

# United Nations Global Compact Communication on Progress 2011

## Statement of the CEO

**"Living responsibly is an essential part of our cooperative identity."**


Österreichische Volksbanken-AG, central institution for the Volksbank sector, is distinguished by its cooperative identity and by the sustainable implementation of its core values. All our activities are centred around our customers, partners and employees. We always strive to act in a way that is responsible, sustainable, entrepreneurial, rapid and flexible. Thus, the commitment of Österreichische Volksbanken-AG to the principles of Global Compact is strong.

Corporate responsibility is an important instrument offering the company long-term guidance even in difficult economic times. Today, a stronger orientation to principles of sustainability is seen as a way out of the current crisis and as a precaution against any future recurrence. Whether in lending, international project finance or in investment – there are numerous levers to promote sustainable development actively.

Actions in the ten principles of the Global Compact also have positive effects on Österreichische Volksbanken-AG in return. For instance, the current development of the global economy has made it plain that sustainable investments have been less affected by the crisis. Measures in efficient use of energy and resources reduce operating costs. In addition to that, initiatives for employees concerning training programmes or health and safety measures strengthen the team.



Gerald Wenzel  
Chairman of the Managing Board  
(until April 2012)



Michael Mendel  
Deputy Chairman of the Managing Board



Martin Fuchsbauer  
Member of the Managing Board



Wolfgang Pardich  
Member of the Managing Board

## United Nations Global Compact



THE GLOBAL  
COMPACT

Österreichische Volksbanken-AG is participant of the United Nations Global Compact since 2010/03/25.

GC Principles	Actions
<b>Overarching Initiatives</b>	
<p>Principles 1 to 10: Österreichische Volksbanken-AG that concern all principles of UN-GC</p>	<p>Socially Responsible Investments (SRI) are an important means for banks to foster sustainable development. SRI invest in companies and countries that respect human and labour rights, protect the environment and are active in anti-corruption. Financial Markets at Österreichische Volksbanken-AG recognised this. The Financial Markets segment of Österreichische Volksbanken-AG offers a broad range of sustainable products. The volume of the money invested sustainably has continued to rise in the past few years, as has its proportion in the total volume of all funds and certificates.</p> <p>In 2011, sustainable investment products – several funds and a certificate – were certified with the Austrian Eco-Label and with the Transparency Code. Investors thus benefit from solid investments that conform to a demanding value and quality standard. Three funds with certification marks are currently available: Volksbank-Mündel-Rent, Volksbank-Mündel-Flex and VB-Ethik-Invest. All three funds were examined externally and were awarded with both the Eurosif transparency logo and the Austrian Eco-Label. Furthermore, the Fix Plus Garant 4/2011 certificate (and subsequent tranches) was the first certificate to be awarded the Austrian Eco-Label.</p>
<b>Human Rights</b>	
<p>Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights;</p>	<p>Apart from Socially Responsible Investment (SRI – see above) Österreichische Volksbanken-AG is member of the "Charta der Vielfalt" (Charta of Diversity) – an Austrian business initiative to foster equal chances in workplace situations.</p>
<p>Principle 2: and make sure that they are not complicit in human rights abuses.</p>	
<b>Labour</b>	
<p>Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;</p>	<p>The focus in Human Resources was on the redundancy programme agreed with the employee representatives, which was negotiated in connection with the necessary restructuring and redimensioning measures. A focus on the further development of the change expertise of managers was adopted at the start of 2011.</p>
<p>Principle 4: the elimination of all forms of forced and compulsory labour;</p>	
<p>Principle 5: the effective abolition of child labour;</p>	<p>Österreichische Volksbanken-AG has been engaged in business mediation for several years. The shared search for permanent and sustainable solutions conforms to the idea of sustainability and cooperative values of personal responsibility and participation. Especially in times of upheaval, it comes down to an appreciative "how" in communication at all levels –</p>
<p>Principle 6: and the elimination of discrimination in respect of employment and occupation.</p>	

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internally just as much as with stakeholders. At the end of 2011 the first "Mediation and management skills in banks" course of Österreichische Volksbanken-AG was completed successfully. Twelve managers completed this intensive training.

Health, Safety and lifelong learning are basic rights. In 2011, preparations for the opening of the in-house Vitareal health centre, which will open in the first half of 2012, were continued. Alongside the Volksbank Akademie, the central training provider, the majority of bookings in 2011 were again concentrated on the free internal training initiative WIN (Wissen Intern Nutzen – Using Knowledge Internally) as well as on services at external training providers and on specific in-house training courses.

