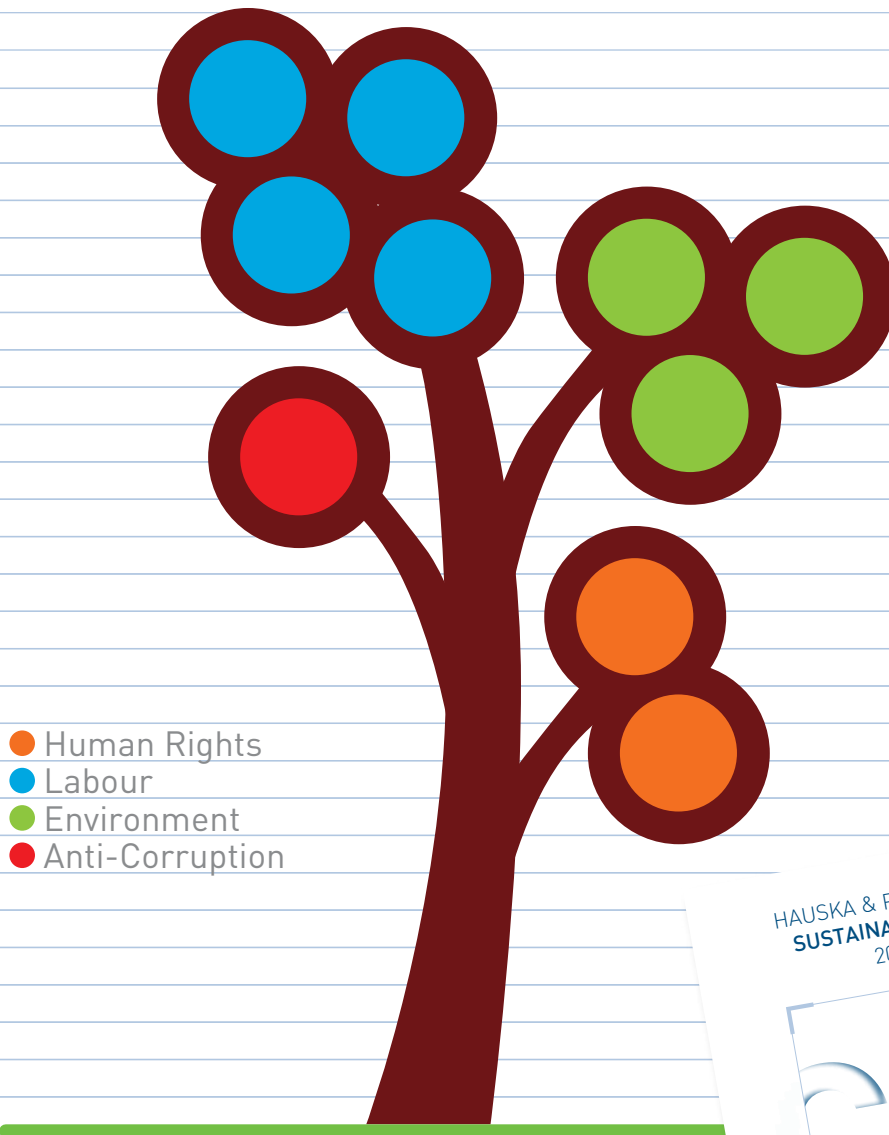


Our Communication on Progress 2009 Report



HAUSKA & PARTNER GROUP
SUSTAINABILITY REPORT
2007/2008



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Supporting the Global Compact...

... has confronted us with two main questions in 2009: "What priority can be accorded to this topic during an economic crisis?" and "How can we make such support as effective as possible?"



2009 has been a difficult year for the communications and consulting industry. In some countries, market development was critical and many companies turned directly from expansion into downsizing programs. This has also affected our Group and we had to implement a consolidation program, selling our operations in the Czech Republic and putting them on hold in Serbia. However, realizing that we can support the Global Compact with our activities in the remaining countries, Austria, Croatia and Latvia, we also felt that we *must* do so - especially during difficult times such as a worldwide economic crisis.

In seeking the most effective way, we concluded that we must both focus on our CSR service capabilities and capacities in order to assist current and future clients in following UNGC principles and implement these principles within our own group - even if the direct impact is not extensive.

Therefore, we consolidated our group in 2009 to further enhance our CSR-competencies and also went forward with internal programs like the Green Office Initiative or the education about Human Rights. We did not manage to implement all projects that we had planned in 2008, but we did achieve some progress in almost all areas - and we gained even more assurance that we will endorse the Global Compact "in good times and bad"...

Leo Hauska
CEO Hauska & Partner Group

Giving a fair account of our performance

Our Communication on Progress report includes the Hauska & Partner Group companies in Austria, Croatia and Latvia, unlike the previous Sustainability Report which also included our companies in the Czech Republic and Serbia.

