

Principles for Responsible Banking

Reporting and Self-Assessment



The Principles for Responsible Banking (PRB) provide a framework for a sustainable banking system with the aim of aligning the industry with the United Nations (UN) Sustainable Development Goals (SDG) and the Paris Agreement. The PRB will embed sustainability at the strategic, portfolio and transactional levels, across all business areas. Raiffeisen signed up to the UNEP Principles for Responsible Banking in 2021 and is committed to continuously improving our firm's impact and contribution to society in accordance with the Principles.

Principle 1: Alignment

We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement, and relevant national and regional frameworks.

Reporting and Self-Assessment Requirements

High-level summary of bank's response

Reference(s) / link(s) to bank's full response/ relevant information

1.1 *Describe* (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities, and, where relevant, the technologies financed across the main geographies in which your bank has operations or provides products and services.

The Raiffeisen Group consists of Raiffeisen Switzerland and 219* Raiffeisen banks, which are all organised as cooperatives. Overall, about 1.9 million people are cooperative members of Swiss Raiffeisen Banks. Raiffeisen Switzerland is a cooperative as well, formed by the Raiffeisen banks. It carries out core functions for the Raiffeisen banks such as strategy, risk management, product development and marketing. Raiffeisen's cooperative model is unique in the Swiss banking sector; it has allowed the Raiffeisen Group and its 11,465 employees to grow successfully for over 120 years.

Raiffeisen is the market leader in Swiss retail banking: with a total of 3.61 million customers, Raiffeisen serves 42% of the Swiss population. Raiffeisen is also the most accessible bank in the country. With its 820 branches, Raiffeisen offers the densest branch network in Switzerland. In addition, Raiffeisen operates about 1,700 ATM machines in Switzerland. For one third of the customers, Raiffeisen is their main bank. Some 95% of private clients and 96% of corporate clients are domiciled in Switzerland. In principle, Raiffeisen serves all client segments. However, focusing on retail banking, its product and service offering does not meet the specific needs of very wealthy clients. Corporate clients largely comprise Swiss SMEs.

Raiffeisen is the number 1 in the Swiss mortgages business, where its market share is about 17%. At the same time, Raiffeisen has in the recent past considerably strengthened its asset management and investment fund offering. Raiffeisen's asset management mandates increased by 120% in 2021. Substantial net new money inflow of CHF 14.5 billion demonstrates the great trust customers have in Raiffeisen. Our investment and saving for retirement business also developed very positively, with a year-on-year increase of 18.8% to CHF 536.1 million. Our 218,500 corporate clients are another important client group. Raiffeisen supports one in three companies in Switzerland with financing solutions and advisory services. In addition, Raiffeisen demonstrates social commitment through a wide range of sponsoring activities: Raiffeisen banks support local associations, social institutions and cultural events. Furthermore, Raiffeisen banks are major taxpayers and attractive employers throughout the entire country.

Business Model and portrait:
AR 2021 pp. 11–15
Results: AR 2021 pp. 29–32
Sustainability Strategy:
AR 2021 pp. 70–72
<https://www.raiffeisen.ch/rch/de/ueber-uns/nachhaltigkeit.html>

* all numbers reported here are collected as of 31.12.2021.

Reporting and Self-Assessment Requirements**High-level summary of bank's response****Reference(s) / link(s) to bank's full response/ relevant information**

1.2 *Describe* how your bank has aligned and/or is planning to align its strategy to be consistent with and contribute to society's goals, as expressed in the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.

The «Raiffeisen 2025» strategy formulates the initiative to strengthen the Group's sustainability performance. In this context, a sustainability strategy was developed at Group level in 2020 in consultation with internal and external stakeholders and experts. The strategy was formally adopted by the management board in 2022. It focuses on strengthening the management of corporate responsibility and sustainability at Group level and on increasing positive and decreasing negative impacts on sustainable development. Important specific elements of the strategy are the establishment of a professional governance for sustainability management, sustainability target setting, transparency, stakeholder involvement, increasing the offering of sustainable products and services, responsible conduct with clients, diversity and education of employees, and the mitigation of climate change. The Principles for Responsible Banking of the United Nations Environment Programme Finance Initiative (UNEP-FI) and considerations regarding UN Sustainable Development Goals of relevance for Raiffeisen have thus been incorporated into the strategy.

