

SUSTAINABLE DEVELOPMENT REPORT FORESTS OF THE CZECH REPUBLIC, s. e.

2024

LESYČR 



SUSTAINABLE DEVELOPMENT REPORT

FORESTS OF THE CZECH REPUBLIC, state enterprise

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A WORD FROM THE DIRECTOR GENERAL

Dear readers,

We would like to inform you about the implementation of the sustainable development principles in the forests of the Czech Republic in 2024. We present a summary of the most important information from the company's databases dated from 1 January to 31 December, which relate not only to environmental protection, but also to employee care and training, internal and external communication and many other areas.

Our goals are closely linked to the Sustainable Development Goals set by the United Nations. The report is prepared in accordance with the European Sustainability Reporting Standards.

It is clear from the entire document **that we are betting on the future.**

Dalibor Šafařík
Director General of the Forests of the Czech Republic, state enterprise

ABOUT THIS REPORT

Dear supporters of the Czech Forests,

We would like to present our first Sustainability Report for 2024. This report is an opportunity for us to share with you for the first time the activities of the Forests of the Czech Republic state enterprise within the framework of our commitment to sustainable management. Our aim is to inform you how we approach the protection of nature and the environment for future generations, how we care for our employees, how we educate, communicate, what we perceive as important in the area of sustainability and much more.

This report covers the period from 1 January 2024 to 31 December 2024 and contains data collected from various internal and external sources, including operational records and communications with stakeholders on sustainability issues.

The sustainability goals are linked to the Sustainable Development Goals (SDGs) set by the United Nations (UN). The report is prepared in accordance with the European Sustainability Reporting Standards (ESRS). The calculation of the carbon footprint was carried out in compliance with the GHG Protocol international standard, which allows emissions to be not only measured but also compared. In particular, direct emissions of the state enterprise (excluding biogenic CO₂ and LULUCF categories), indirect emissions from energy consumption and other indirect emissions were monitored.

Together with you, last year we planted 60 million seedlings of new forest trees on an area of almost 11,000 hectares. Through our water managers, we continue returning water back to the forests, creating pools and wetlands, revitalizing waterways and restoring natural habitats. Together, we give content and meaning to sustainable development.

Veronika Doubravská,
editor



1. INTRODUCTION

1.1 OUR COMPANY

As the manager of more than 1.2 million hectares of state forest property and 38,000 kilometres of watercourses and estuaries, Lesy České republiky, state enterprise (hereinafter as Forests of the Czech Republic or FCR) emphasise their sustainable management and sustainable development as a company. The main objective of Forests of the Czech Republic is therefore sustainable forest management, which includes the protection of biodiversity, the care of the gene pool of forest trees and the promotion of natural forest regeneration. The company is also actively involved in nature conservation and manages important protected areas, including sites of the European Natura 2000 network.

The Forests of the Czech Republic are committed to continuously increasing the value and scope of their assets, optimising forest tenure and investing in low-risk assets. As part of their strategy for the period 2025–2029, they aim to mitigate the impacts of climate change through the cultivation of mixed, spatially and species-diverse forests and the use of natural regeneration on at least 40 % of the forested area. Systematic monitoring of the state of forest ecosystems and early elimination of calamitous pests is also an important component.

As the manager of 38,000 kilometres of watercourses and estuaries, Forests of the Czech Republic are dedicated to measures aimed at retaining water in the landscape and restoring the natural water regime. New reservoirs and pools have been built as part of the 'Returning Water to the Forest' programme to help retain water and promote biodiversity. The forests of the Czech Republic also actively cooperate with NGOs and support education in forestry and nature conservation.

1.2 THE PURPOSE AND IMPORTANCE OF THE REPORT

The Forests of the Czech Republic Sustainability Report serves as a key tool for transparent communication with the public, partners and other stakeholders. Its main purpose is to inform about progress and results in the field of sustainable forest management, biodiversity protection and adaptation to climate change. The report provides a comprehensive overview of the measures and strategies implemented by the company to ensure long-term ecological, economic and social stability. Emphasis is placed on responsible use of natural resources, promoting natural regeneration of forests and water retention in the landscape. In this way, Forests of the Czech Republic not only fulfil their legal obligations, but also contribute to the achievement of sustainable development goals.