Namely, the local office in the Czech Republic was sold, while our company operations in Serbia were put on hold at the beginning of 2009.

This report gives a fair account of our performance against the Global Compact principles, and we expect it to be of interest to our employees, clients, fellow colleagues in professional associations and other communication consultancies.

Therefore, the 2009 report encompasses the following:

- A brief description of major trends in the PR industry as identified in the European Communication Monitor survey for 2009
- The Group’s major progress achieved in specific areas
- Our general performance based on G3 indicators
- Targets for 2010

The difficult business environment

In our previous report we recognized that currently the PR industry is operating in an increasingly troubled landscape. Given the economic recession over 2009 and its profound impact on all fields of business, the PR industry had to cope with a number of challenges.

As revealed by the European Communication Monitor survey conducted in March 2010, which encompassed 1,863 communication professionals from 34 European countries, both the economic recession and the media sector crisis have altered the framework for communication management in Europe.

Due to the recession, 47% of PR practitioners, predominately from the corporations and private companies, reported budget cuts, and 22% reported staff cuts. Nevertheless, a clear majority claim that they will respond to the recession by focusing on the “most relevant issues and stakeholders”.

Overall, PR professionals play different roles – this simultaneously shapes and reflects their relationship to business strategies. A clear majority execute communications based on business strategies, but only 6 out of 10 try to define them. Only 61% feel responsible for shaping the strategy.

These results very much describe the framework in which Hauska & Partner Group operated throughout 2009. As the crisis took its toll, the Hauska & Partner Group’s management increasingly focused on the following strategic matters:

1. Maintaining financial and operational stability;
2. Utilizing scarce resources in the best possible manner, using and upgrading internal processes and projects in order to effect new market opportunities;
3. Furthering our competencies and achieving leadership in stakeholder relations;
4. Adequately meeting the needs of clients and supporting their organizational changes;

The survey results also demonstrated the relevance of linking business strategy and communication with building and maintaining trust as clear priorities in the near future. These findings are very much in line with our understanding of PR and its role in an increasingly challenging landscape.

We see modern PR as stakeholder relations and issues management. Therefore, PR practitioners principally need to be responsible for shaping business strategies, i.e. act as strategic facilitators which help organisations achieve their objectives and responsibly pave the way to profound change.

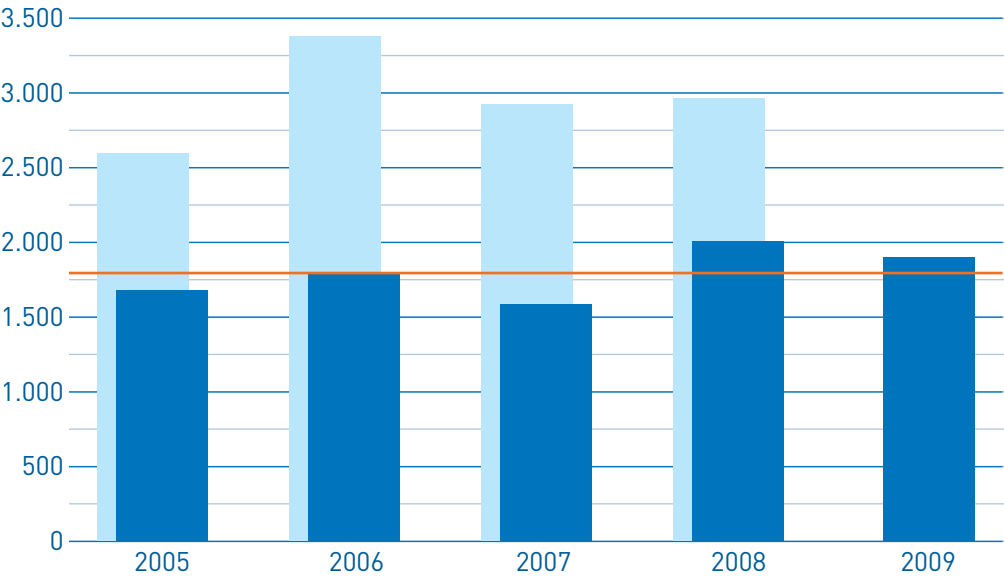
Over the course of 2009, we consulted our clients on a number of industry-specific issues and supported them in managing multi-stakeholder relationships, from the energy sector to retail commerce.

Hauska & Partner Group in 2009

Stable financial performance maintained

The Hauska & Partner Group's business activities throughout 2009 were mainly focused on maintaining a stable financial performance, while at the same time we explored pro-active strategies for mastering the crisis and future uncertainties.

