

UNITED NATIONS GLOBAL COMPACT

COMMUNICATION ON PROGRESS 2012

1 CEO STATEMENT

Austrian Federal Forests plc. (Österreichische Bundesforste AG, hereafter abbreviated as ÖBf) joined the UN Initiative in 2011. Accordingly, I would now like to formally state our commitment to the principles of the Global Compact and also briefly explain our motivation.

We are not a multinational corporation, but a big player at the national level. The management of one of every ten square metres in our country makes us the largest caretaker of nature as well as one of the leading forestry companies in this sylvan country Austria. Our added value is generated, above all, by activities in Austria, but our supply chain ranges far beyond the borders of this country and Europe. Austria generally has high legal standards and a strong collective awareness of social and environmental issues, but there is still room for improvement and further development in specific areas.

Two factors were decisive for our decision to join the Global Compact. The first is our conviction that, as a public sector company under the sole ownership of the Republic of Austria, we must serve as a role model. The second is the unique social and ecological responsibility we carry as a company with a longstanding focus on sustainability, whose "think global, act local" approach has a special meaning for solving environmental and, above all, climate change problems.

As a financially successful company, we have made regular positive contributions to the federal budget in the form of dividends and usufructuary fees ever since our founding. We are committed to meeting our responsibility to society, in general, and to our stakeholders, in particular, just the same as meeting our responsibility to the environment. Our financial and sustainability reporting has been integrated since 2002 and, since 2005, we have provided information on our activities not only to a comparatively small stakeholder group but also to the general public.

The benchmark for evaluating our progress in the economic, social and ecological areas is formed by a sustainability balanced scorecard that covers 15 core indicators defined by ÖBf. The external proof for the sustainability of our forestry management is demonstrated through our certification by the Programme for the Endorsement of Forest Certification Schemes (PEFC).

The interaction with our stakeholders is based on lived values that include fairness, openness, reliability, professionalism and a long-term orientation. We view ecological and social demands as equally important as economic demands and work to achieve a balance of interests and the resolution of conflicts at both the strategic and operating level. Since we consider our employees to be the foundation of our success, we challenge support them.

Compliance with international human rights standards provides the backdrop for protecting the rights of our employees. We do everything possible in our sphere of influence to support compliance with these rights and to ensure that we are not involved in any breach of human rights. By continuously working on our management culture, we create the best possible climate for legal compliance and good corporate governance.

Our decision to join the Global Compact was announced to all our stakeholders – from the Supervisory Board to the general public – in 2012. This important step, together with its publication on our website, represents an external sign of our commitment to the principles of the Global Compact in our day-to-day operations.



Georg Erlacher

Speaker of the Management Board

Purkersdorf, October 2012

2 DESCRIPTION OF PRACTICAL ACTIONS

2.1 Ensuring legal compliance

In view of the requirements of the Global Compact and the possible introduction of a certifiable environmental management system, a documentation process was developed in spring 2012 to ensure compliance with all legal regulations by ÖBf AG. The legal team that reports to ÖBf management uses a variety of sources to remain up to date on new laws and directives as well as related amendments, including the newsletter published by the Austrian Federal Chancellery, newsletters published by the provincial government offices, legal codes and official websites. The ÖBf staff is informed by email when the legal team considers amendments to laws and directives to be relevant for their work. Legal changes are also communicated as part of internal training programmes, with a special focus placed on liability issues, and in a contract manual that provides sample texts and explanations for all major legal matters and business transactions.

2.2 Implementation measures in the Issue Area Human Rights (Principles 1 and 2)

The preservation and continuous support for the fulfilment of personal rights, civil rights and liberties, social human rights (*for additional information see section 2.3*) and the principles of law within its sphere of influence is a matter of course for ÖBf. Ethical values form the foundation of the corporate culture and, in this way, determine the actions of ÖBf employees. As the company's previous development has shown, these values ensure that human rights are never violated - neither on an individual nor on a collective basis. ÖBf does not have specific corporate guidelines or procedural instructions that explicitly deal with human rights because these types of documents are not relevant for its business activities.

The audit of key suppliers and contractors from a human rights standpoint, for example in line with sustainability reporting under GRI criteria, is not planned at the present time. In the contracts concluded with these persons and firms, above all service contracts for timber harvesting, ÖBf clearly requires compliance with all social, insurance and tax regulations as well as safety directives and standards.