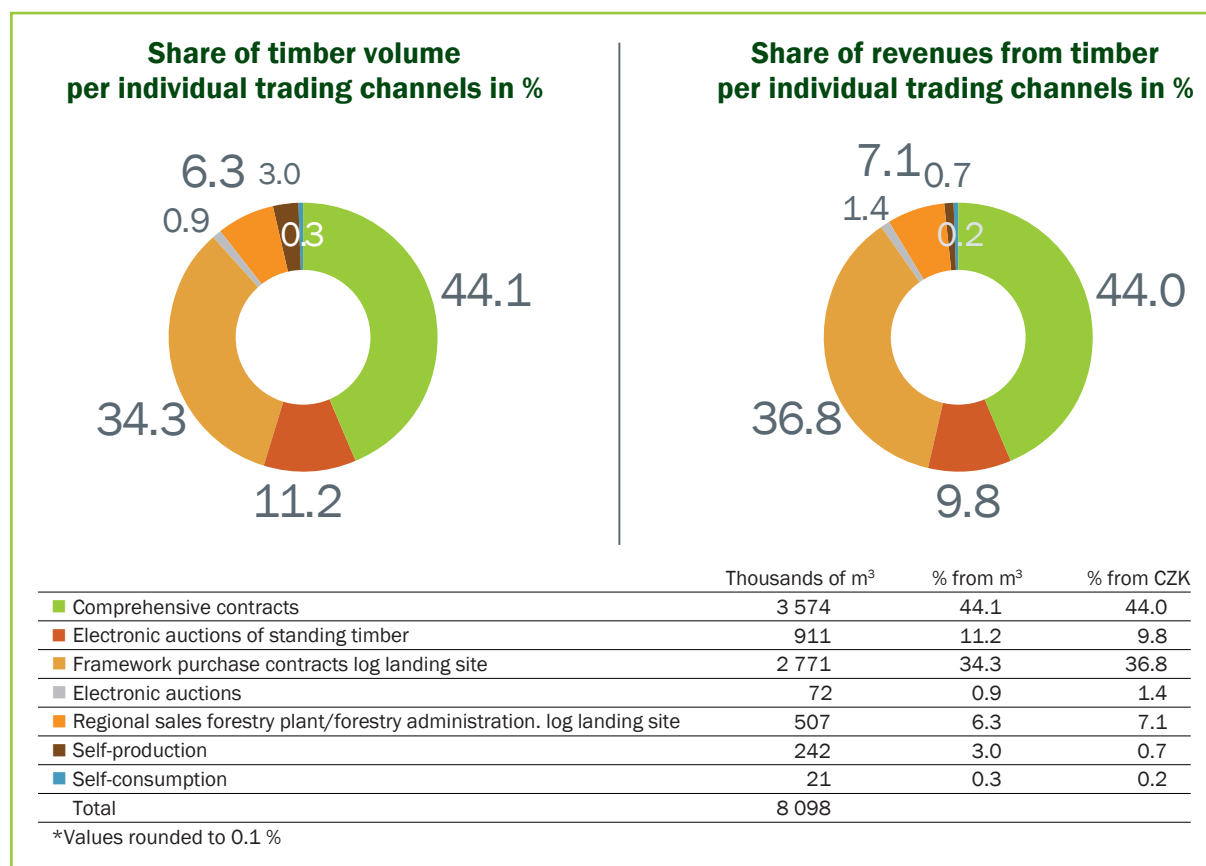


2. BUSINESS MODEL AND STRATEGY

2.1 DESCRIPTION OF THE BUSINESS MODEL

The business model of Forests of the Czech Republic is based on the diversification of raw timber sales, which includes several key channels:

- **Sale of standing timber:** Timber is sold by tender contract. The buyer provides all logging activities. This model accounted for 55 % of the volume of timber sold in 2024 and generated 54 % of the revenue. The most significant part were complex contracts for five-year contracts, which accounted for 44 % of the total volume of timber sold. The remaining 11 % was realised through electronic auctions.
- **Sale of finished products:** the production and sale of timber are secured through the FCR. Finished products are then sold through framework contracts, regional sales and electronic auctions. This model accounts for 41 % of timber volumes and contributes 45 % to total sales. Sales are made through framework contracts (34 %), regional sales (6 %) and electronic auctions (1 %).
- **Self-production sales to the public:** the public processes their own lower-value timber for production. This model includes 3 % of the volume of timber, where the public processes lower value assortments for firewood production.
- **Self-consumption:** the Forests of the Czech Republic use part of the timber for their own needs. We use up to 1 volume of timber for our own needs.