Revenue Development 2005 - 2009



including the Czech Republic and Serbia

Austria, Croatia and Latvia from 2007

Average Austria, Croatia and Latvia

Economic value 2005 - 2009 /in € 1,000/

	2005	2006	2007	2008	2009
REVENUES	1.688	1.816	1.606	2.025	1.906
ECONOMIC VALUE DISTRIBUTED					
Operating costs	672	705	765	1.059	909
Employee wages and benefit	681	842	801	860	844
Payments to providers of capital	17	173	164	70	172
Payments to government	72	54	50	38	58
Community investment	0	0	137	130	121

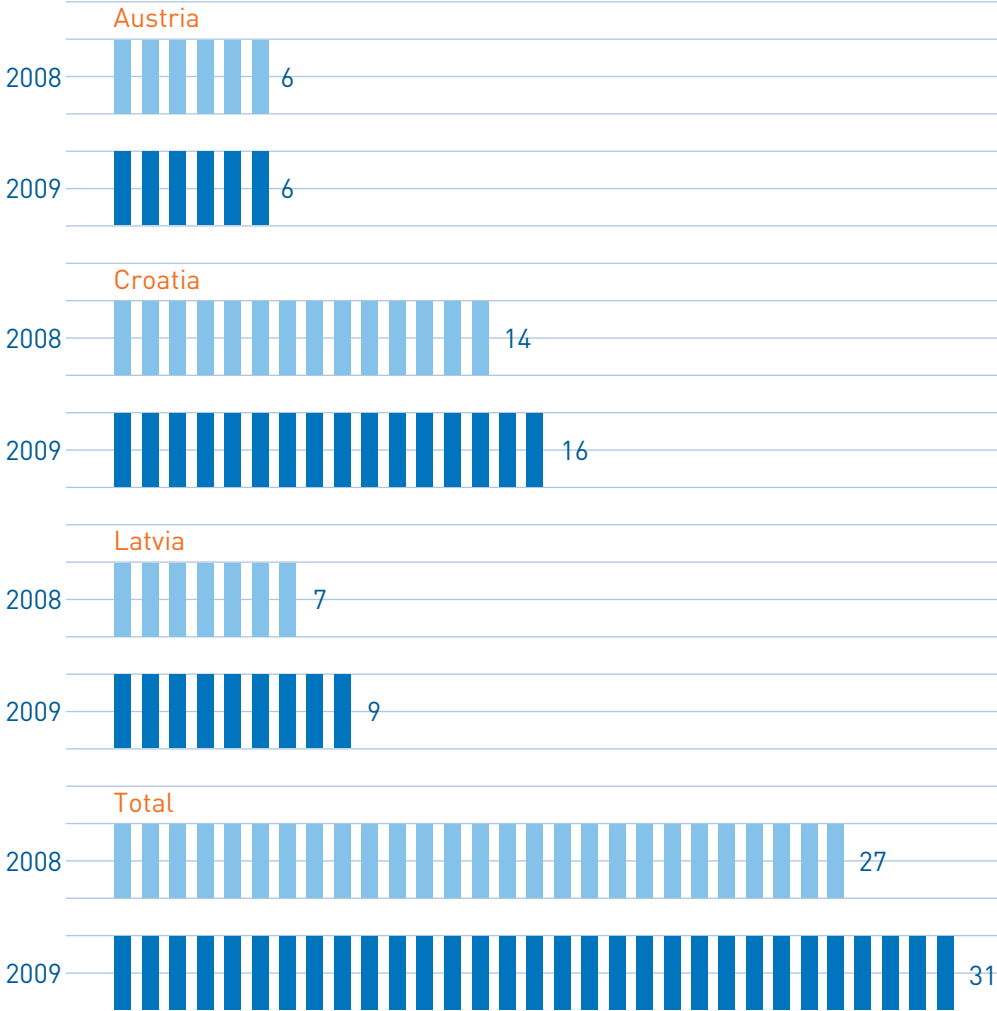
Overall, the Hauska & Partner Group has recorded similar growth, and although revenues generated in 2009 were slightly lower in comparison to 2008, they still exceeded the 2005-2009 average.

The reduction of revenues, however, compelled each office to consider cost cuts. To retain all our skilled and top-performing employees, apart from cutting operating costs, the Group also decided to freeze salaries and reduce some employee benefits.

The Group employees

There were 31 employees in the Group team in 2009 in three countries, unlike 2008 when the Group consisted of 42 employees in five countries.

Number of employees



Out of 31 members of the Group, 23 employees were female and 8 male. With 74 percent women in our team, we continue to be a predominately women’s company.

Most of our team is aged between 30 and 39, while only 10 percent are older than 50 years of age. As a rule, we do not employ children.

