ecological impacts of our activities.		
Objective	Measure	Responsible
Improving mobility behaviour in the OeKB KI Group.	Revising the travel policy and raising awareness internally. More advertising of the OeKB electric bike. Conducting a survey on employee mobility behaviour.	Organisation, Construction, Environmental Issues, and Security
Optimising operational ecology processes.	Screening existing processes and data collection systems and make them more efficient. Developing a more precise waste indicator for the Am Hof site.	Organisation, Construction, Environmental Issues, and Security
	Implementing heat recovery in the Reistersaal hall.	Organisation, Construction, Environmental Issues, and Security
	Replacing two refrigeration units.	Organisation, Construction, Environmental Issues, and Security

To help society succeed: We take an active role as a shaper and facilitator for the sustainable development of our society.		
Objective	Measure	Responsible
Updating the human rights policy for OeEB and the entire OeKB bank group based on the amendment to the Austrian Export Guarantees Act (AusfFG).	Updating the human rights policy and communicating it internally and to external stakeholders.	Organisation, Construction, Environmental Issues, and Security Oesterreichische Entwicklungsbank
Establishing an event series in the Reitersaal hall to create a hub for knowledge exchange between businesses, government, the scientific community, and civil society to establishing OeKB KI Group as a facilitator for future trends.	Creating the concept and title for the event series and holding the first events.	Organisation, Bauen, Umwelt und Sicherheit
Creating and implementing a concept for financial literacy relating to the capital market.	Researching implementation options (including digital solutions). Creating an implementation concept.	OeKB CSD
Aligning memberships, donations, and sponsoring with the business and sustainability strategy and the SDG.	Analysing memberships in accordance with the strategy. Actively addressing and supporting organisations to build long-term partnerships.	Marketing and Corporate Communications

External confirmation

To the Board of Oesterreichische Kontrollbank AG, of Oesterreichische Entwicklungsbank AG, of „Österreichischer Exportfonds“ GmbH and of OeKB CSD GmbH

Independent Assurance Report

Independent assurance regarding the 2017 sustainability disclosures and data of Oesterreichische Kontrollbank AG, of Oesterreichische Entwicklungsbank AG, of „Österreichischer Exportfonds“ GmbH and of OeKB CSD GmbH

Attention: *This letter has been translated from German to English for referencing purposes only. Please refer to the officially legally binding version as written and signed in German. Only the German version is the legally binding version.*

Engagement

We were requested to perform a limited assurance engagement over the 2017 sustainability disclosures and data (hereafter “**Reporting**”) in accordance with the GRI Standards COMPREHENSIVE Option of Oesterreichische Kontrollbank AG, of Oesterreichische Entwicklungsbank AG, of „Österreichischer Exportfonds“ GmbH and of OeKB CSD GmbH (hereafter “**OeKB KI-Group**”).

The assurance engagement covers the Reporting as follows:

- “Sustainability Report 2017” in pdf-format concerning information in and references linked from the GRI-Index to sustainability disclosures and data

Our assurance engagement solely covers references directly specified in the GRI-Index. It does not cover any further web references, nor references made directly in the Reporting. Moreover the Online-Version of the Sustainability Report 2017 was not part of the assurance engagement. The GRI index can be downloaded at <http://www.oekb.at>.

Our procedures have been designed to obtain a limited level of assurance on which to base our conclusions. The extent of evidence gathering procedures performed is less than for that of a reasonable assurance engagement (such as a financial audit) and therefore a lower level of assurance is provided.

Limitations to our Review

- We did not test data derived from external surveys, we only verified that relevant disclosures and data are correctly quoted in the Reporting.
- The objective of our engagement was neither a financial audit nor a financial audit review. We did not perform any assurance procedures on data, which were subject of the annual financial audit, the corporate governance report or the risk reporting. We merely checked that data was presented in accordance with the GRI Guidelines.
- Limited assurance over prospective information was not subject to our engagement.
- Neither the detection and investigation of criminal offenses, such as embezzlement or other fraudulent actions, nor the assessment of effectiveness and efficiency of management were subject to our engagement.

Criteria

The information included in the Reporting was based on the criteria applicable in the year 2017 (“**The Criteria**”), consisting of:

- GRI Standards ¹ for the Sustainability Reporting

We believe that these criteria are suitable for our assurance engagement.

Management responsibilities

OeKB KI-Group management is responsible for the Reporting and that the information therein is in accordance with the criteria mentioned above. This responsibility includes designing, implementing and maintaining internal controls. These are essential for the elimination of material misstatements in the Reporting.

Our responsibilities

It is our responsibility to express a conclusion on the information included in the Reporting on the basis of the limited assurance engagement.

Our assurance engagement has been planned and performed in accordance with the International Federation of Accountants' ISAE3000² and the Code of Ethics for Professional Accountants, issued by the International Federation of Accountants (IFAC), which includes requirements in relation to our independence.

The objective of our engagement is not to account for the interests of any third parties. Our work solely serves the client and his purpose. Our engagement is thus not destined to be used as a basis of decision-making for third parties.

The "General Conditions of Contract for the Public Accounting Professions"³, are binding for this engagement. According to that, our liability is limited and an accountant is only liable for violating intentionally or by gross negligence the contractual duties and obligations entered into. In cases of gross negligence the maximum liability towards OeKB KI-Group and any third party together is EUR 726,730 in the aggregate.

