**Ukraine & Russia human rights due diligence survey**

**Business & Human Rights Resource Centre**

Invitation to respond

1. **Questions on RBI Group´s Ukraine Business**

**Nature of involvement**

**1. How long has your institution been investing or financing in Ukraine? In summary, can you briefly describe the nature, sector, scale, and geographic area of these investments?**

Raiffeisen Bank JSC (Raiffeisen Ukraine) started operating in Ukraine in 1992 and was acquired by Raiffeisen Group in 2005.

Raiffeisen Group kept on to supporting its clients in Ukraine via its Ukrainian subsidiary through difficult periods, such as the Global Financial Crisis 2008/2009 and the escalation of Russian/Ukrainian conflict in 2014 which was followed by a severe banking crisis in Ukraine.

In 2015 the European Bank for Reconstruction and Development (EBRD) joined as a strategic partner with an ownership of 30% in Raiffeisen Ukraine’s equity.

The business model of Raiffeisen in Ukraine is a classical universal bank business model, with a strong corporate footprint in the loan portfolio. Lending is dominated by clients in the agricultural and related sectors, an area of business of vital importance for Ukraine. Funding sources comprise almost exclusively customer deposits and equity, with a balanced share of deposits from Corporate, SME and Private Individuals.

Raiffeisen Ukraine is the largest bank with foreign capital and ranks #4 in total assets, deposits and number of branches in Ukraine, and equally ranks as #2 in performing loans and absolute profit generation.

**Assessing risks**

**2. How is your institution enhancing its due diligence to identify, prevent, and mitigate heightened human rights risks and comply with international humanitarian law?**

**a. What measures is your institution taking to ensure it relies and acts upon robust monitoring of the situation, including through consultation with affected workers and communities, as well as human rights groups and/or humanitarian organizations?**

RBI´s awareness on the importance on Human Rights is reflected by RBI´s [Code of Conduct](http://www.rbinternational.com/codeofconduct), especially:

“2.6.2 Human rights”

We respect and support the protection of human rights stipulated in the European Convention on Human Rights as well as the Universal Declaration of Human Rights. We aim to engage into business, which is in line with these principles. We strive to neither directly nor indirectly finance any transactions, projects or parties, nor cooperate with any business partner (including customers, service providers and suppliers) that do not adhere to these standards or are suspected of human rights violations. We seek not to be involved in business with products that are intended to be used for abolition of demonstrations, political unrest or other violations of human rights. This applies particularly to countries where political unrest or military conflicts or other violations of human rights are ongoing or expected”; and

“2.4.1 Regulatory compliance”

We fully comply with all applicable laws, rules and regulations.

Since last year, RBI is concretely working on the establishment and implementation of a Human Rights Policy in cooperation with the Ludwig Boltzmann Institute for Human Rights (see RBI´s [Sustainability Report 2021](https://www.rbinternational.com/en/sustainability/sustainability-report.html)). This project enjoys top attention from RBI’s management and supervisory board with significant internal and external resources having been committed.

**Mitigating risks and tracking effectiveness**

**3. What measures is your institution taking to ensure that your business relationships, investments, or other actions do not contribute to Russian military activities or occupation in Ukraine (including Crimea and occupied parts of Donetsk and Luhansk Oblasts)?**

RBI has a restrictive defense policy in place (see our [position statement](https://www.rbinternational.com/en/who-we-are/governance-and-compliance/code-of-conduct/_jcr_content/root/responsivegrid/contentcontainer_981732308/contentbox/downloadlist_1338713393.download.html/2/Defence.pdf)).

We have established a robust screening and assessment process covering all business relationships and transactions to minimize our group’s exposure toward the defense sector under our control. We seek not to be involved in such businesses in line with our [Code of Conduct](http://www.rbinternational.com/codeofconduct).

Especially due to Austria’s neutral status and in line with the Austrian Criminal Code, business deals with parties of a current or imminent war or other armed conflicts are strictly prohibited**:**

* delivery of equipment/ weapons to a military unit or for vehicles on land, water and in the air for the participation in military actions.
* support or maintenance of corps of volunteers or of a recruitment office therefore or for military service of one of the war parties.
* export and transit of weapons.
* granting of financial credits for military purposes or organizing a public collection of money for such purposes.
* unauthorized transmission of military news, erection or use of a telecommunications plant for such purposes.

Exception: if the purpose of the war/armed conflict is based on the enforcement of

* a Resolution of the United Nations´ Security Council, or
* a Resolution based on Section V of the Treaty on European Union, or
* a Resolution carried out by OSCE, or
* any other peace operation in compliance with the principles of the Articles of Association of the United Nations, e. g. steps taken by an international organization in order to prevent humanitarian disasters or severe and systematic human rights violations.