2.2 SUSTAINABLE DEVELOPMENT STRATEGY OF FCR

The Forests of the Czech Republic have long been committed to the initiatives and principles of sustainable development in the field of forestry. In view of the changing requirements, it is thus extending the principles of sustainable development to other areas of the company, whether in the social sphere or in responsible corporate management.



In support of the above, the Sustainable Development Strategy of FCR has been created, which sets out the way of implementing the principles of sustainable development into the company's daily activities, taking into account the requirements of the European Union, and at the same time it refers to the SDGs (Sustainable Development Goals), which the UN member states committed to fulfilling at the UN summit under the so-called "Agenda 2030".

The Sustainable Development Strategy of the FCR has set the main objectives for each pillar (ESG) within the SDG objectives, to which it will primarily contribute through its activities. Although the following objectives have been prioritised, the company also focuses its activities on the possibility of contributing to the other objectives, whether through support for sustainable development projects, public education or international negotiations.



The Forests of the Czech Republic emphasise the principles of sustainable management, biodiversity protection and water retention in the landscape. Within the framework of its activities, it participates in the provision and co-creation of society-wide values and their sharing with the general public; its management is therefore responsible, transparent and ethical according to the rules set within the Criminal Compliance Programme, with reference to social responsibility.

The Sustainable Development Strategy of the Forests of the Czech Republic is a declaration of the company to integrate sustainable development objectives into the company's day-to-day activities while respecting these principles:

- Promoting the values of sustainable development and social responsibility.
- Decision-making with a long-term perspective and taking into account the exhaustibility of natural resources.
- Transparency and social responsibility.
- Dual materiality assessment.

2.3 VISION

In its daily activities, the Forests of the Czech Republic take into account the policies and principles of social responsibility in order to meet the common goals of sustainable development. Its activities contribute to mitigating the effects of climate change, improving the conditions of life on land and improving the quality of life of the population.

2.4 PILLARS OF ESG

1st Pillar – Environmental area

Climate Action

SDG 13

The aim is to preserve the forest cover of our country, to increase its resilience to the effects of climate change and its consequences, to sustainably produce wood as one of the few renewable raw materials



used in construction, papermaking, furniture and other items; to improve the conditions for water retention in the landscape (implementation of measures to slow down surface runoff, to enable water infiltration) and its sustainable use; improving the safety and living conditions of the inhabitants of our towns and villages, maintaining other societal values (soil protection, recreational, health, cultural, educational) of our forests, and last but not least, preserving or improving the biodiversity of the area.

Life on Land

SDG 15

The long-term goal of the Forests of the Czech Republic is to permanently increase the value and extent of the property they have the right to manage, including optimisation of forest tenure. The basic management strategy of the Forests of the Czech Republic is sustainable forest management with the aim of creating a stable, high-quality, species, spatial and age-diverse forest. In the context of this basic objective, it is necessary to pay attention to the issue of forest care and the provision of tools suitable for improving its condition, and further to the issue of optimising the extent of service assets needed to ensure their management.

2nd Pillar – Social

Quality Education

SDG 4

A system of employee development and training focused on new knowledge in the field and its application in practice is an important prerequisite for the long-term competitiveness of the company and its sustainable development. Support for vocational forestry education at all educational levels is a necessary condition for ensuring the quality of the enterprise's professional staff. By actively participating in and developing forestry education programmes and other events for the general public, we introduce a wide range of citizens to the principles of forestry management, where we also promote the values of sustainable development.

Decent Work and Economic Growth

SDG 8

The goal of the Forests of the Czech Republic is to have long-term competitive, motivated and efficient employees, oriented towards all-round personal development and contribution to the company. We want to be a consistently sought-after and respected employer providing stable and meaningful work. The prerequisite for this is the establishment of an effective organisational structure of the company and jobs, an optimal number and structure of employees, a fair and motivating remuneration system supplemented by a benefits programme, while maintaining the economic prosperity of the company. Dialogue and cooperation with all social partners is another condition for maintaining the prosperity of the enterprise and the forestry sector as a whole.