Since 2020, the sustainability strategy's focus has been reviewed using different methods including an analysis of the ISO 26000 corporate responsibility topics and a regulatory gap analysis with regard to sustainability. In addition, the strategic focus has been validated on a yearly basis through a formal stakeholder dialogue. All these analyses reaffirmed the relevance of the strategy.

Materiality Analysis:
AR 2021 Supplement pp. 8–9
Strategy: AR 2021 pp. 21–27
Sustainability, Strategy:
AR 2021 pp. 70–72
Other Frameworks: GRI; TCFD:
AR 2021 Supplement
<https://www.raiffeisen.ch/rch/de/ueber-uns/nachhaltigkeit.html>

Principle 2: Impact and Target Setting

We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

Reporting and Self-Assessment Requirements

2.1 Impact Analysis:

Show that your bank has identified the areas in which it has its most significant (potential) positive and negative impact through an impact analysis.

Show that building on this analysis, the bank has

- Identified and disclosed its areas of most significant (potential) positive and negative impact
- Identified strategic business opportunities in relation to the increase of positive impacts / reduction of negative impacts

High-level summary of bank's response

Raiffeisen used the UNEP FI Portfolio impact analysis tool to carry out an impact analysis of its portfolio, based on data available as of 31 December 2021. The results of the impact analysis were considered in the 2022 review of the sustainability strategy.

In the context of the UNEP FI Portfolio impact analysis, we analysed activities across our consumer, businesses and corporate banking portfolios in Switzerland, meaning that almost 100% of Raiffeisen's clients and business is covered by the analysis.

Our total business is divided into 93% Consumer Banking and 7% Business and Corporate Banking. The main sectors and industries Raiffeisen finances are commercial and residential real estate, agriculture, manufacturing, construction, and wholesale and retail. The analysis has shown the following (potential) impact on the SDGs:

The most significant positive impact was identified for «Inclusive, healthy economies» (SDG 8,9), «Health & Sanitation» (SDG 3,6), and «Housing» (SDG 3, 11).

These positive impacts reaffirm Raiffeisen's business model as a Swiss retail bank serving private and corporate clients' basic banking needs and thereby contributing to an inclusive and healthy economy. With its focus on mortgages, Raiffeisen contributes to housing, as well as to health and sanitation and thus to the basic needs of Swiss society.

On the other hand, the most significant negative impact was identified for «Climate» (SDG 13) and «Resources & Waste» (SDG 6,12,13,14,15). Further negative impacts could be identified for the areas «Soil & Biodiversity» (SDG 3,14,15), although to a lesser extent.

The negative impact on climate is mainly due to the focus on the mortgages business. Buildings cause about a quarter of the Swiss CO₂ emissions. In addition, corporate finance also has some links to climate change. The impact analysis thus confirms Raiffeisen's strategic focus on climate change. Efforts to inform mortgage clients on the importance of increasing energy efficiency and climate compatibility for buildings will thus be continued. The same holds true for efforts to increase the climate compatibility of the product offering as well as reducing corporate emissions.

Reference(s) / link(s) to bank's full response/ relevant information

Materiality Analysis:

AR 2021 Supplement pp. 8–9

Sensibilisation, Sustainable Products, climate action: AR 2021 pp. 78–86

Stakeholder involvement:

AR 2021 pp. 72–73

Strategy: AR 2021 pp. 21–27

Sustainability, Strategy: AR 2021 pp. 70–72

<https://www.raiffeisen.ch/rch/de/ueber-uns/nachhaltigkeit.html>

Reporting and Self-Assessment Requirements

High-level summary of bank's response

Reference(s) / link(s) to bank's full response/ relevant information

The negative impact on resources and waste is mainly due to the fact the Raiffeisen only serves the Swiss economy and society, which are both resource and waste intensive. Nevertheless, Raiffeisen wants to identify its direct levers regarding resources and waste and analyse the potential for additional measures.