What we did to form our conclusion

We have performed all the procedures deemed necessary to obtain the evidence that is sufficient and appropriate to provide a basis for our conclusions. The assurance engagement was conducted at the company's headquarters in Vienna. Our main procedures were:

- Obtained an overview over the industry as well as the characteristics and governance of the organisation;
- Interviewed a selection of Group and functional senior managers and executives to understand key expectations and identify systems, processes and internal control processes to support them;
- Reviewed Group level, Board and Executive documents to assess awareness and priority and to understand how progress is tracked;
- Examined risk management and governance processes related to sustainability and critical evaluation of the representation in the Reporting;
- Performed analytical procedures at Group level;
- Performed site visits in Vienna (Strauchgasse 1-3, 1010 Vienna) to review progress and obtain evidence of performance. In addition we reviewed data samples at site level for completeness, reliability, accuracy and timeliness;
- Reviewed data and processes on a sample basis to test whether they had been collected, consolidated and reported appropriately at Group level. This included reviewing data samples to test whether the data had been reported in an accurate, reliable and complete manner;

¹<https://www.globalreporting.org/standards>

²International Federation of Accountants' International Standard for Assurance Engagements Other than Audits or reviews of Historical Financial Information (ISAE3000) Revised, effective for assurance statements dated on or after December 15, 2015.

³version of February 21th 2011 (AAB 2011) issued by the Chamber of Public Accountants and Tax Advisors, section 8 http://www.kwt.or.at/PortalData/1/Resources/aab/AAB_2011.pdf

- Reviewed the coverage of material issues against the key issues raised in the stakeholder dialogues, areas of performance covered in external media reports and the environmental and social reports of peers;
- Evaluated the materiality assessment, including sector specific megatrends and aspects of SASB⁴, IIRC⁵ und GRI;
- Assessed completeness of UNGC reporting against the links with the „10 principles“ of the UNGC as outlined in the GRI Standards;⁶
- Challenged a sample of statements and claims in the Reporting against our work steps and the GRI Standards principles;
- Reviewed whether the GRI Standards were consistently applied for the COMPREHENSIVE Option.

Our Conclusion

Based on the scope of our review nothing has come to our attention that causes us to believe that the disclosures and data in the Reporting were not prepared, in accordance with the criteria identified above.

Vienna, March 27th 2017

Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H.

Stefan Uher ppa. Christine Jasch

⁴<http://www.sasb.org/wp-content/uploads/2013/10/SASB-Conceptual-Framework-Final-Formatted-10-22-13.pdf>

⁵<http://www.theiirc.org/international-ir-framework/>

⁶<https://www.globalreporting.org/resource-library/UNGC-G4-linkage-publication.pdf>

Environmental verifier's declaration on verification and validation activities

Attention: This letter has been translated from German to English for referencing purposes only. Please refer to the officially legally binding version as written and signed in German. Only the German version is the legally binding version.

Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H. declares as an accredited environmental verifier in the scope Other credit granting (NACE-Code 64.92-0) to have verified whether

OeKB- Oesterreichische Kontrollbank Aktiengesellschaft (Reg. No. AT-000406), Österreichischer Exportfonds GmbH, OeKB CSD GmbH, OeEB – Oesterreichische Entwicklungsbank AG

as stated in the Sustainability Report 2017 meets all requirements of Regulation (EC) No 1221/2009 of the European Parliament and of the Council of 25 November 2009 as amended by the Regulation (EU) No. 1505/2017 on the voluntary participation by organizations in a Community eco-management and audit scheme (EMAS).

By signing this declaration, we declare that:

- the verification and validation has been carried out in full compliance with the requirements of Regulation (EC) No 1221/2009,
- the outcome of the verification and validation confirms that there is no evidence of non-compliance with applicable legal requirements relating to the environment,
- the data and information of the environmental statement (as integrated part of the Sustainability Report) reflect a reliable, credible and correct image of all the activities, within the scope mentioned in the environmental statement.

The next comprehensive Environmental Statement is due in 2019. An updated environmental statement is published every year.

This document is not equivalent to EMAS registration. EMAS registration can only be granted by a Competent Body under Regulation (EC) No 1221/2009. This document shall not be used as a stand-alone piece of public communication.

Vienna, March 27th 2018

Stefan Uher

ppa. Christine Jasch

Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H.
1220 Wien, Wagramer Strasse 19, IZD Tower
EY registration number: AT-V-0025
Certificate Registration number: 01/2017
Date of validation: March 27th 2018



GRI content index

GRI 102-54
GRI 102-55

This report has been prepared in accordance with the GRI Standards: Comprehensive option.

The following table provides an overview of how the reporting requirements for the GRI indicators were treated in the report and where the disclosures can be found.

The sustainability report also serves as a progress report for the UN Global Compact (UNGC) and satisfies the high standards required for its Advanced Level.

The content index provides an overview of where disclosures can be found about the measures employed to implement the UNGC and the outcomes of these measures.

■ material ■ not material, but reported ■ not material

The ten principles of the UN Global Compact

Principle 01: Human rights – Businesses should support and respect the protection of internationally proclaimed human rights.

Principle 02: Human rights – Businesses should make sure that they are not complicit in human rights abuses.

Principle 03: Labour – Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Principle 04: Labour – Businesses should uphold the elimination of all forms of forced and compulsory labour.

Principle 05: Labour – Businesses should uphold the effective abolition of child labour.

Principle 06: Labour – Businesses should uphold the elimination of discrimination in respect of employment and occupation.

Principle 07: Environment – Businesses should support a precautionary approach to environmental challenges.

Principle 08: Environment – Businesses should undertake initiatives to promote greater environmental responsibility.

Principle 09: Environment – Businesses should encourage the development and diffusion of environmentally friendly technologies.

Principle 10: Anti-corruption – Businesses should work against corruption in all its forms, including extortion and bribery.