Any indication of a violation of RBI’s defense policy is investigated and – should it be established that a violation has indeed been committed – subject to stringent disciplinary sanctions.

Regulatory and Sanction Compliance: RBI complies with all applicable sanction regimes and is respectively regulatory compliant. Our Code of Conduct is also closely followed by all risk management activities.

**4. Is your institution planning to scale-down or end its operations or investments in Ukraine? If so, what are the immediate and longer-term steps that your institution has taken or is prepared to take to mitigate the negative impacts of this decision on affected stakeholders, including your workers?**

Immediate actions are taken to support the safety, health, and security of Ukrainian employees:

* Daily contacting of employees and reporting in terms of connectivity and location, and ongoing organization of evacuation means from endangered areas
* Financial support: Early payout of the February salary, plus salary advance, plus early payout of annual 2021 bonus; in addition, different types of hardship allowances are allocated
* Leveraging on RBI Group network, numerous initiatives of Raiffeisen banks in neighboring countries to host Ukrainian employees, providing housing, child support, workspaces, etc.

**5. What steps is your institution taking to ensure that your risk prevention and/or mitigation measures do not negatively impact Ukrainian civilians?**

Risk Prevention: RBI is working with Raiffeisen Ukraine in offering proactive financing solutions to our customers that sustain their operations.

Restructuring: Restructuring measures have already been implemented proactively for all private individual clients with loan exposure(s) in Raiffeisen Ukraine.

Since 9th March 2022, RBI has launched in cooperation with the Raiffeisen regional headquarters a process of exchange of the hryvnia into euros for refugees from Ukraine. The process is already live in most of the regions of Austria. In the coming days our network banks in Hungary and Slovakia will offer the same service in their branches as well. Ukrainian citizens can already open an account with Raiffeisen in Austria in a very simple process that requires only their passport. This service is also offered at RBI's network banks in Slovakia, Romania, the Czech Republic, Hungary, Bulgaria, Croatia, Bosnia and Herzegovina and Kosovo.

**Exercising leverage**

**6. Is your institution taking any other actions to promote respect for humanitarian law, human rights, democracy, and peace in Ukraine?**

RBI is committed to its customers in Ukraine, be it private individuals or businesses. Banking being part of the critical infrastructure, RBI continues to provide basic banking services and infrastructure in Ukraine to the extent possible.

Basic banking services include the access e. g. to cash, deposits, cards, savings and payments for businesses and private individuals, also from outside Ukraine. We keep as many branches and ATMs open as possible to enable catering of basic needs and primary care of our customers in Ukraine. Our commitment to our customers, employees and a functioning society even in times of severe crisis remains strong.

Besides that, we offer various pillars of support for own employees and their families. in these difficult times, as the safety of our employees is of utmost importance.

Our inhouse Data and Reporting Stream is daily monitoring who is actually leaving Ukraine, who is about to leave and where they are going. This data also allows to provide a support wherever our employees and their families cross the UA borders.

Within the initiative colleagues-for-colleagues, RBI is providing short-term (immediate help for up to 1 month) in terms of transfer, accommodation, legal and financial support.

In the mid-run the integration of Ukrainian colleagues and their families is in the focus. This includes topics as the coordination of job platform, local language courses, compensation and enabling UA colleagues to work from abroad.

With the CEE Charity, we additionally support those who are in need, both in Ukraine, but also refugees in other countries~~.~~

Support for Managers and Teams in RBI Headoffice is offered through training sessions “Leading through a Crisis”, assistants in managing during crisis & crisis conversations, emergency psychology and crisis interventions (Health Consult) as well as mediation, moderation & crisis intervention. On individual level emergency psychology support is offered. On collective level there also exists supervised peer groups for helping the helpers.

To provide up to date answers and support in issues individuals or teams might be facing in relation to the war in Ukraine, a separate mailbox – “westandtogether” - was created in RBI Headoffice and is carefully curated.

Additionally, RBI is currently in an intensive dialogue with EU authorities and supervisors, IFIs and National Banks as well as with Associations and Chambers of Commerce to promote supporting actions for Ukraine. Further dialog takes place via the framework of the “Vienna Initiative”, a private-public platform to support CEE region with a special focus of non-EU countries, as e. g. Ukraine.

1. **Questions on RBI Group´s Russia Business**

**Nature of involvement**

**1. How long has your institution been investing or financing in Russia? In summary, can you briefly describe the nature, sector, scale, and geographic area of these investments?**

Raiffeisenbank Russia has been operating in Russia since 1996. It offers the full range of banking products for domestic and international operations in local and foreign currency to both resident and non-resident retail and corporate customers.