The impact on soil and biodiversity can mainly be explained with Raiffeisen's traditional role in the agricultural sector and its strong position in the mortgage business. Raiffeisen will further analyse the need for taking measures in this area as well.

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding impact analysis.

Raiffeisen is committed to assess, understand and improve the positive and negative impacts of its business activities, products and services on society and the environment: we have completed the first stage of the UNEP-FI PRB impact analysis by assessing our main customers and business areas. Results and conclusions have been integrated into our sustainability strategy and first targets have been defined.

2.2 Target Setting

Show that the bank has set and published a minimum of two Specific, Measurable (can be qualitative or quantitative), Achievable, Relevant and Time-bound (SMART) targets, which address at least two of the identified «areas of most significant impact», resulting from the bank's activities and provision of products and services.

Show that these targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks. The bank should have identified a baseline (assessed against a particular year) and have set targets against this baseline.

Show that the bank has analysed and acknowledged significant (potential) negative impacts of the set targets on other dimensions of the SDG/climate change/society's goals and that it has set out relevant actions to mitigate those as far as feasible to maximize the net positive impact of the set targets.

1) The results of the impact analysis confirm that Raiffeisen's cooperative business model focusing on serving the Swiss population and Swiss corporates with basic banking services has positive impacts on the society. Raiffeisen will adhere to this business model in the future.

Our targets in this regard are part of the current Raiffeisen Group strategy for the period 2020 to 2025, namely to increase both the number of our cooperative members (to 2.03 million) and the number of our customers (to 3.86 million) by 2025. In the mortgage business, we aim to maintain our number 1 position and grow organically along the market. By achieving these targets Raiffeisen will increase the contribution to an inclusive and healthy economy in Switzerland, e.g. through housing.

2) Regarding negative impacts, Raiffeisen has publicly committed to the Net-Zero goal by 2050. In this context, we are about to set more detailed science-based targets. With these targets Raiffeisen wants to contribute to mitigate climate change.

3) In addition to these targets, we have formulated several operational sustainability targets in the context of our sustainability strategy, which formulates the general principle to increase positive and decrease negative impact. The operational targets include e.g. the expansion of the offering of sustainable products and services or the integration of ESG considerations into risk management.

4) Finally, we are continuously assessing whether additional targets have to be set. Based on the results of the UNEP-FI Impact Analysis we are currently assessing target-setting for example in the areas of soil and biodiversity (see above).

Strategic goals: AR 2021 pp. 22; 31; 72

Strategic and smart goals:

<https://www.raiffeisen.ch/rch/de/ueber-uns/nachhaltigkeit/nachhaltigkeitsstrategie-umsetzung/nachhaltigkeitsstrategie.html>

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding target setting.

Raiffeisen has been setting and publishing relevant targets in its Group strategy and in its Group sustainability strategy. The sustainability strategy including the sustainability targets are continuously reviewed and adapted if needed– taking into account insights from analysis such as the UNEP-FI impact analysis.

Reporting and Self-Assessment Requirements

High-level summary of bank's response

Reference(s) / link(s) to bank's full response/ relevant information

2.3 Plans for Target Implementation and Monitoring

Show that your bank has defined actions and milestones to meet the set targets.

Show that your bank has put in place the means to measure and monitor progress against the set targets. Definitions of key performance indicators, any changes in these definitions, and any rebasing of baselines should be transparent.

1) Based on the Group Strategy 2025, Raiffeisen intends to maintain and improve its positive impacts as a retail bank serving clients' basic banking needs. We want to reach our targets by differentiating ourselves as a solution-oriented cooperative that is close to its customers, focuses on customer needs and lives cooperative values. Specific measures are improved efficiency of the mortgage lending process (to be rolled out in 2023), holistic client advice (to be rolled out in 2024) and comprehensive self-service offer (to be rolled out in 2025).