An integral element of ÖBf's self-conception is to also deal with its National Socialist past. In 2010 the well-known Austrian contemporary historian Professor Oliver Rathkolb presented the results of an extensive study, which he prepared together with other researchers over a period of several years on behalf of ÖBf. This study was published as a book under the title "Die "Reichsforste" in Österreich 1938 – 1945: Arisierung, Restitution, Zwangsarbeit und Entnazifizierung" and represented the high point of the company's open and active examination of its history.

2.3 Implementation measures in the Issue Area Labour (Principles 3 to 6)

As an indication of the high legislative standards that prevail in Austria and form the framework for ÖBf's business activities, reference is made to the OECD Employment Outlook 2012. This study confirms our country's leading position in coverage under collective agreements: 96% of employees are covered by such agreements, which guarantee minimum standards and legal security for employment relationships.

ÖBf is a collective agreement partner and negotiates each year with the representatives of two unions, one for wage employees and one for salaried employees, over issues involving wage and salary increases and other related regulations. This process supports the continuous improvement of working conditions in agreement between the employer and employees. Additional regulations and benefits, e.g. over working time models and opportunities for reduced-cost holidays in an ÖBf property, are defined in agreements concluded between the company's management and the works council. ÖBf are well known throughout the forestry branch for fair compensation and have taken on a leading role in this area, not least with the introduction of fixed monthly remuneration for wage employees in 2004. The participation of employees in the success of the company, company pensions and measures to promote good health, high flexibility in the design of working times and a low accident rate round out the picture of a responsible employer.

Measures to eliminate discrimination are concentrated primarily on equal opportunity for men and women as well as the integration of persons with special needs into the workforce. The latter has a potential for improvement because no additional efforts have been made to date, above and beyond legal requirements, to increase the number of disabled employees working in ÖBf. In the area of equal opportunity, the company has worked successfully for many years.

One impulse was provided by the new Austrian equal opportunity act. It required companies with more than 1,000 employees to produce a report by 31 July 2011 on the income structure of male and female employees during 2010 and also calls for an update to this report every two years. The new regulation is designed to increase transparency over incomes and to reduce unjustified differences in income between men and women, in line with data protection regulations.

The main results of the ÖBf income survey were published in the Intranet in August 2011 and are as follows:

- The company's collective agreements include very modern, basically job-oriented wage and salary regulations. This provides a sound foundation for the equal treatment of all employees. In contrast to the compensation structure defined in the branch collective agreements, most of the current wages and salaries reflect collective agreement levels.
- Women are still underrepresented in higher and, above all, upper level management functions. At the present time, none of the company's key managers is a woman.

- As is typical for the branch, the percentage of women is higher in the lower income functional groups.
- The total income of female employees is lower than their male counterparts in practically all functional groups. This is due, among others, to the fact that the share of women, especially in mid-level management, has only started to increase in recent years. Accordingly, the salaries of the women in these functional groups generally represent starting salaries. This effect is reinforced by the age structure, the aftereffects of earlier compensation systems with their strong focus on seniority and transition regulations defined by collective agreements. The income differences among the wage workforce are related primarily to wage components from earlier collective agreements and overtime compensation.

2.4 Implementation measures in the Issue Area Environment (Principles 7 to 9)

The analysis in this section excludes the positive environmental effects arising from the company's business operations, above all:

- *the provision of the renewable resource wood, which can be used both as a material and for energy generation and, in this way, makes a contribution to reducing the consequences of climate change,*
- *the positive influence of healthy forests on the quality of the soil, water and air,*
- *the positive effects of sustainable, nature-oriented forestry management and conservative wood harvesting on the soil and biodiversity as well as*
- *investments in small hydroelectric, wind energy and photovoltaic projects that lead to the substitution of fossil energy sources and help to reduce CO₂ emissions.*

The following section deals with environmental protection activities in the narrower sense of the term, which serve to prevent and reduce environmental problems and to increase environmental awareness among the company's employees and various stakeholder groups.

In this context it is important to note that the subject of environmental protection at ÖBf represents an integral part of sustainability. Numerous on-going activities, such as the project "sustainable procurement", also expressly follow environmental protection goals.

Activities within ÖBf are concentrated on the identification, prevention and reduction of CO₂ emissions that result from wood harvesting and transport, the mobility of employees and energy requirements in company buildings. Since 2009 ÖBf has collected data on its CO₂ emissions in accordance with international standards and compared this data with the carbon sink resulting from sustainable forestry management. The resulting ÖBf climate protection assessment formed the basis for preparation of a climate protection strategy: its goals will be met through 18 measures to reduce emissions and four measures to increase the sink effect of the forests by 2020. Quantity development, strategy and related measures will be communicated throughout the company in spring 2013.