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### **Environment**

Principle 7: Businesses should support a precautionary approach to environmental challenges;	In 2011, VB Leasing Finanzierungsges.m.b.H. took measures to reduce the CO2 emissions of cars financed by leasing. Cooperation projects with car manufacturers as financing partners in the marketing area have proved successful for VB Leasing and were expanded strategically. Moreover, VB Leasing offers IT customers the opportunity to recycle its obsolete hardware.
Principle 8: undertake initiatives to promote greater environmental responsibility;	
Principle 9: and encourage the development and diffusion of environmentally friendly technologies.	In terms of environmental protection in our offices, as of the end of 2011 almost all heated office space is supplied by district heating. Wien Energie Vertrieb GmbH & Co KG provided Österreichische Volksbanken-AG with a hydropower certificate for 2012 and 2013 that guarantees that only electricity generated from hydropower will be supplied. Double-sided printing was made the default setting for all printer pools at the Group headquarters and, at the same time, paper procurement for the floor printers was switched to 100% recycled paper with the EU eco label.

### **Anti-corruption**

Principle 10: Businesses should work against all forms of corruption, including extortion and bribery.	Österreichische Volksbanken-AG is subject to the provisions of the Austrian Regulation on Compliance for Issuers. On this basis, an internal Compliance Code was issued and a compliance department headed by a Compliance Officer was established some years ago. The Compliance Office reports directly to the Managing Board of Österreichische Volksbanken-AG. The Compliance Office defines and monitors the necessary processes and procedures for compliance with external and internal regulations in the areas of security compliance, management of conflicts of interest and the duties of care relating to the prevention of money laundering, financing terrorism and fraud.  In 2011, Österreichische Volksbanken-AG further expanded its internal range of instruments for preventing and combating money laundering. The "Manual for the Prevention of Money Laundering, Financing Terrorism and Fraud" was created with the aim of not only providing a set of regulations, but also improving employee understanding of the topic by offering a wide range of practical examples. The technical infrastructure was also adjusted to reflect the continuously evolving monitoring requirements.
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## Measurement of Progress

### Socially Responsible Investment

At the end of the 2011, the proportion of sustainable certificates was almost 20% and sustainable funds made up approximately 14% of the total volume. Overall, the proportion of sustainable products amounted to approximately 17% of the total volume.

#### Volume of sustainable fund products\* at 31 December

Unit	2009	2010	2011
Euro	269,150,200	255,273,810	275,728,450

\* Sustainable fund products are defined as all funds with the Austrian eco-label and Eurosif transparency logo.

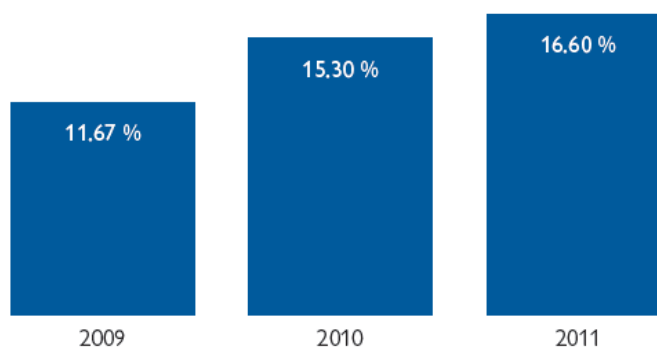
#### Volume of sustainable certificates at 31 December