Employee benefits

The Group pays all standard contributions to full-time employees in all local companies. We preserved most benefits provided to our employees.

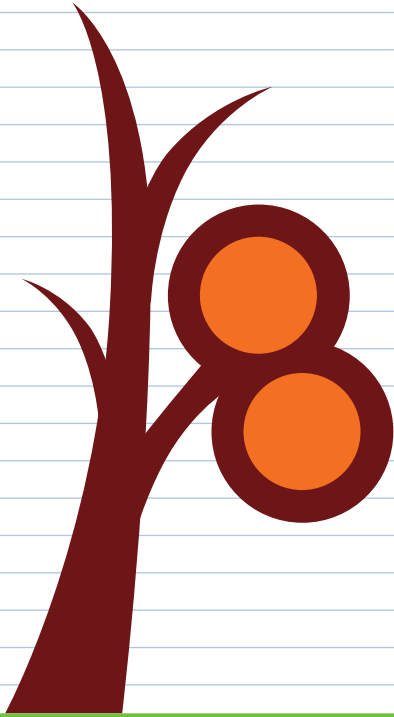
In Latvia health insurance was provided, while our employees in Croatia received annual medical examinations. Additional retirement pension insurance contributions given to our employees in Austria had to be reduced temporarily.

Most employees of the Hauska & Partner Group are provided with cell phones, and up to a certain level they are granted compensation for cell phone costs.

In Croatia, all employees received regular monthly compensation for meals to a specified sum. Employees at the senior consultant level in Latvia received compensation for fuel up to a specified sum and fully paid parking spaces.

Croatia provides one additional day of vacation for every three years of service with the company, while Latvia grants two additional days for three years with the company, three days for five years, five days for seven years, etc.

Hauska & Partner Group offers the possibility of flexible working hours, and senior employees can occasionally work from home.

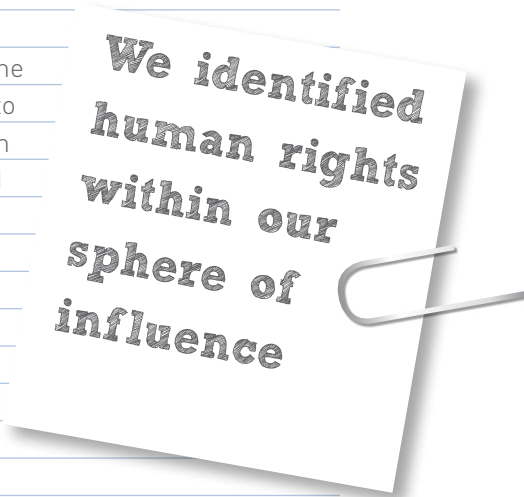


In 2009 we went one step further in advancing the understanding of human rights and their protection in the Group. We assessed what human rights are within the sphere of our influence and relevant to our business operations.

The following human rights have been identified:

- Labour rights
- Freedom of expression and media
- Rights of the child

We presented the results of our assessment at the Academy, the annual plenary conference, in order to more thoroughly familiarize all our employees with the areas in which we are in a position to uphold and safeguard human rights. The presentation was also uploaded on our Intranet to serve as a point of reference for continuous re-evaluation of possible risks pertaining to human rights in our sphere of influence.



A general picture of the Group’s human rights

The Ethics Committee, established in 2007, did not receive any complaints pertaining to human rights violations or concerning any form of discrimination during 2009, as it was the case in 2008.

Our companies within the Group did not undergo any significant operational changes during 2009. The Group does not have any specific guideline for cases like these, but in Latvia employees would be notified one month prior to changes, while in Croatia at the earliest possible date.

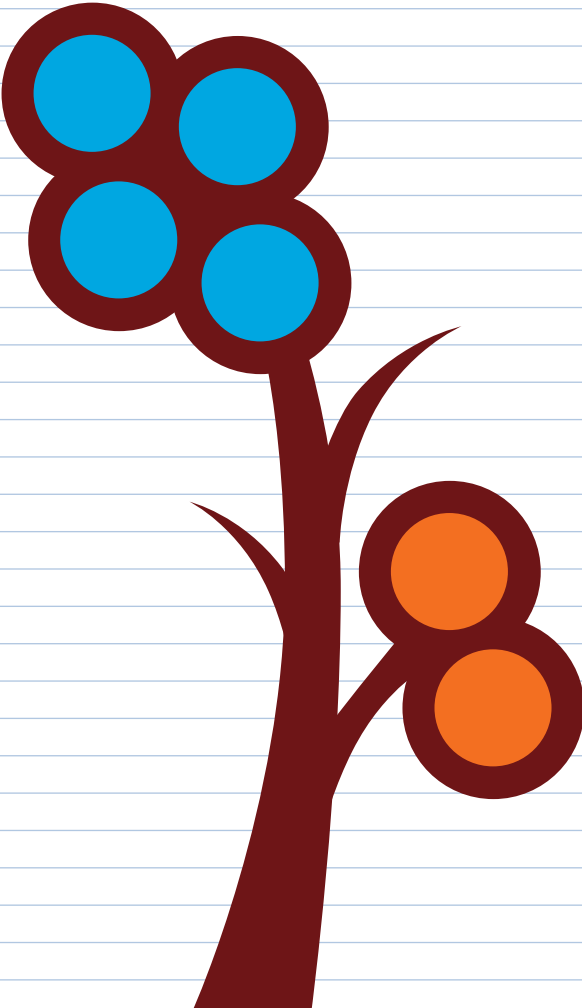
When it comes to salary differences between men and women, the Group has defined salary margins for each employment category. This means that each team member, regardless of her/his gender, is paid based on the quality of work, and the results of 360° evaluation.