The annual clean-up campaigns at the shores and shallow water areas of many of the lakes managed by ÖBf are intended not only to remove refuse. The media coverage and cooperation with diving clubs and volunteer organisations create a widespread awareness for environmental issues.

Two examples of individual activities in 2011/12 are the restoration of a contaminated site and the generation of eco-electricity. In preparation for the sale of a property, ÖBf arranged for the removal of soil that had been contaminated by earlier activities. In addition, photovoltaic equipment was installed on the roof of the forestry operation building at Oberinntal in Hall/Tyrol, which generates electricity for the power grid.

2.5 Implementation measures in the Issue Area Anti-Corruption (Principle 10)

ÖBf is closely positioned to politics and politically influential institutions because of its ownership structure and the nature of its business. Consequently, a special focus is placed on the prevention of corruption in everyday business activities. Neither active nor passive bribery is tolerated. Monitoring takes place as part of the Internal Control System (ICS) that has been implemented in all organisational units.

The amendment to anti-corruption law ("*Korruptionsstrafrechtsänderungsgesetz*") that was passed in summer 2012 and takes effect at the beginning of 2013 requires company management to reassess possible risks. Information and recommendations have been passed on by the Management Board to all managers. An announcement was also published in the ÖBf Intranet to create an increased awareness among employees.

In order to combat corruption in the media and to strengthen the independence of journalism, a special transparency law ("*Medienkooperations- und -förderungs-Transparenzgesetz*", MedKF-TG) took effect in Austria during July 2012. This law requires the disclosure of subsidies to media owners, expenses for advertising and informational publicity. ÖBf is one of the companies subject to mandatory reporting requirements, and therefore filed a report with the Austrian communications agency KommAustria for the first time on 1 October 2012. The only relevant activity mentioned in this report is the cooperation with a newspaper publisher for production of the company's magazine "Wald". Four issues of this magazine are produced each year, while the "Sustainability Report on the Financial Year" appears as a special issue.