2) To meet our climate targets (overall net-zero CO₂ emissions by 2050; in operations by 2030), we have adopted a Group climate strategy focusing on measuring emissions, transparency on emissions, emissions reduction, compensation and engagement.

For 2022, we will strategically define the path to net zero and will formally commit to SBTi.

3) The implementation of the sustainability strategy is measured and monitored in accordance with the Global Reporting Initiative (GRI) Standards.

Strategic goals: AR 2021 pp. 22–23; 72
Strategic and smart goals:

<https://www.raiffeisen.ch/rch/de/ueber-uns/nachhaltigkeit/nachhaltigkeitsstrategie-umsetzung/nachhaltigkeitsstrategie.html>

Sustainability: AR 2021 pp. 69–83
Operationalization Raiffeisen Groups Strategy:

<https://www.raiffeisen.ch/rch/de/ueber-uns/organisation/strategie.html>

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Plans for Target Implementation and Monitoring.

The Raiffeisen Group defines measures and milestones to further strengthen Raiffeisen as the number one Swiss retail bank serving clients' basic banking needs. Information on the implementation of our Group sustainability strategy is disclosed in our annual report including information on climate change. Our sustainability reporting is prepared in accordance with the Global Reporting Initiative (GRI) Standards.

2.4 Progress on Implementing Targets

For each target separately:

Show that your bank has implemented the actions it had previously defined to meet the set target. Or explain why actions could not be implemented / needed to be changed and how your bank is adapting its plan to meet its set target.

Report on your bank's progress over the last 12 months (up to 18 months in your first reporting after becoming a signatory) towards achieving each of the set targets and the impact your progress resulted in. (where feasible and appropriate, banks should include quantitative disclosures)

1) Since 2020 – when the Raiffeisen Group Strategy was adopted – Raiffeisen has gained some 60,000 new clients and around 28,000 cooperative members (per 31.12.2021). In parallel, our customer deposits grew by around 6% to 201.7 billion (per 31.12.2021). This was partially due to our policy not to demand negative interest rates to the extent other banks did. As regards mortgages loans, Raiffeisen grew at market growth level.

2) Since 2012, Raiffeisen has cut its corporate CO₂ emissions by over 30%. Between 2020 and 2021 emissions were reduced by 5%. In 2022, we formally committed ourselves to the SBTi. Science-based targets will be published as soon as they are available.

3) Progress achieved in the implementation of the Group sustainability strategy is disclosed in accordance with the Global Reporting Initiative (GRI) Standards. Raiffeisen is for example recording a constant growth of investments in its sustainable financial products.

CO₂-reduction targets: AR 2021 pp. 83–86

Strategic goals: AR 2021 pp. 72
Strategic and smart goals:

<https://www.raiffeisen.ch/rch/de/ueber-uns/nachhaltigkeit/nachhaltigkeitsstrategie-umsetzung.html>

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing Targets.

Raiffeisen implements the targets set as part of the Group strategy and of the Group sustainability strategy. Over the past 18 months, improvements have been achieved, both in terms of positive and negative impacts. We continue to transparently disclose our progress in accordance with the Global Reporting Initiative (GRI) Standards.