Occupational health & safety

No employees were injured or suffered due to any work-related ailments or injuries in 2009. The Group registered 240 working days for employees absent from work due to any manner of incapacity, in comparison to 2008 when 185 working days were recorded, and 2007 when 157 were recorded. The high number of recorded employee absenteeism is mainly linked to pregnancy-related health problems in our company in Croatia.

Our targets in the field of human rights for 2010:

- Update the Code of Conduct in order to explicitly address human rights within our sphere of influence
- Use our internal Wiki to exchange knowledge and case studies on human rights and social media.



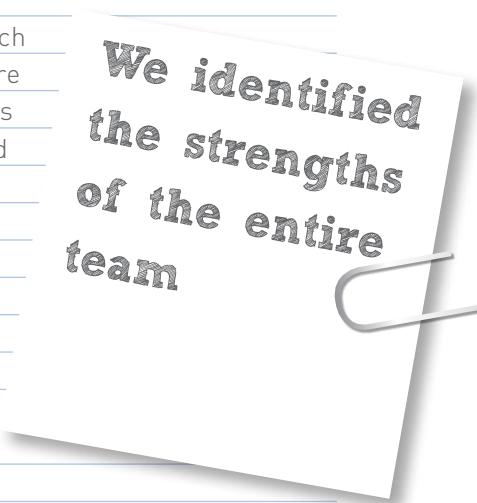
In 2008 our company in Croatia introduced a new approach to personal and professional development based on our value diversity to equally appreciate our similarities and differences.

We used the methodology applied by Gallup’s StrengthsFinder and in the work of Tom Rath and Marcus Buckingham. This resulted in identification of five dominant strengths for each team member. The new approach was well received by all employees and this result was the basis for identifying the strengths of all Group employees.

Thus in 2009 we identified the strengths of each employee in Austria and Latvia. The results were presented during the Academy when all employees were acquainted with positive psychology, expected outcomes, similarities and differences in strengths between the countries.

After the presentation, five teams received assignments to work on different imaginary client related cases. Their assignment was to distribute the tasks and assign the team according to individual strengths.

As an outcome we learned to recognize and value each other’s similarities and differences. We also learned how to work better and more efficiently in teams by acknowledging and encouraging each other’s strengths, rather than trying to overcome the weaknesses of other team-mates.



A general picture of the Group labour practices

As at the end of 2009, the Group's employees did not form any type of association or join a trade union or engage in collective bargaining. However, the Group upholds the freedom of association and the effective right to bargain collectively. In Croatia, in line with SA8000 principles, we established the Employee Council, which meets periodically to discuss and make proposals related to expected changes in working conditions.

In general, Hauska & Partner Group:

- Fosters direct communication between management and employees based on an "open door" policy
- Facilitates continual participation in decision making and strategy shaping through different engagement methods such as World Café, Workplace Assessment Surveys, Personal Development Plans (PDP) and occasional strategic meetings with senior staff or all employees.

In 2009, the main topic of the World Café that was organized during the Academy was how to master the crisis with four discussion topics in focus. All employees participated in this conversation.