GRI 101 Foundation 2016

General Disclosures

GRI 102: General Disclosures 2016	Organizational profile	Sustainability report of the OeKB KI Group	UNGC	Page
	102-1 Name of the organization	About the report OeKB Group		6, 10
	102-2 Activities, brands, products, and services	OeKB Group Business model of the OeKB KI Group Export Services Financing with Exportfonds Financing with OeEB Capital Market Services OeKB CSD GmbH Energy Market Services	Principle 01 Principle 02 Principle 04 Principle 05 Principle 06 Principle 07	10, 12f, 31, 37, 38ff, 42ff, 46ff, 49
	102-3 Location of headquarters	OeKB Group Publication information		10
	102-4 Location of operations	Ecological key indicators		66
	102-5 Ownership and legal form	OeKB Group Shareholders and share capital of OeKB		10, 11

102-6 Markets served	Business model of the OeKB KI Group To help business grow Export Services Financing with Exportfonds Financing with OeEB Capital Market Services OeKB CSD GmbH Energy Market Services Reported in detail in the 2017 Export Services annual report.		12ff, 29, 31, 37, 38, 42, 46f, 49
102-7 Scale of the organization	Financing with Exportfonds Financing with OeEB To help employees advance Reported in detail in the 2017 annual financial report.		37, 38, 53f
102-8 Information on employees and other workers	Financing with Exportfonds Financing with OeEB To help employees advance	Principle 06	37, 38, 53f
102-9 Supply chain	The OeKB KI Group also assesses its suppliers in terms of their sustainability. A pre-screening is generally conducted for the acquisition of new fixtures, fittings, equipment, and working materials. The Sustainable Procurement in OeKB criteria catalogue contains all the principles that must be taken into account from a sustainability perspective in procurement in addition to the general commercial purchasing terms. In addition to measurable criteria (power consumption, share of recyclable components, etc.), certificates and (product) quality seals are also taken into account for all product groups in this. The OeKB KI Group purchases no products that contain PVC and prefers renewable, recyclable, repairable, regional products and providers that orient their actions towards social criteria as defined in the UN Global Compact.	Principle 02 Principle 04 Principle 05 Principle 09	
102-10 Significant changes to the organization and its supply chain	OeKB purchased the remaining 30% of the shares in Exportfonds that were held by the Austrian Federal Economic Chamber on 31 December 2017 and has since held 100% of this entity. There were no significant changes in the supply chain.		
102-11 Precautionary Principle or approach	To help business grow Credit insurance Business ethics Risk management	Principle 01 Principle 02 Principle 03 Principle 06 Principle 07	29, 33, 76, 77
102-12 External initiatives	About the report		6
102-13 Membership of associations	Dialogue with civil society		22f, 24
Strategy	Sustainability report of the OeKB KI Group	UNGC	Page
102-14 Statement from senior decision-maker	Preface by the Supervisory Board of OeKB AG Preface by the Executive Board and senior management Policies		7, 8f, 77
102-15 Key impacts, risks, and opportunities	Preface by the Executive Board and senior management Materiality matrix To help business grow To help drive innovation To help employees advance To help the environment flourish To help society succeed Business ethics Risk management system		8, 15ff, 29f, 50, 52, 61, 69, 76, 77
Ethics and integrity	Sustainability report of the OeKB KI Group	UNGC	Page
102-16 Values, principles, standards, and norms of behavior	Compliance and legal requirements Business ethics Policies	Principle 01 Principle 02 Principle 03 Principle 04 Principle 05 Principle 06 Principle 07 Principle 10	73, 74, 77
102-17 Mechanisms for advice and concerns about ethics	Dialogue with civil society Business ethics	Principle 10	22f, 74f,
Governance	Sustainability report of the OeKB KI Group	UNGC	Page
102-18 Governance structure	Corporate governance		70f
102-19 Delegating authority	Sustainability management in the OeKB KI Group		28
102-20 Executive-level responsibility for economic, environmental, and social topics	Sustainability management in the OeKB KI Group		28
102-21 Consulting stakeholders on economic, environmental, and social topics	Corporate governance		71f
102-22 Composition of the highest governance body and its committees	Corporate governance The detailed composition of the Supervisory Board, the Staff Council, and the state committee can be found in the 2017 annual financial report.		70f
102-23 Chair of the highest governance body	Corporate governance		71
102-24 Nominating and selecting the highest governance body	Corporate governance		71
102-25 Conflicts of interest	Corporate governance		71
102-26 Role of highest governance body in setting purpose, values, and strategy	Sustainability management in the OeKB KI Group Corporate governance		28, 70
102-27 Collective knowledge of highest governance body	Materiality analysis Sustainability management in the OeKB KI Group		15, 28
102-28 Evaluating the highest governance body's performance	Sustainability management in the OeKB KI Group Corporate governance		28, 70
102-29 Identifying and managing economic, environmental, and social impacts	Materiality analysis Risk management system		15, 77f
102-30 Effectiveness of risk management processes	Risk management system		77f

	102-31 Review of economic, environmental, and social topics	Sustainability management in the OeKB KI Group Corporate governance Risk management system		28, 71f, 77f
	102-32 Highest governance body's role in sustainability reporting	The Executive Board and senior managers review and approve the sustainability report and ensure that the identified material topics have been addressed.		
	102-33 Communicating critical concerns	Dialogue with civil society Business ethics The Austrian Stock Corporation Act stipulates the reporting obligations of the Executive Board to the highest governance body, in other words to its Supervisory Board. Ad hoc meetings can be held in addition to the legally mandated quarterly Supervisory Board meetings. No additional meetings of the Supervisory Boards of OeKB AG, OeKB CSD, or Exportfonds were needed in 2017 aside from the mandatory meetings. There was one additional meeting at OeEB to nominate the new Executive Board member.		23, 75
	102-34 Nature and total number of critical concerns	Business ethics		75
	102-35 Remuneration policies	Diversity Corporate governance		60, 71f
	102-36 Process for determining remuneration	Diversity Corporate governance		60, 71f
	102-37 Stakeholders' involvement in remuneration	Diversity Corporate governance		60, 71
	102-38 Annual total compensation ratio	Ratio of compensation to highest-paid individual : median of all salaries – confidential.		
	102-39 Percentage increase in annual total compensation ratio	Percentage increase in the compensation to the highest-paid individual : median of compensation for all employees – confidential.		
	Stakeholder engagement	Sustainability report of the OeKB KI Group	UNGC	Page
	102-40 List of stakeholder groups	Materiality analysis Stakeholder relations and dialogue		15, 19
	102-41 Collective bargaining agreements	All employees are subject to the collective bargaining agreement for the banking industry.	Principle 03	
	102-42 Identifying and selecting stakeholders	Materiality analysis Stakeholder relations and dialogue		15, 19
	102-43 Approach to stakeholder engagement	Materiality analysis Stakeholder relations and dialogue		15, 19ff
	102-44 Key topics and concerns raised	Materiality analysis Stakeholder relations and dialogue		15, 19ff
	Reporting practice	Sustainability report of the OeKB KI Group	UNGC	Page
	102-45 Entities included in the consolidated financial statements	OeKB Group		10
	102-46 Defining report content and topic Boundaries	Materiality analysis		15ff
	102-47 List of material topics	Materiality analysis		18
	102-48 Restatements of information	Materiality analysis		15ff
	102-49 Changes in reporting	Materiality analysis		15ff
	102-50 Reporting period	About the report		6
	102-51 Date of most recent report	About the report		6
	102-52 Reporting cycle	About the report		6
	102-53 Contact point for questions regarding the report	About the report		6
	102-54 Claims of reporting in accordance with the GRI Standards	About the report GRI content index		6, 89
	102-55 GRI content index	GRI content index		89ff
	102-56 External assurance	Audit certificate		85ff