Raiffeisenbank Russia is one of the most reliable banks in Russia according to independent rating agencies. At the end of 2021, it serviced more than 4.3 million customers. The bank’s subsidiaries Raiffeisen-Leasing, Raiffeisen Life (insurance) and Raiffeisen Capital Asset Management complement the product scope. The bank is a leader in innovation amongst local banks, continually introducing new products and services (and as a result ranking among the top 10 in Mobile application and Web Interface ratings by Markswebb).

Raiffeisenbank Russia’s solutions and service quality were recognized by Forbes, “The most reliable bank in Russia” in 2019, and many other publications. For instance, it is the “Best Bank Employer in Russia” according to HeadHunter (2019) and the “Best Foreign Bank” according to EMEA Finance (2019, 2020 and 2021).

As of December 2021:

• Balance sheet total: € 18.7 billion

• Number of employees: 9,327

• Business outlets: 132

• Shareholder structure: Raiffeisen Bank International: 100%

**2. Do you have financial relationships with the Russian government or state-controlled companies?**

The strict Austrian Banking Secrecy prohibits us to disclose business relationships with customers. Therefore, we cannot provide any details or comments on it.

**Assessing risks**

**3. How is your institution enhancing its due diligence to identify, prevent, and mitigate heightened human rights risks and comply with international humanitarian law?**

**a. What measures is your institution taking to ensure it relies and acts upon robust monitoring of the situation, including through consultation with affected workers and communities, as well as human rights groups and/or humanitarian organizations?**

See also answer above referring to the same question for Ukraine.

Raiffeisenbank Russia’s leadership team and foremost HR is in continuous contact with the employees in Russia to monitor the situation as well as day-to-day basis discussion with RBI Headoffice. The awareness of the impact on personal and community level on employees is existing and the readiness for finding fitting solution options together is strong.

**Mitigating risks and tracking effectiveness**

**4. Has your institution fully or partially frozen or divested from your Russian assets?**

**What have been the key considerations informing this decision and did you consult with affected stakeholders as part of your decision-making process?**

**What are the immediate and longer-term steps that your institution has taken or is prepared to take to mitigate any negative human rights impacts of that decision?**

Behind the background of this unprecedented situation, we are now assessing all strategic options for the future of Raiffeisenbank Russia, up to and including a carefully managed exit from Raiffeisenbank in Russia.

With 26 years of operations, we have a long-standing history in Russia and a responsibility towards our local people and customers. This makes our situation uniquely complex and, therefore, the upmost consideration must be given to any decisions we make.

Please note that RBI and all our subsidiary banks continue to operate in compliance with local and international sanctions laws, changing financial market requirements, and in line with our Code of Conduct. Our subsidiary banks are self-funded, well-capitalized, and have insignificant cross-border exposure to Russia. We have a duty of care to our employees and our customers. Across the RBI group, we are doing everything we can to support them and the humanitarian effort.

**5. If your institution chooses to continue investing in Russia, what human rights due diligence has been undertaken and how are you planning to mitigate harm in Ukraine?**

Compliance with the RBI Group Code of Conduct (including protection of Human Rights) is mandatory to all our subsidiaries (including in Russia).

RBI Group has a restrictive approach toward defense sector (see our [position statement](https://www.rbinternational.com/en/who-we-are/governance-and-compliance/code-of-conduct/_jcr_content/root/responsivegrid/contentcontainer_981732308/contentbox/downloadlist_1338713393.download.html/2/Defence.pdf)).

**6. What kind of due diligence measures does your institution use to ensure that it does not have any business relationships with sanctioned Russian individuals and entities?**

**a. Beyond sanctions compliance, how does your institution ensure that it does not have any business relationships with individuals or entities with a track record of rights violating conduct?**

**b. What steps are you taking to prevent overcompliance with sanctions and to ensure that civil society is able to access resources?**

The network unit must apply strict KYC/CDD measures and screen all relationship and transactions against EU/UK/US sanction lists.

Due to the contradicting local legislation (EU/UK/US sanctions are not applicable within Russia) the RBI subsidiary does carefully assess its business with potentially or actually sanctioned entities or counterparties and implement risk mitigating measures.

To improve awareness, a central mandatory electronic training program is provided to our employees on our corporate values and Code of Conduct.

Customers and transactions are subject of adverse media screening and assessment. If an actual or potential human rights violation is suspected or identified the necessary risk mitigating measures are implemented/applied (including, but not limited to running down the business relationships).