Principle 3: Clients and Customers

We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s) / link(s) to bank's full response/ relevant information
<p>3.1 <i>Provide</i> an overview of the policies and practices your bank has in place and/or is planning to put in place to promote responsible relationships with its customers. This should include high-level information on any programmes and actions implemented (and/or planned), their scale and, where possible, the results thereof.</p>	<p>In accordance with its mission statement and the strategic objectives of the Group sustainability strategy, Raiffeisen attaches high importance to fairness, reliability and transparency in business relations with its customers. Raiffeisen therefore maintains competent, open and fair interaction with its customers. This implies simple and straightforward products, a fair price-performance ratio and transparent communication of prices. Furthermore, proximity to customers is one of Raiffeisen's central values. Our 820 branches and the 1,700 ATM enable us to ensure this proximity and thus actively enhance the relationship with our customers.</p>	<p>Openness and Fairness: AR 2021 pp. 81–82 Mission Statement (ger) https://www.raiffeisen.ch/rch/de/ueber-uns/organisation/leitbild.html</p>
<p>3.2 <i>Describe</i> how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities. This should include information on actions planned/implemented, products and services developed, and, where possible, the impacts achieved.</p>	<p>To mitigate climate change, Raiffeisen raises customers' awareness of the potential for increasing energy efficiency and reducing CO₂ emissions. Given Raiffeisen's important market share in mortgages, initiatives in this area focus mainly on mortgages clients. Raiffeisen was the first Swiss banking group which systematically integrated the energy efficiency evaluation of properties into the mortgage advice-process. Raiffeisen's modernisation planner RAImo allows our mortgage customers to independently identify any investment backlog and simulate renovation scenarios. To encourage energy efficiency and reduce CO₂ emissions, Raiffeisen also supports SwissEnergy's Renewable Heating programme. Important information on energy efficient housing can also be found on the Raiffeisen homepage.</p> <p>On the investment side, Raiffeisen has constantly expanded its offering of sustainable products and services (e.g. Sustainable asset management mandate, Sustainable investment funds called «Futura»). Today, Raiffeisen is implementing an ESG approach to 95% of Raiffeisen investment products. Furthermore, Raiffeisen recently introduced a green bond program and launched gold products putting more emphasis on sustainability considerations. Private client advisors inform clients on the sustainability features of Raiffeisen investment funds. Information in this regard can also be found on the homepage and in several documents.</p> <p>Raiffeisen is also raising awareness regarding sustainability topics in corporate banking. Since 2017, Raiffeisen has been handing out regional entrepreneurship awards to companies with a particularly responsible business model. SMEs that are Raiffeisen members are offered a free initial analysis on potential energy-saving measures from an advisor at the Energy Agency of the Swiss Private Sector (EnAW). In addition, Raiffeisen has been a partner of the Swiss Climate Foundation, an initiative to promote climate protection efforts among SMEs, since 2008. In the context of this partnership, we have already donated more than CHF 4.1 million.</p> <p>To understand customer needs with regard to new products and services, Raiffeisen has conducted an annual survey on energy and climate topics every year since 2011 (the so-called «Customer Barometer on Renewable Energies»). In 2021, the survey was conducted among the Swiss population together with the University of St.Gallen and the federal programme «EnergySwitzerland».</p>	<p>Financed Emissions: AR 2021 pp. 84–86 Sustainable products and services: AR 2021 pp. 78–82 https://www.raiffeisen.ch/rch/de/ueber-uns/nachhaltigkeit/fuer-kunden.html</p>

Principle 4: Stakeholders

We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

Reporting and Self-Assessment Requirements

High-level summary of bank's response

Reference(s) / link(s) to bank's full response/ relevant information

4.1 *Describe* which stakeholders (or groups/types of stakeholders) your bank has consulted, engaged, collaborated or partnered with for the purpose of implementing these Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders and what issues were addressed/results achieved.

Regular and open dialogue with stakeholders is important to Raiffeisen, part of the sustainability strategy, and is practiced on an ongoing basis. Raiffeisen developed its sustainability strategy, which incorporates the Principles for Responsible Banking in consultation with internal and external stakeholders.

Each year, Internal and external stakeholders are invited to a dialogue on the sustainability strategy, the implementation of the strategy and selected focus topics. Results of this dialogue are disclosed in our annual report, e.g. our materiality analysis which is validated each year. Invited to the dialogue are for example Raiffeisen banks, Raiffeisen business partners, suppliers, client organizations, environmental organizations, economic organizations, employee representatives or sustainability consultants.

Materiality Analysis:
AR 2021 Supplement pp. 8–9
Stakeholder involvement:
AR 2021 pp. 71–73

Principle 5: Governance & Culture

We will implement our commitment to these Principles through effective governance and a culture of responsible banking.