Material topics

GRI 103: Management approach Material topic: Infrastructure for the capital market and energy market	Management approach	Sustainability report of the OeKB KI Group	UNGC	Page
	103-1 Explanation of the material topic and its Boundary	Business model of the OeKB KI Group To help business grow		12ff, 29
	103-2 The management approach and its components	Capital Market Services OeKB CSD GmbH Energy Market Services		42, 46, 49
	103-3 Evaluation of the management approach	Capital Market Services OeKB CSD GmbH Energy Market Services		42, 46, 49
GRI 103: Management approach Material topic: Customer satisfaction	Management approach	Sustainability report of the OeKB KI Group	UNGC	Page
	103-1 Explanation of the material topic and its Boundary	Customer satisfaction and customer care		20f
	103-2 The management approach and its components	Customer satisfaction and customer care		20f
	103-3 Evaluation of the management approach	Customer satisfaction and customer care		20f

GRI 103: Management approach	Management approach	Sustainability report of the OeKB KI Group	UNGC	Page
Material topic: Innovation and digitalisation	103-1 Explanation of the material topic and its Boundary	To help drive innovation		50
	103-2 The management approach and its components	To help drive innovation		50
	103-3 Evaluation of the management approach	To help drive innovation		50

GRI 103: Management approach	Management approach	Sustainability report of the OeKB KI Group	UNGC	Page
Material topic: Responsible financing and investment	103-1 Explanation of the material topic and its Boundary	To help business grow		29
	103-2 The management approach and its components	To help business grow		29
	103-3 Evaluation of the management approach	To help business grow		29

GRI 201: Economic Performance 2016	Economic standards	Sustainability report of the OeKB KI Group	UNGC	Page
Material topic: Financial stability	103-1 Explanation of the material topic and its Boundary	To help business grow		29f
	103-2 The management approach and its components	To help business grow		29f
	103-3 Evaluation of the management approach	Sustainability management in the OeKB KI Group To help business grow		28, 29f
	201-1 Direct economic value generated and distributed	Highlights Business model of the OeKB KI Group Reported in detail in the 2017 annual financial report.		2,12
	201-2 Financial implications and other risks and opportunities due to climate change	To help business grow Financing with the OeEB Policies		29, 38, 77 Page
	201-3 Defined benefit plan obligations and other retirement plans	Contributions are paid into an umbrella pension fund for all employees based on the collective pension fund agreement.		
	201-4 Financial assistance received from government	There were no public subsidies for construction measures or for the training of employees in 2017.		

GRI 202: Market Presence 2016	Economic standards	Sustainability report of the OeKB KI Group	UNGC	Page
	103-1 Explanation of the material topic and its Boundary			Page
	103-2 The management approach and its components			
	103-3 Evaluation of the management approach			
	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Entry level wages are governed by the collective bargaining agreement for the banking industry, which covers all employees of the OeKB KI Group.	Principle 06	
	202-2 Proportion of senior management hired from the local community			

GRI 203: Indirect Economic Impacts 2016	Economic standards	Sustainability report of the OeKB KI Group	UNGC	Page
Material topic: Enabling entrepreneurship and growth	103-1 Explanation of the material topic and its Boundary	To help business grow		29f
	103-2 The management approach and its components	To help business grow		29f
	103-3 Evaluation of the management approach	Sustainability management in the OeKB KI Group To help business grow		28, 29f Page
	203-1 Infrastructure investments and services supported	To help business grow Export Services Financing with Exportfonds Financing with OeEB	Principle 07	29, 31f, 37, 38ff
	203-2 Significant indirect economic impacts	Business model of the OeKB KI Group To help business grow Export Services Credit insurance Financing with Exportfonds Financing with OeEB Capital Market Services Energy Market Services		12, 29f, 31, 33f, 37, 38ff, 42, 49

GRI 204: Procurement Practices 2016	Economic standards	Sustainability report of the OeKB KI Group	UNGC	Page
	103-1 Explanation of the material topic and its Boundary			
	103-2 The management approach and its components			
	103-3 Evaluation of the management approach			Page
	204-1 Proportion of spending on local suppliers			

GRI 205: Anti-corruption 2016	Economic standards	Sustainability report of the OeKB KI Group	UNGC	Page
Material topic: Human rights, compliance, and business ethics	103-1 Explanation of the material topic and its Boundary	To help society succeed		69
	103-2 The management approach and its components	To help society succeed		69
	103-3 Evaluation of the management approach	Sustainability management in the OeKB KI Group To help society succeed		28, 69
	205-1 Operations assessed for risks related to corruption	Credit insurance Corruption risk in Export Services is assessed based on the implementation of the OECD Recommendations on Bribery and the provisions of Austrian criminal law. Regular information relating to criminal law is provided to all employees in writing, and OECD-specific information is also provided regularly to employees involved with export guarantees.	Principle 10	35f
	205-2 Communication and training about anti-corruption policies and procedures	Compliance and legal requirements	Principle 10	73f
	205-3 Confirmed incidents of corruption and actions taken	No violations are known.	Principle 10	

GRI 206: Anti-competitive Behavior 2016	Economic standards	Sustainability report of the OeKB KI Group	UNGC	Page
	103-1 Explanation of the material topic and its Boundary			
	103-2 The management approach and its components			
	103-3 Evaluation of the management approach			
	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	There is no pending legal action against the OeKB KI Group.		