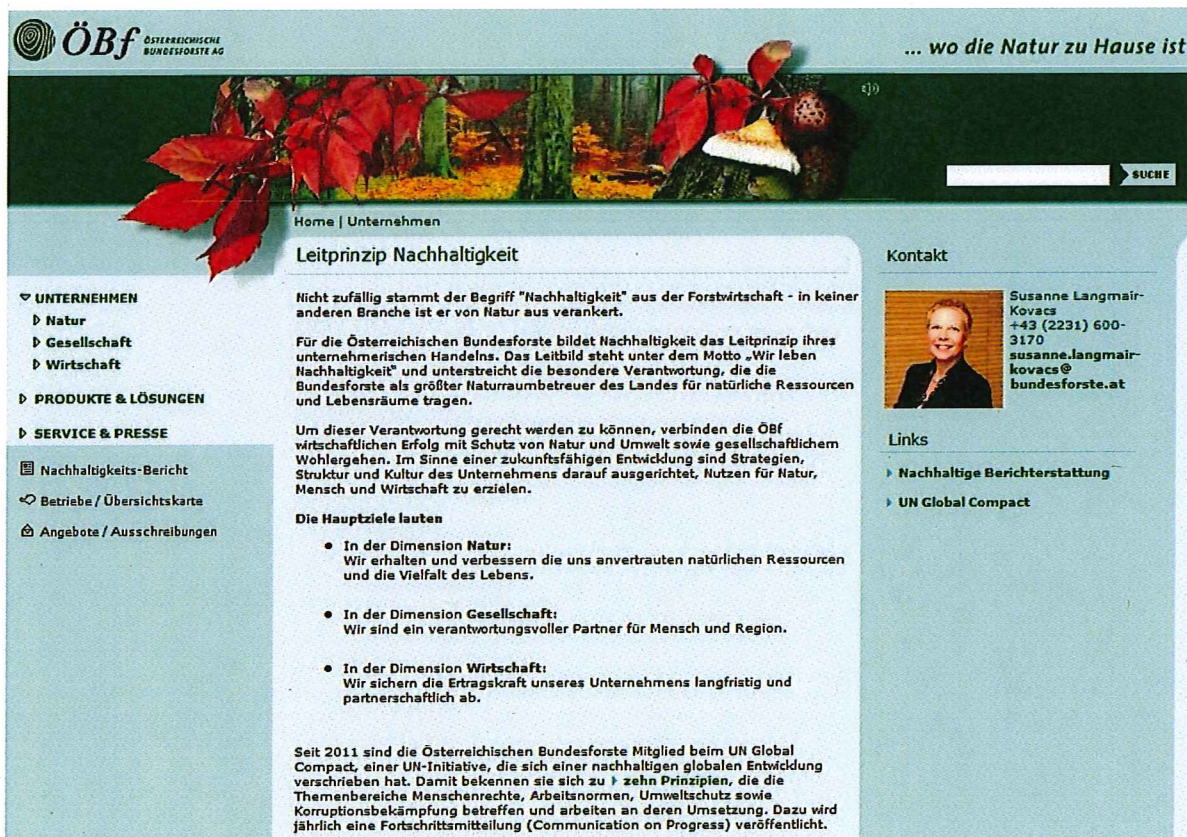
3 MEASUREMENT OF OUTCOMES

The progress made in implementing the principles of the Global Compact is recorded and evaluated within the context of existing structures. These issues are dealt with at the meetings of the sustainability management group, which reports to the Management Board. Management is responsible for dealing with the GC principles and ensuring a high

level of awareness among employees. These managers are supported whenever necessary by the company's specialist staff departments.

With reference to the labour standards discussed under Principles 3 and 6, ÖBf can rely on a measurement instrument that was introduced in 2003 and revised in 2010: the sustainability balanced scorecard (SBSC) mentioned in the CEO Statement. As one of 15 indicators, it includes a value for employee satisfaction. This so-called engagement index is based on a survey of employees that is carried out every two years in line with an international standard.

Since September 2012, ÖBf's membership in the UN-GC has received prominent mention on the ÖBf website- see the following screenshot in the German-language version from 1 October 2012. A link in the text refers to the "Ten Principles", another in the right link bar to the organisation.



ÖBf ÖSTERREICHISCHE BUNDESFORSTE AG

... wo die Natur zu Hause ist

Home | Unternehmen

Leitprinzip Nachhaltigkeit

Nicht zufällig stammt der Begriff "Nachhaltigkeit" aus der Forstwirtschaft - in keiner anderen Branche ist er von Natur aus verankert.

Für die Österreichischen Bundesforste bildet Nachhaltigkeit das Leitprinzip ihres unternehmerischen Handelns. Das Leitbild steht unter dem Motto „Wir leben Nachhaltigkeit“ und unterstreicht die besondere Verantwortung, die die Bundesforste als größter Naturraumbetreuer des Landes für natürliche Ressourcen und Lebensräume tragen.


Um dieser Verantwortung gerecht werden zu können, verbinden die ÖBf wirtschaftlichen Erfolg mit Schutz von Natur und Umwelt sowie gesellschaftlichem Wohlergehen. Im Sinne einer zukunftsfähigen Entwicklung sind Strategien, Struktur und Kultur des Unternehmens darauf ausgerichtet, Nutzen für Natur, Mensch und Wirtschaft zu erzielen.

Die Hauptziele lauten

- In der Dimension **Natur**:
Wir erhalten und verbessern die uns anvertrauten natürlichen Ressourcen und die Vielfalt des Lebens.
- In der Dimension **Gesellschaft**:
Wir sind ein verantwortungsvoller Partner für Mensch und Region.
- In der Dimension **Wirtschaft**:
Wir sichern die Ertragskraft unseres Unternehmens langfristig und partnerschaftlich ab.

Seit 2011 sind die Österreichischen Bundesforste Mitglied beim UN Global Compact, einer UN-Initiative, die sich einer nachhaltigen globalen Entwicklung verschrieben hat. Damit bekennen sie sich zu **zehn Prinzipien**, die die Themenbereiche Menschenrechte, Arbeitsnormen, Umweltschutz sowie Korruptionsbekämpfung betreffen und arbeiten an deren Umsetzung. Dazu wird jährlich eine Fortschrittsmitteilung (Communication on Progress) veröffentlicht.

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Links

- ▶ Nachhaltige Berichterstattung
- ▶ UN Global Compact

UNTERNEHMEN

- ▶ Natur
- ▶ Gesellschaft
- ▶ Wirtschaft

PRODUKTE & LÖSUNGEN

SERVICE & PRESSE

- ☑ Nachhaltigkeits-Bericht
- ↶ Betriebe / Übersichtskarte
- 🏠 Angebote / Ausschreibungen

SUCHE