Reporting and Self-Assessment Requirements

High-level summary of bank's response

Reference(s) / link(s) to bank's full response/ relevant information

5.1 *Describe* the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support effective implementation of the Principles.

Within the Raiffeisen Group, Raiffeisen Switzerland is responsible for formulating the sustainability Group strategy and for the management of corporate responsibility and sustainability. This includes, among other things, sustainability reporting.

Within Raiffeisen Switzerland, the Corporate Responsibility & Sustainability team is responsible for these tasks. The team is part of the CEO's staff and reports twice a year to Raiffeisen Switzerland's Executive Board and Board of Directors

Several departments at Raiffeisen Switzerland are involved in implementing sustainability. The 219 Raiffeisen banks implement sustainability at their level and take measures in their regional and local context. If needed, the Raiffeisen banks are also involved in the development of the overarching management of corporate responsibility and sustainability at Group level through specialist committees. Besides, the Raiffeisen Banks Council can be consulted on strategic matters.

Raiffeisen aligned its sustainability management with ISO 26000 principles in 2021. The implementation of these principles at Group level is explained in a separate manual. In the context of the ISO 26000 alignment, Raiffeisen Switzerland has formalised two main processes related to the general management of sustainability. One focuses on strategy and reporting, the other on ensuring responsible business conduct. Various topics which are relevant from a sustainability point of view are managed through additional processes. Furthermore, the Board of Directors has adopted the general policy that Raiffeisen does not want to be linked to severe negative impacts on the environment and society through its business activities.

In the period 2020 to 2025 a dedicated strategy budget is available to finance initiatives to strengthen the sustainability performance of the Raiffeisen Group.

Governance: AR 2021 pp. 73
Handbook on Sustainability Management:
<https://www.raiffeisen.ch/rch/de/ueber-uns/nachhaltigkeit/nachhaltigkeitsstrategie-umsetzung/nachhaltigkeitsmanagement.html>

Reporting and Self-Assessment Requirements

High-level summary of bank's response

Reference(s) / link(s) to bank's full response/ relevant information

5.2 *Describe* the initiatives and measures your bank has implemented or is planning to implement to foster a culture of responsible banking among its employees. This should include a high-level overview of capacity building, inclusion in remuneration structures and performance management and leadership communication, amongst others.

Sustainability is a long-standing corporate value at Raiffeisen and a central element in the Raiffeisen 2025 Group strategy. All new employees are briefly informed about our Corporate Responsibility & Sustainability efforts on the Raiffeisen Welcome Day.

Raiffeisen respects the legal system, human rights, fundamental environmental standards and the principles of the market economy. All employees are primarily personally responsible for driving compliance and avoiding compliance risks in their line of work within the framework of applicable policies and processes.

Furthermore, Raiffeisen follows the principle of not being associated with serious negative impacts through its business activities. For Raiffeisen Switzerland, those principles are already anchored in a policy and the ambition is to extend this policy in a next step to the entire group.

Since 2020 Raiffeisen has regularly surveyed customers to check whether adequate fairness and transparency are ensured and perceived as such by customers. Regulation of product marketing for financial institutions are implemented by Raiffeisen and encourage fairness and transparency. Raiffeisen also engages in self-regulation. In general, Raiffeisen prioritises security over profitability, and profitability over growth. Customer advisors are regularly trained to follow these principles.

Client advisors are also educated on relevant sustainability topics such as sustainability features of Raiffeisen investment funds. Energy efficiency of buildings is another such topic.

It is important to Raiffeisen to encourage and promote diversity and equal opportunities. Increasing the percentage of women in senior and management positions is a priority at Raiffeisen. Raiffeisen Switzerland has adopted an employment policy named «Harassment and equal treatment at work», which prohibits any discrimination. Furthermore, wage equality analysis are regularly conducted and Raiffeisen Switzerland was awarded the Fair-on-Pay certificate.