GRI 301: Materials 2016	Environmental standards	Sustainability report of the OeKB KI Group	UNGC	Page
	103-1 Explanation of the material topic and its Boundary			
	103-2 The management approach and its components			
	103-3 Evaluation of the management approach			
	301-1 Materials used by weight or volume	Ecological key indicators The high level of non-recyclable refuse and paper per employee is difficult to compare because the figures include the waste from the tenants at the Strauchgasse site. The optimisation of waste data collection is planned for 2018 so that the development per employee can be analysed more effectively in future.	Principle 07 Principle 08 Principle 09	67f
	301-2 Recycled input materials used	Ecological key indicators	Principle 07 Principle 08 Principle 09	67
	301-3 Reclaimed products and their packaging materials	Not applicable: Because the business activities consist of the provision of services in the financial industry, there are no reclaimed products or packaging materials.		

GRI 302: Energy 2016	Environmental standards	Sustainability report of the OeKB KI Group	UNGC	Page
Material topic: Operational ecology	103-1 Explanation of the material topic and its Boundary	To help the environment flourish		61
	103-2 The management approach and its components	To help the environment flourish		61
	103-3 Evaluation of the management approach	Sustainability management in the OeKB KI Group To help the environment flourish		28, 61
	302-1 Energy consumption within the organization	Energy management Ecological key indicators	Principle 07 Principle 08 Principle 09	62f, 67
	302-2 Energy consumption outside of the organization	Energy management Ecological key indicators	Principle 07 Principle 08 Principle 09	62f, 64, 67
	302-3 Energy intensity	Ecological key indicators	Principle 07 Principle 08 Principle 09	67
	302-4 Reduction of energy consumption	Energy management Ecological key indicators	Principle 07 Principle 08 Principle 09	62f, 64, 67
	302-5 Reductions in energy requirements of products and services	Not applicable due to the nature of the activities in the financial services sector.		

GRI 303: Water 2016	Environmental standards	Sustainability report of the OeKB KI Group	UNGC	Page
	103-1 Explanation of the material topic and its Boundary			
	103-2 The management approach and its components			
	103-3 Evaluation of the management approach			
	303-1 Water withdrawal by source	Ecological key indicators The total water consumption for the Strauchgasse and Am Hof sites in 2017 came to 5,878,000 litres (2016: 5,900,000 litres).	Principle 07 Principle 08	67

303-2 Water sources significantly affected by withdrawal of water	Not applicable: Due to the location of the site and the nature of the activities as a service provider, no water sources are significantly affected by the withdrawal of water.
303-3 Water recycled and reused	Not applicable: Due to the location of the site and the nature of the activities as a service provider, the recycling and re-use of water is not sensible.

GRI 304: Biodiversity 2016	Environmental standards	Sustainability report of the OeKB KI Group	UNGC	Page
	103-1 Explanation of the material topic and its Boundary			
	103-2 The management approach and its components			
	103-3 Evaluation of the management approach			
	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Not applicable: The sites are not located in such areas.		
	304-2 Significant impacts of activities, products, and services on biodiversity	The impacts on biodiversity are assessed as part of the environmental and social audits.	Principle 07	33f
	304-3 Habitats protected or restored	Not applicable: There are no protected or restored habitats.		
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	The impacts on biodiversity are assessed as part of the environmental and social audits.	Principle 07	33f

GRI 305: Emissions 2016	Environmental standards	Sustainability report of the OeKB KI Group	UNGC	Page
Material topic: Operational ecology	103-1 Explanation of the material topic and its Boundary	To help the environment flourish		67
	103-2 The management approach and its components	To help the environment flourish		67
	103-3 Evaluation of the management approach	Sustainability management in the OeKB KI Group To help the environment flourish		28, 61
	305-1 Direct (Scope 1) GHG emissions	Energy management	Principle 07 Principle 08 Principle 09	64
	305-2 Energy indirect (Scope 2) GHG emissions	Energy management	Principle 07 Principle 08 Principle 09	64
	305-3 Other indirect (Scope 3) GHG emissions	Energy management	Principle 07 Principle 08 Principle 09	64
	305-4 GHG emissions intensity	Energy management	Principle 07 Principle 08 Principle 09	64
	305-5 Reduction of GHG emissions	Energy management	Principle 07 Principle 08 Principle 09	64
	305-6 Emissions of ozone-depleting substances (ODS)	Not applicable: Because of the nature of the activities as a service provider, there are no emissions of ozone-depleting substances.		
	305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Not applicable: Because of the nature of the activities as a service provider, there are no relevant emissions.		

GRI 306: Effluents and Waste 2016	Environmental standards	Sustainability report of the OeKB KI Group	UNGC	Page
	103-1 Explanation of the material topic and its Boundary			
	103-2 The management approach and its components			
	103-3 Evaluation of the management approach			
	306-1 Water discharge by quality and destination	Because of the site location and the activities as a service provider, water is only discharged into the public sewage system and the quality requirements are complied with in all cases.		
	306-2 Waste by type and disposal method	Ecological key indicators The key waste indicators only refer to the Strauchgasse site. The OeKB KI Group is only a tenant at the other sites and is thus unable to provide a precise figure for the waste amounts generated there. The waste generated in the cafeteria has been included in these figures since 2016. This waste is disposed of separately. All hazardous waste is disposed of in compliance with statutory requirements. Every batch of waste handed over for processing is documented using a stamped and signed certificate. All of this data is recorded using an online waste management tool. The total cost of waste disposal amounted to €32,763 in 2017. Construction work generated 101,150 kg of waste in 2017 (2016: 122,680 kg).	Principle 07 Principle 08	
	306-3 Significant spills	Not applicable: Because of the nature of the activities as a service provider, there were no spills of hazardous substances.		
	306-4 Transport of hazardous waste	Not applicable: The OeKB KI Group does not transport hazardous waste.		
	306-5 Water bodies affected by water discharges and/or runoff	Not applicable: The waste water corresponds to that of a typical service business and is discharged through the public sewage system.		