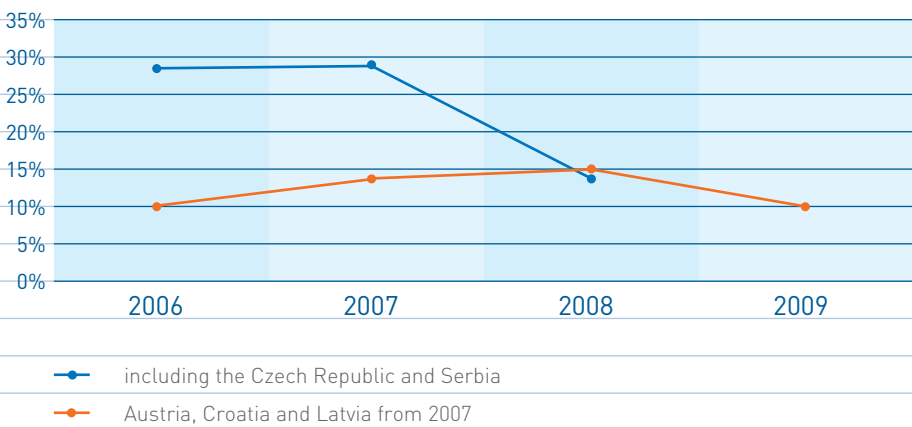
- What are the most appropriate and urgent business strategies in the Group's companies?
- What are our clients' needs in times of crisis and how do we exceed their expectations?
- Which societal issues are within the sphere of our influence and competence?
- Who are the stakeholders with whom we should team up in order to generate new innovative solutions?

Relatively small employee turnover rate

The Group recorded a relatively small employee turnover rate in its companies in Austria, Croatia and Latvia. From January 1 to December 31, 2009, 3 employees left our companies, all three female, 2 in Croatia and 1 in Latvia. All of them were aged between 30 and 39 and they left due to a desire for new professional challenges.

Overall employee turnover in 2009 was 10 percent. If we compare this ratio with the previous reporting period, when we also reported the data for our companies in the Czech Republic and Serbia, we can see that employee turnover in the Group has declined for the second consecutive year.

Rate of employee turnover



In addition to the GRI indicator for employee turnover rate, we used an additional indicator for measuring our success in retaining talented employees.

As in the previous reporting period, the Group maintained the highest retention of employees at the senior level and among management board

LABOUR SECTION

members. At the end of 2009 we had 14 employees and management board members who have been employed in the Group for more than five years. At the senior level we maintained the highest retention, in which we had four employees who have been employed for over seven years.

Education

The Group provided an average of 49 hours of training per employee in all employment categories. The average training hours per each employee category by years were distributed as follows:

Hauska & Partner Group

	2007	2008	2009
Management Board	141	71	59
Office	74	24	18
Senior Consultants	67	31	130
Consultants	61	41	20
Junior Consultants	67	45	30
Assistants	43	19	16
Total average	78	39	49

In the field of PR, we invested in the advanced professional education of two senior consultants in Croatia. They successfully completed the specialized Chartered Institute of Public Relations (CIPR) program for professionals with at least five years of experience in PR and received the Diploma Qualification.

In Latvia and Austria, education covered different fields such as writing skills, team building, time and stress management. All employees in the Group received internal education during the Academy.