Unit	2009	2010	2011
Euro	288,197,000	426,350,000	417,566,000

#### Share of sustainable certificates in the overall certificate volume in % at 31 December

Unit	2009	2010	2011
Euro	269,150,200	255,273,810	275,728,450

#### Share of sustainable certificates in the overall certificate volume in % at 31 December

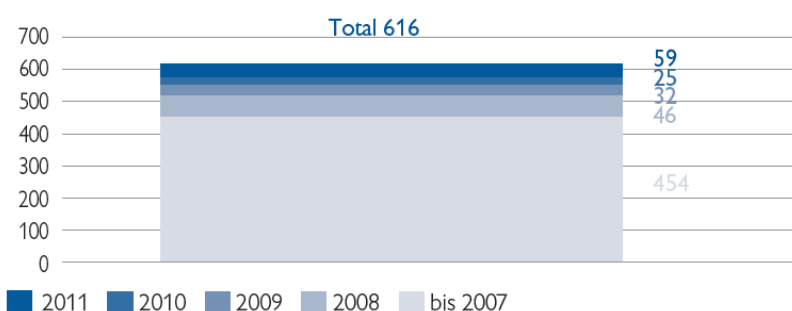


### Renewable Energy in the Corporate segment

At the end of 2011, considerably more than 80% of all project financing is allocated to the renewable energy segment. A wide range of projects involving the energy of the future are primarily financed here: wind power plants, small hydropower plants, photovoltaic plants, biomass power plants and biogas systems. In total, the projects amount to a volume of approximately euro 500 million. The objective of the CR programme for 2011 – to provide financing of around euro 100 million for wind and photovoltaic power plants – was thus achieved. In total, the portfolio of plants and systems for renewable energy currently held by Volksbank AG – investkredit equates to installed electrical output of 616 megawatts. 59 megawatts were added in 2011 – 28 of which came from newly installed photovoltaic plants.

## Installed electrical output of renewable energy

From projects financed by Volksbank AG – Investkredit in megawatts



## Financing with a social focus

Customers of Volksbank AG – Investkredit include 21 schools in 11 countries (the German Schools in Toronto and London were newly acquired). The current lending volume is approximately euro 75 million.

## Employment development

The Group systematically pressed ahead with its restructuring and redimensioning in 2011. The number of employees within the Group (incl. disposal groups) was reduced to 6,196 as of year-end 2011. Of this figure 1,325 were in Austria and 4,871 abroad.

Employees in full-time equivalents at year-end (figures incl. disposal groups)

	2008	2009	2010	2011
Employees (total)	8,255	7,740	7,531	6,196
Austria	1,502	1,433	1,416	1,325
Outside Austria	6,753	6,307	6,115	4,871

### Staff turnover

Staff turnover increased from 12.3% to 16.3% on account of the human resources measures implemented.

In %, rounded	2008	2009	2010	2011
Staff turnover (alle persons leaving incl. retirees)	15.0	12.4	12.3	16.3

### Age of employees/length of service

The conservative recruitment policy led to an increase in the average age and length of service of the Group's employees.

	2008	2009	2010	2011
Average age in years	36.4	37.0	38.6	39.3
Average length of service in years	7.1	7.1	8.2	8.7

### Composition by gender

The composition of the workforce by gender shifted slightly on account of the Group refraining from making new appointments to replace employees on parental leave.

In %, rounded	2008	2009	2010	2011
Proportion of female employees	46.9	48.1	53.7	51.6

## Employee representation

In Austria, the interests of 87.9% of all employees are currently represented by elected works councils (2010: 88.4%).

## Training

In the Österreichische Volksbanken-AG Group, around 2.7 training days per employee were used on average in Austria. The figure was 4.2 days for management and 2.4 days for non-management staff.

	2008	2009	2010	2011
Training days per employee (total)	5.8	5.9	3.4	2.7
Training days per management employee	n.a.	n.a.	3.9	4.2
Training days per non-management employee	n.a.	n.a.	3.3	2.4

## Energy Consumption

Energy consumption	Unit	2009	2010	2011
Consumption of natural gas	kWh	2,855,240	1,889,950	446,560
Consumption of district heating	kWh	812,370	1,920,960	3,719,780
Total heating requirements	kWh	3,667,610	3,810,910	4,166,340
Heating requirements per square metre	kWh pro m <sup>2</sup>	121.71	n.a.*	59.20

\* Heating requirements per square metre were not presented for 2010 as a result of the relocations during the year.

Energy consumption	Unit	2009	2010	2011
Electricity generation from company's own photovoltaic system	kWh	0	536	27,697
Electricity consumption	kWh	3,305,031	4,903,711	6,077,866
Electricity consumption per square metre	kWh	95.83	n.a.*	127.00

\* Electricity consumption per square metre was not presented for 2010 as a result of the relocations during the year.

## Waste

	Unit	2010	2011
Residual waste	kg	140,626	219,946
Waste paper (data waste) and cardboard	kg	280,026	173,438
Other waste excluding paper/cardboard	kg	204,327	111,638
Harmful or special waste	kg	1,310	870
<b>Total waste</b>	<b>kg</b>	<b>626,289</b>	<b>505,892</b>
Waste costs	EUR	105,530	98,019

## Consumption of printing and copying paper

	Unit	2009	2010	2011
Printing and copying paper	Blatt	12,748,635	11,749,057	12,229,756
Printing and copying paper	kg	63,743	58,745	61,149
Printing and copying paper per employee (FTEs)	Blatt	7,237	8,607	9,879
Printing and copying paper per employee (FTEs)	kg	40	43	49

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