GRI 307: Environmental Compliance 2016	Environmental standards	Sustainability report of the OeKB KI Group	UNGC	Page
	103-1 Explanation of the material topic and its Boundary			
	103-2 The management approach and its components			
	103-3 Evaluation of the management approach			
	307-1 Non-compliance with environmental laws and regulations	In 2017, as in previous years, there were no breaches of environmental law that resulted in legal action.	Principle 07 Principle 08	

GRI 308: Supplier Environmental Assessment 2016	Environmental standards	Sustainability report of the OeKB KI Group	UNGC	Page
	103-1 Explanation of the material topic and its Boundary			
	103-2 The management approach and its components			
	103-3 Evaluation of the management approach			
	308-1 New suppliers that were screened using environmental criteria	The screening procedure for new suppliers is being set up. All current material suppliers are assessed according to sustainability criteria.	Principle 07 Principle 08 Principle 09	
308-2 Negative environmental impacts in the supply chain and actions taken	There are no substantial actual or potential negative environmental impacts in the supply chain or related actions taken.	Principle 07 Principle 08 Principle 09		

GRI 401: Employment 2016 Material topic: Employees and diversity	Social standards	Sustainability report of the OeKB KI Group	UNGC	Page
	103-1 Explanation of the material topic and its Boundary	To help employees advance		52
	103-2 The management approach and its components	To help employees advance		52
	103-3 Evaluation of the management approach	Sustainability management in the OeKB KI Group To help employees advance		28, 52
	401-1 New employee hires and employee turnover	To help employees advance	Principle 06	53f
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	To help employees advance All benefits are available in full to part-time employees of OeKB, as well. The subsidiaries are only covered by the voluntary benefits in part. The benefits primarily consist of: Inclusion in the pension fund solution, occupational medical services, collective accident insurance, offer of supplementary medical insurance, daycare centre, and the Employee Assistance Programme.	Principle 06	52f
401-3 Parental leave	An objective has been formulated in this regard, but the figures are only published internally.	Principle 01 Principle 06	53	

GRI 402: Labor/Management Relations 2016	Social standards	Sustainability report of the OeKB KI Group	UNGC	Page
	103-1 Explanation of the material topic and its Boundary			
	103-2 The management approach and its components			
	103-3 Evaluation of the management approach			
	402-1 Minimum notice periods regarding operational changes	Because the Staff Council is represented on the Supervisory Board, the Staff Council has comprehensive information about the ongoing business operations at all times.	Principle 03	

GRI 403: Occupational Health and Safety 2016	Social standards	Sustainability report of the OeKB KI Group	UNGC	Page
	103-1 Explanation of the material topic and its Boundary			
	103-2 The management approach and its components			
	103-3 Evaluation of the management approach			
	403-1 Workers representation in formal joint management-worker health and safety committees	The Work Safety Committee consists of 13 persons, one of whom is an external occupational physician and one an external safety expert.		
	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	There were three accidents during travel to and from work or travel for business purposes and two work accidents in the OeKB KI Group in 2017.		
403-3 Workers with high incidence or high risk of diseases related to their occupation	All workstations are regularly inspected by trained safety experts and occupational physicians with regards to potential for the development of disease in accordance with the Labour Protection Act. This enables us to ensure ergonomically sound workstations to a great extent. The increased consideration of psychological factors required by the law as of 1 January 2013 has been implemented for all employees.			
403-4 Health and safety topics covered in formal agreements with trade unions	There are no health and safety topics covered in formal agreements with trade unions.			

GRI 404: Training and Education 2016	Social standards	Sustainability report of the OeKB KI Group	UNGC	Page
Material topic: Employees and diversity	103-1 Explanation of the material topic and its Boundary	To help employees advance		
	103-2 The management approach and its components	To help employees advance		
	103-3 Evaluation of the management approach	To help employees advance Sustainability management in the OeKB KI Group		
	404-1 Average hours of training per year per employee	Competencies	Principle 06	56
	404-2 Programs for upgrading employee skills and transition assistance programs	Competencies We have set up a re-integration management programme. This enables our employees to transition back into the work environment on a part-time basis after an illness, for example (at the same wages as before their illness). Our occupational physician is involved in this process. A standing desk or electrically-operated variable-height desk is procured for employees with mobility issues (back, spine) when this is recommended by the occupational physician.	Principle 06	56
	404-3 Percentage of employees receiving regular performance and career development reviews	All employees have at least one performance review with their immediate supervisor every year.	Principle 06	56

GRI 405: Diversity and Equal Opportunity 2016	Social standards	Sustainability report of the OeKB KI Group	UNGC	Page
Material topic: Employees and diversity	103-1 Explanation of the material topic and its Boundary	To help employees advance		57
	103-2 The management approach and its components	To help employees advance		57
	103-3 Evaluation of the management approach	To help employees advance Diversity		57, 62
	405-1 Diversity of governance bodies and employees	Diversity	Principle 06	62ff
	405-2 Ratio of basic salary and remuneration of women to men	Diversity	Principle 06	62ff

GRI 406: Non-discrimination 2016	Social standards	Sustainability report of the OeKB KI Group	UNGC	Page
Material topic: Employees and diversity	103-1 Explanation of the material topic and its Boundary	To help employees advance		52
	103-2 The management approach and its components	To help employees advance		52
	103-3 Evaluation of the management approach	To help employees advance Diversity		52, 57
	406-1 Incidents of discrimination and corrective actions taken	There were no such incidents in the reporting period.	Principle 06	