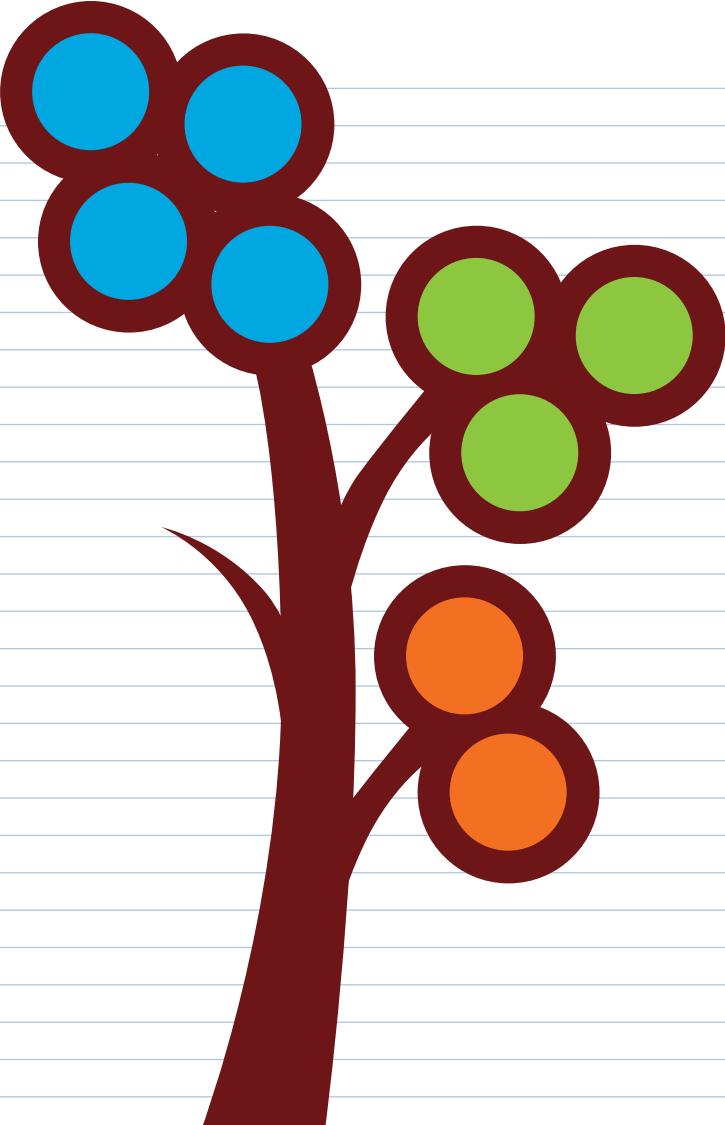
Leading by strength

Performance and career development

We reviewed the performance and career development for 35 percent of our employees in 2009 in comparison to 2008, when 100 percent underwent the review, which is definitely not a result with which we are satisfied.

Our targets for 2010:

- 100% of employees to receive 360° evaluation and PDP plans
- Update and organize the workplace assessment survey
- Develop high-performance programs to secure long-term prospects for top senior consultants
- Introduce a mentoring process



We continued
to fertilize
our Green
Office

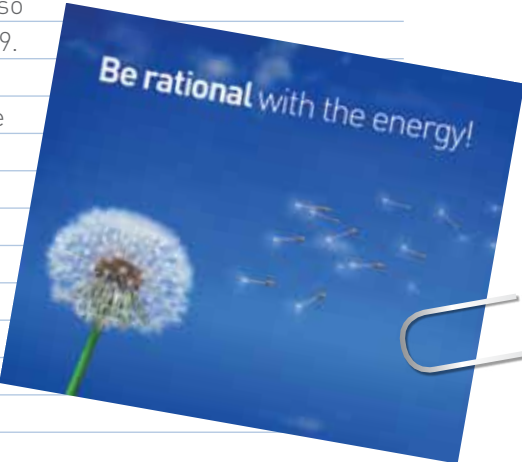
Even though we recognized that the Group has a limited environmental impact, in 2007 we started the Green Office project as an internal platform for making our footprint greener.

Under the Green Office platform we designed new activities in four basic segments for 2009: raising employee awareness in order to change their behaviour and make it “greener”, energy consumption reduction, office material recycling and GRI data collecting and monitoring.

These activities were presented during our Academy, after which we had quite an extensive discussion on their relevance and adequacy. The results of this discussion served as a starting point for development of the final plan of activities to be implemented in 2010.

The “green” practices of our employees also contributed to the greening of our offices in 2009.

In Croatia we placed the rational energy use label in all of our offices - Be rational with the energy! It serves as a reminder that each employee should check energy-using appliances (air-conditioning, IT equipment, electricity) before leaving the office. In addition, each day the last person remaining in the office checks if all energy-using appliances are properly shut down (turned off).



In Latvia, during the summer period, employees proposed opening windows instead of using air-conditioning. This initiative led to 20 percent electricity savings from May to September.

A general picture of the Group’s environmental protection

In 2007, the Group started to monitor the weight of the waste we produced by type and disposal method, primarily paper and toners. In 2009, the Group’s companies collected and recycled 2,090 kg of paper. Over three years, we reduced the amount of paper collected for recycling by almost 50 percent.

Hauska & Partner Group

	2007	2008	2009
Paper (kg)	4,145	3,220	2,090
Toner (kg)	21	25	30
Total	4,166	3,246	2,120

We also began to monitor additional G3 indicators from the environmental standpoint in order to examine whether we can use them as a basis to introduce greater energy efficiency. We plan to make the final decision in 2010.