With effect from 1 January 2021, Raiffeisen Switzerland has adapted its remuneration model in accordance with the new strategy. Total remuneration generally remains the same; however, individual bonus payments were eliminated, and a collective profit-sharing element was introduced. In addition, team performance can be rewarded. The emphasis is thus shifted from individual to collective performance.

Culture: AR 2021 pp. 60
Gender diversity: AR 2021 pp. 61
Remuneration: AR 2021 pp. 64
Remuneration Report: AR 2021 pp. 136.
Sustainability: AR 2021 pp. 73; 83
<https://www.raiffeisen.ch/de/ueber-uns/nachhaltigkeit/nachhaltige-genossenschaft/verantwortungsvolles-geschaeftsmodell.html>

Reporting and Self-Assessment Requirements

High-level summary of bank's response

Reference(s) / link(s) to bank's full response/ relevant information

5.3 Governance Structure for Implementation of the Principles

Show that your bank has a governance structure in place for the implementation of the PRB, including:

- a) target-setting and actions to achieve targets set.
- b) remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected.

The decision to join UNEP-FI and the Principles for Responsible Banking was taken by the Executive Board. The Principles for Responsible Banking were then «incorporated» in the Raiffeisen Group sustainability strategy, which was officially adopted by the Executive Board as a formal strategy in 2022. At the level of this strategy, Principle 1 is taken account of by making sustainability a core corporate value and an integral part of the strategy. Raiffeisen implements Principle 2 by continuously reviewing the implementation of the formulated sustainability targets for the identified impact areas of influence as part of the Group strategy. Principle 3 is reflected in our aim to have a fair and open relationship with our customers and to be able to offer them an increasing number of sustainable products and services. An intensive and regular involvement of all relevant stakeholders regarding sustainability issues ensures the implementation of Principle 4. Raiffeisen ensures adherence to Principle 5 through clear structures, responsibilities, policies and processes. Principle 6 is to be realised through regular and transparent reporting on our progress made with regard to the six Principles.

As a consequence of the incorporation of the Principles for Responsible Banking in the Raiffeisen Group sustainability strategy, the general governance structure for the implementation of sustainability described above at 5.1 also applies to the implementation of the Principles for Responsible Banking inter alia with respect to setting and reviewing targets. There are no specific remedial actions in case targets or milestones are not achieved, but Raiffeisen Switzerland's Executive Board and Board of Directors receive a report on progress achieved twice a year.

Governance: AR 2021 pp. 73
Handbook Sustainability Management:
<https://www.raiffeisen.ch/rch/de/ueber-uns/nachhaltigkeit/nachhaltigkeitsstrategie-umsetzung/nachhaltigkeitsmanagement.html>

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Governance Structure for Implementation of the Principles.

Raiffeisen has incorporated the principles into its sustainability strategy and established a solid governance structure to ensure that the principles are implemented effectively. This includes the relevant processes to include and inform top management and various tools such as a handbook on how to manage sustainability across the whole Raiffeisen Group.

Principle 6: Transparency & Accountability

We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

Reporting and Self-Assessment Requirements

High-level summary of bank's response

Reference(s) / link(s) to bank's full response/ relevant information

6.1 Progress on Implementing the Principles

Show that your bank has progressed on implementing the six Principles over the last 12 months (up to 18 months in your first reporting after becoming a signatory) in addition to the setting and implementation of targets in minimum two areas (see 2.1–2.4).

Show that your bank has considered existing and emerging international/regional good practices relevant for the implementation of the six Principles for Responsible Banking. Based on this, it has defined priorities and ambitions to align with good practice.

Show that your bank has implemented / is working on implementing changes in existing practices to reflect and be in line with existing and emerging international/regional good practices and has made progress on its implementation of these Principles.

In general, Raiffeisen ensures transparency on progress achieved in the implementation of the sustainability strategy by disclosing information in accordance with the GRI Standard (comprehensive) and further standards such as TCFD.