GRI 407: Freedom of Association and Collective Bargaining 2016	Social standards	Sustainability report of the OeKB KI Group	UNGC	Page
	103-1 Explanation of the material topic and its Boundary			
	103-2 The management approach and its components			
	103-3 Evaluation of the management approach			
	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	The right to collective bargaining is legally guaranteed in Austria. OeKB has a Staff Council.	Principle 03	

GRI 408: Child Labor 2016	Social standards	Sustainability report of the OeKB KI Group	UNGC	Page
	103-1 Explanation of the material topic and its Boundary			
	103-2 The management approach and its components			
	103-3 Evaluation of the management approach			
	408-1 Operations and suppliers at significant risk for incidents of child labor	Not applicable: Because of the site location and the activities as a service provider, there are no suppliers at risk of incidents of child labour.	Principle 05	

GRI 409: Forced or Compulsory Labor 2016	Social standards	Sustainability report of the OeKB KI Group	UNGC	Page
	103-1 Explanation of the material topic and its Boundary			
	103-2 The management approach and its components			
	103-3 Evaluation of the management approach			
	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Not applicable: Because of the site location and the activities as a service provider, there are no suppliers at risk of incidents of forced or compulsory labour.	Principle 04	

GRI 410: Security Practices 2016	Social standards	Sustainability report of the OeKB KI Group	UNGC	Page
	103-1 Explanation of the material topic and its Boundary			
	103-2 The management approach and its components			
	103-3 Evaluation of the management approach			
	410-1 Security personnel trained in human rights policies or procedures	Not applicable: All security personnel are bound by clear instructions. They participate in regular training.	Principle 01	

GRI 411: Rights of Indigenous Peoples 2016	Social standards	Sustainability report of the OeKB KI Group	UNGC	Page
	103-1 Explanation of the material topic and its Boundary			
	103-2 The management approach and its components			
	103-3 Evaluation of the management approach			
	411-1 Incidents of violations involving rights of indigenous peoples	Not applicable: No incidents of violations involving rights of indigenous peoples are known. We assess the potential effects of projects on the local population in advance as part of our environmental and social audits.	Principle 01	

GRI 412: Human Rights Assessment 2016	Social standards	Sustainability report of the OeKB KI Group	UNGC	Page
Material topic: Environmental and social auditing of projects	103-1 Explanation of the material topic and its Boundary	To help society succeed		69
	103-2 The management approach and its components	To help society succeed		69
	103-3 Evaluation of the management approach	Sustainability management in the OeKB KI Group To help society succeed		28, 69
	412-1 Operations that have been subject to human rights reviews or impact assessments	Because of the location of our operations, there is no need to assess compliance with human rights. We assess the impacts on society and the environment as part of the provision of our services. See: Credit insurance and Financing with OeEB	Principle 01 Principle 02	33
	412-2 Employee training on human rights policies or procedures	Credit insurance Policies Our employees regularly participate in events to remain up-to-date on changes in human rights standards. An internal event was organised in 2017 in which Lene Wendland, Advisor Business and Human Rights Office of the United Nations High Commissioner for Human Rights, gave a presentation about human rights issues to OeKB employees and external stakeholders (such as the ADA and the Federal Ministry for Europe, Integration and Foreign Affairs). A workshop on Social Performance Practitioners Tips was also held at OeKB together with representatives of OeEB and the international consultant Monkey Forest. This workshop covered social aspects and human rights that are relevant in environmental and social audits. A special focus was placed on stakeholder engagement and local visits. Three OeKB employees and two OeEB employees participated in the half-day workshop.	Principle 01 Principle 02	33, 77
412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Credit insurance Financing with OeEB Policies All guarantee applications were screened for human rights aspects in 2017.	Principle 02	33, 38f, 77	

GRI 413: Local Communities 2016	Social standards	Sustainability report of the OeKB KI Group	UNGC	Page
Material topic: Environmental and social auditing of projects	103-1 Explanation of the material topic and its Boundary	To help business grow		29f
	103-2 The management approach and its components	To help business grow		29f
	103-3 Evaluation of the management approach	Sustainability management in the OeKB KI Group To help business grow		28, 29f
	413-1 Operations with local community engagement, impact assessments, and development programs	Materiality analysis Stakeholder relations and dialogue Dialogue with civil society Credit insurance Financing with OeEB Social responsibility with long-term benefits		15f, 19ff, 23ff, 33, 38, 79f
	413-2 Operations with significant actual and potential negative impacts on local communities	Credit insurance Financing with OeEB	Principle 01 Principle 02 Principle 07	33f, 38f

GRI 414: Supplier Social Assessment 2016	Social standards	Sustainability report of the OeKB KI Group	UNGC	Page
	103-1 Explanation of the material topic and its Boundary			
	103-2 The management approach and its components			
	103-3 Evaluation of the management approach			
	414-1 New suppliers that were screened using social criteria			
	414-2 Negative social impacts in the supply chain and actions taken			

GRI 415: Public Policy 2016	Social standards	Sustainability report of the OeKB KI Group	UNGC	Page
	103-1 Explanation of the material topic and its Boundary			
	103-2 The management approach and its components			
	103-3 Evaluation of the management approach			
	415-1 Political contributions	Not applicable: No contributions were made to political parties.	Principle 10	

GRI 416: Customer Health and Safety 2016	Social standards	Sustainability report of the OeKB KI Group	UNGC	Page
	103-1 Explanation of the material topic and its Boundary			
	103-2 The management approach and its components			
	103-3 Evaluation of the management approach			
	416-1 Assessment of the health and safety impacts of product and service categories	Not applicable: We are not aware of any health or safety impacts from our services in the financial sector.		
416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Not applicable: We are not aware of any violations relating to health or safety impacts from our services in the financial sector.			