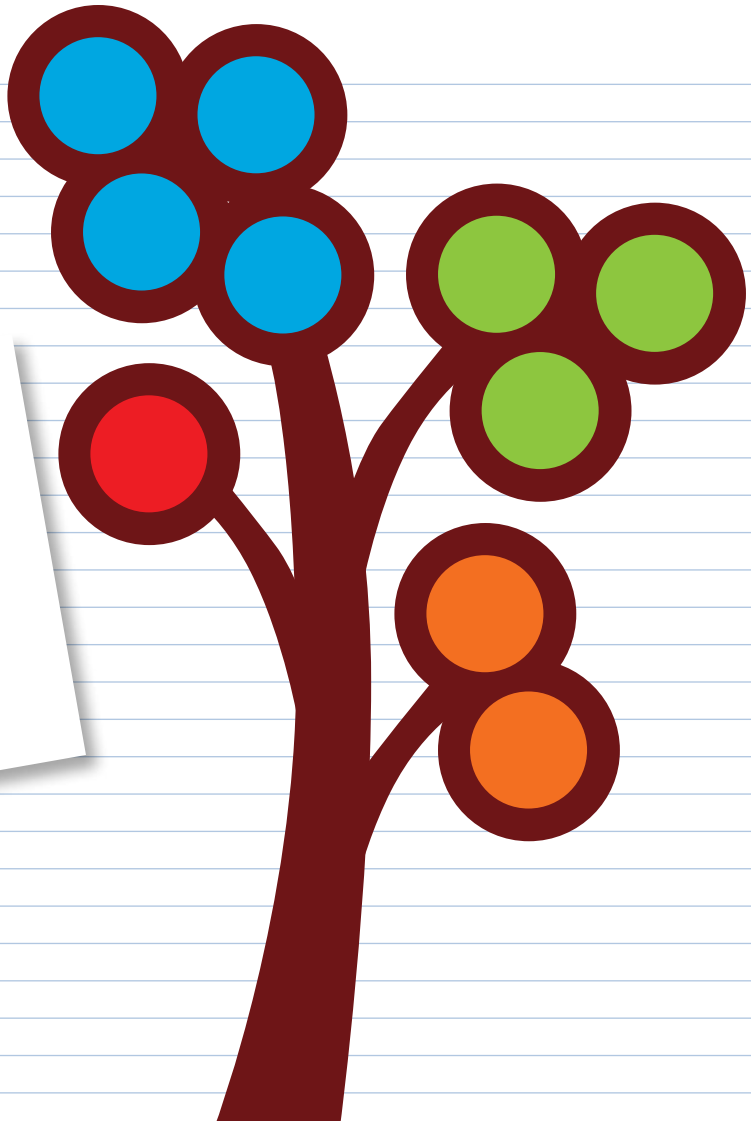
In 2009, we initiated the practice of holding Management Board meetings through video conferencing. This new practice considerably reduced travel and accommodation costs, which vary from one country to another, depending on where the Board meeting is taking place.

Additionally, our company in Latvia organized all meetings with clients that are headquartered abroad through teleconferencing and thereby achieved significant cost savings with reference to a minimum of 40 flights and accommodations.

Targets to be achieved during 2010:

- Further improve the data collection system based on selected G3 indicators and introduce the quarterly check-ups
- Feed the Green News on the Intranet

We do not make contributions to political parties and politicians



Hauska & Partner Group does not make contributions to political parties and politicians, neither financially nor in kind. Our company in Croatia provided its professional consulting services to one of the presidential candidates on a strictly commercial basis.

The Group analyzed corruption-related risks the last time in 2008. The principal results were discussed among the members of the Management Board and senior managers. The results and discussion indicated the need to incorporate an anti-bribery/corruption statement in our Code of Conduct. Nevertheless, these changes were postponed for 2010.

Our company in Latvia positioned itself and participated in the development of amendments on the Public Procurement Act. The Hauska & Partner position was that the bar proposed for non-regulated procurements was too high for PR services on the Latvian market. This position was presented through public discussions and meetings in which the Latvian PR Association and the Confederation of Employers also participated. The bar was lowered from LVL 91,000 to 20,000 as originally proposed by Hauska & Partner.

Our targets for 2010:

- Analyze our companies for corruption-related risks
- Formulate an anti-bribery/corruption policy
- Review Basic Reporting Principles on Corruption and find the most appropriate method for reporting on principles in our next report.

OVERVIEW OF RELEVANT GRI PERFORMANCE INDICATORS

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HAUSKA & PARTNER GROUP IN 2009

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* Despite of the fact that LA5 is a relevant GRI indicator for reporting on the Labour Principle 1, we decided to report on it under the Human Rights section.

OVERVIEW OF RELEVANT GRI PERFORMANCE INDICATORS

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CORRUPTION SECTION

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The colour of the markings for different GRI performance indicators which we used in the preparation of this report adhere to the same principle we used in our last Sustainability Report, when we assigned different colours to performance indicators for the economic, environmental and social dimensions surrounding labour practices, human rights, society and product responsibility.

Hauska & Partner Group reporting practice

The Hauska & Partner Group is a communication consultancy which specializes in strategic communication consulting and stakeholder relations. The consultancy prepared its Communication on Progress for the 2009 reporting period. The last Sustainability Report was prepared for the 2007/2008 reporting period.

Overall, the Hauska & Partner Group reports on a biennial basis in the form of sustainability reporting, disclosing data on a select number of G3 indicators in all three dimensions required by GRI and UN Global Compact principles.

Since the COP policy requires annual communication of the progress made in implementing the Global Compact’s principles, in order to comply with this policy the Hauska & Partner Group also reports on an annual basis.

This report therefore covers the ten Global Compact principles and the relevant fourteen G3 performance indicators in their economic, social and environmental dimensions.

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We would appreciate your views on our report and our performance. Please contact:
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We used a tree with leaves to symbolize the progress we achieved with regard to the Global Compact principles