With respect to the six Principles, the following progress has been achieved more recently:

Principle 1: Alignment

- a. The Principles for Responsible Banking have been integrated into the sustainability strategy adopted as a «formal strategy» by the Executive Board in 2022.
- b. The Net-Zero Paris objective has been formally endorsed by the Executive Board in 2021 and a climate strategy has been formulated at the same occasion. In line with this strategy, Raiffeisen is now about to assess the setting of Science Based Targets and further strengthens its climate disclosures according to the recommendations of the Task Force on Climate Related Financial Disclosures (TCFD).
- c. Significant progress has been achieved in aligning product and services offerings with the SDGs, e.g. by implementing an ESG approach to 95% of Raiffeisen investment products, by strengthening sustainability criteria in Raiffeisen gold products, via sustainability bond and a green bond program or via further strengthening advisory on energy efficiency of buildings in the context of the mortgages business.

Principle 2: Impact and Target Setting

- a. A sustainability strategy with measurable targets has been adopted in 2020 and formalised by the Executive Board in 2022.
- b. The UNEP-FI Impact Analysis has been carried out in 2022 and its results integrated in the sustainability strategy.
- c. Further analysis to measure impact e.g., based on the ISO 26000 corporate responsibility topics have been carried out in 2021 and 2022.
- d. To effectively reduce negative impacts and improve positive impacts in general progress has in particular been achieved in the area of product offering (many more products which take into account sustainability criteria are offered today compared to 2020) and climate. In addition, Raiffeisen continues to implement its business model with the objective to strengthen its position as a Swiss retail bank serving clients' basic banking needs and thus positively contributing to a healthy development of the Swiss economy and society.
- e. The role of climate change and other ESG as risk factors has been formally integrated in operational risk management since 2021.

Sustainability: AR 2021 pp. 69–87

Principle 3: Clients and Customers

- a. Endeavours to inform clients on the importance of climate compatibility and energy efficiency of buildings have been continued.
- b. The range of investment and pension products taking into account sustainability criteria has been increased.
- c. Studies have been carried out on criteria for the qualification of a building as climate-compatible and on the consumers' demand for renewable energy.
- d. Annual prizes are given to companies with a particularly responsible business model.

Principle 4: Stakeholders

- a. A formal stakeholder dialogue is carried out at Group level each year.
- b. Additional organisations and initiatives are supported by the Raiffeisen group (UNEP-FI, Partnership for Carbon Accounting Financials, Swiss Better Gold, CEO4Climate, etc.) in line with the sustainability strategy including the Principles for Responsible Banking.

Principle 5: Governance & Culture

- a. Sustainability management at Group level has been aligned with ISO 26000 in 2021.
- b. ISO 14001 certification of environmental management as a part of the general sustainability management was introduced in 2022.
- c. A formal due diligence process to avoid links to grave negative impacts on society and the environment via business activities was introduced in 2021 at Raiffeisen Switzerland with the objective to roll-out this process to the Raiffeisen banks as well.

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing the Principles for Responsible Banking.

Raiffeisen is constantly making progress in implementing the Principles in accordance with the relevant «best practices». Our impact analysis (conducted in 2021/22) has shown that we are generally on track to improve in the areas, where we have most significant impacts. We will further focus our goals, targets and programmes around the Principles as an integral part of our sustainability strategy.

Annex: Definitions (Source: UNEP FI)

- a. *Impact*: An impact is commonly understood as being a change in outcome for a stakeholder. In the context of these Principles this means (aligned with GRI definition) the effect a bank has on people/the society, the economy and the environment and with that on sustainable development. Impacts may be positive or negative, direct or indirect, actual or potential, intended or unintended, short-term or long-term.

- b. *Significant Impact*: Impact that in terms of scale and/or intensity/salience results in a particularly strong/relevant change in outcome for a stakeholder. In the context of these Principles, the concept of significant impact is used to ensure banks focus where their actions/business (can) matter most for people, economy and environment and to provide a reasonable and practical threshold for what issues need to be considered/included, similar to the concept of «materiality».