GRI 417: Marketing and Labeling 2016	Social standards	Sustainability report of the OeKB KI Group	UNGC	Page
	103-1 Explanation of the material topic and its Boundary			
	103-2 The management approach and its components			
	103-3 Evaluation of the management approach			
	417-1 Requirements for product and service information and labeling	The services are described in detail in the general terms and conditions.		
	417-2 Incidents of non-compliance concerning product and service information and labeling	The services are described in detail in the general terms and conditions.		
417-3 Incidents of non-compliance concerning marketing communications	There was no legal action relating to non-compliance with marketing regulations.			

GRI 418: Customer Privacy 2016	Social standards	Sustainability report of the OeKB KI Group	UNGC	Page
	103-1 Explanation of the material topic and its Boundary	To help society succeed		69
	103-2 The management approach and its components	To help society succeed		69
	103-3 Evaluation of the management approach	To help society succeed		69
	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Compliance and legal requirements	Principle 01 Principle 02	73

GRI 419: Socioeconomic Compliance 2016	Social standards	Sustainability report of the OeKB KI Group	UNGC	Page
	103-1 Explanation of the material topic and its Boundary	To help society succeed		69
	103-2 The management approach and its components	To help society succeed		69
	103-3 Evaluation of the management approach	To help society succeed		69
	419-1 Non-compliance with laws and regulations in the social and economic area	No charges were filed relating to non-compliance.		

Sector-specific performance indicators

A series of indicators was incorporated into the Disclosures on Management Approach (DMA) during the adaptation of the sector supplements to GRI G4.

This was accounted for in the following in that these indicators are now shown in parenthesis. The previous list has been maintained for better clarity.

	Aspect: Management approach	Sustainability report of the OeKB KI Group	UNGC	Page
Material topic: Enabling entrepreneurship and growth	(FS 1) Corporate policies relating to environmental and social aspects in the individual business fields	Policies		77
Material topic: Environmental and social auditing of projects	(FS 2) Procedures for analysing environmental and social risks in the business fields	Credit insurance Financing with OeEB		33, 38
	(FS 3) Procedures for determining compliance with environmental and social standards in customer projects	Credit insurance Financing with OeEB		33, 38
Material topic: Employees and diversity	(FS 4) Procedures for improving employee competence in the implementation of environmental and social policies	Competencies		56f
Material topic: Enabling entrepreneurship and growth	(FS 5) Interaction with customers, investors, and stakeholders regarding environmentally and socially relevant opportunities and risks	Business model of OeKB Group Stakeholder relations and dialogue Dialogue with civil society Events		12ff, 19ff, 22ff, 25ff
	Aspect: Product portfolio	Sustainability report of the OeKB KI Group	UNGC	Page
Material topic: Enabling entrepreneurship and growth	FS 6 Percentage breakdown of the portfolio of the business fields by region, size (such as micro/SME/large), and economic sector	Details can be found in the Export Services annual report 2017 Highlights		2
	FS 7 Internally developed services with social benefits	Export Services – soft loans Financing with OeEB – microfinance		31, 39f
	FS 8 Internally developed services with environmental benefits	Export Services – soft loans Financing with OeEB – renewable energy		31, 39
	Aspect: Product portfolio	Sustainability report of the OeKB KI Group	UNGC	Page
Material topic: Environmental and social auditing of projects	FS 9 Scope and frequency of audits that assess the implementation of the environmental and social policies and the risk management procedures	Credit insurance Financing with OeEB To help the environment flourish The Internal Audit department reviews all areas according to the audit plan and also has specifically trained environmental auditors. Audits are conducted annually.		33, 40f, 61
	Aspect: Active ownership approach	Sustainability report of the OeKB KI Group	UNGC	Page
Material topic: Responsible financing and investment	FS 10 Percentage and number of companies in the portfolio of the organisation with which there were direct contacts regarding environmental and social aspects	To help business grow The defence industry is excluded from the proprietary portfolio of the entire OeKB KI Group based on the data from SIPRI and Bloomberg Defense.		30
Material topic: Environmental and social auditing of projects	FS 11 Share of the equity holdings that have been analysed on the basis of environmental and social aspects	Financing with OeEB		38f
Material topic: Responsible financing and investment	FS 12 Policies for the exercise of voting rights in relation to environmental and social aspects	Fully consolidated and equity-method holdings are included in the reporting. OeKB standards are followed for the energy clearing companies and interests in listed companies.		
Material topic: Enabling entrepreneurship and growth	FS 13 Supply security of banking services in sparsely populated or economically disadvantaged regions	Financing with OeEB – microfinance		39f
	FS 14 Initiatives to improve access to banking services for persons with special needs	Financing with OeEB – microfinance		39f
	FS 15 Policies for the fair development and sale of financial products and services	Financing with OeEB – microfinance		39f
Material topic: Responsible financing and investment	FS 16 Initiatives to improve knowledge about financial products, by target group	Sustainability programme 2018		83

Impressum

Owner and publisher:

Oesterreichische Kontrollbank Aktiengesellschaft, registered office: 1010 Vienna, Am Hof 4; company register no.: FN 85749b,

Commercial Court of Vienna; DVR: 0052019; VAT ID: ATU 15350402; bank code: 10.000; SWIFT BIC: OEKOATWW; LEI: 52990000VRLMF858L016;

FATCA-GIIN: YS6TGM.00000.LE.040; tel. +43 1 531 27-0; e-mail: info@oekb.at; OeKB on the Internet: www.oekb.at

Editorial team: Nastassja Cernko, in collaboration with the focal points of the sustainability management, the reporting team from the HR, the Accounting & Financial Control and the Marketing & Corporate Communications departments, reporting@oekb.at and nachhaltigkeit@oekb.at.

Artwork: Anika Reissner

Design, editing assistance, graphics, production: Egger & Lerch GmbH, Vordere Zollamtsstraße 13, 1030 Wien, www.egger-lerch.at.

The information in this report was current as of 28 February 2018.