3rd Pillar – Governance area

Peace, Justice and Strong institutions

SDG 16

The state enterprise has set up effective mechanisms under the Criminal Compliance Program in terms of ethics, anti-corruption and whistleblower protection. It continuously assesses the risks and threats arising from its operations.

Partnerships to Meet the Goals

SDG 17

The aim of the Forests of the Czech Republic is to develop strong partnerships with domestic and foreign institutions. Through the projects of the Grant Service within the framework of applied science research, to establish new partnerships and contribute to the application of results in practice.

2.5 ESG GOVERNANCE AND MANAGEMENT

Information on sustainable development is communicated across all levels of corporate management. The implementation of the principles is mainly carried out by ESG working groups, which are methodologically managed by the Safety and Risk Management Department.

In addition, information is passed on to the management board in the form of Management Meeting Materials. Based on the decision of the Management Meeting, the material is also submitted to the Supervisory Board.



Basic documents

The baseline documents for the implementation of sustainable development are documents published in the framework of the “Agenda 2030”, Directive 2014/95/EU of the European Parliament and of the Council on non-financial reporting, which is the basis especially in the area of monitored indicators (KPIs). Among the internal documents, the starting documents are in particular the Corporate Strategy, the Criminal Compliance Program (CCP) and other internal regulations that are related to the set objectives, such as internal regulations in the field of occupational health and safety, risk management, safety policy, etc.

Indicators monitored

The company has decided to monitor non-financial reporting indicators in accordance with the non-financial reporting requirements of Directive 2014/95/EU of the European Parliament and of the Council, the ESRS standards and the European Federation of Financial Analysts Societies (EFFAS) recommendations for the forestry sector.

Resilience to risks and opportunities

Forests of the Czech Republic emphasise effective risk management, which is key to ensuring the long-term stability and sustainability of the company. The company’s risk management is set up in accordance with ISO 31000:2018 standards and covers all process areas of the state enterprise, with an emphasis on risks associated with climate change, pests, fires and other environmental threats. The company regularly conducts risk analyses and implements preventive measures such as monitoring forest ecosystems and early elimination of calamitous pests.

The principle of dual materiality, which is part of the new Strategic Development Concept 2025–2029, ensures that the Forests of the Czech Republic take into account both financial and non-financial aspects of sustainability. This approach involves assessing not only how environmental and social factors affect the financial performance of the company (outside-in perspective), but also how the company’s activities affect the environment and society (inside-out perspective). In this way, the company not only meets its legal obligations, but also contributes to the conservation of natural resources and promotes long-term sustainability.



3. GOALS AND PROGRESS

Forests of the Czech Republic have committed to implementing sustainable development as a key part of its development strategy for the period 2025–2029. In the area of environmental responsibility, the company focuses on mitigating the impacts of climate change and protecting biodiversity. Social responsibility includes supporting local communities, forestry and conservation education, and ensuring safe working conditions for employees. In the area of governance, Forests of the Czech Republic focus on transparent and ethical management of the company and optimisation of forest tenure.

Although the Forests of the Czech Republic have already taken significant steps to achieve their sustainable development goals, the creation of the Sustainable Development Strategy of the Forest Enterprise and its implementation are expected to create a solid framework by which they commit to the protection of natural resources. This commitment confirms a long-term vision and an optimistic outlook for a sustainable future for future generations.

“We decided to approach sustainable development with passion and a vision called **Betting on the Future**. This programme represents our commitment and optimism in building a better and more sustainable future. We believe that together we can make significant changes and create an environment that will benefit not only us, but also future generations.”



4. ENVIRONMENTAL ASPECTS (ESRS E1)

4.1 GREENHOUSE GAS EMISSIONS

A pilot GHG inventory was conducted in 2024. This included a comprehensive carbon footprint assessment to evaluate the environmental impact of FCR's activities.

All sources of direct emissions (Scope 1) and indirect emissions from energy consumption (Scope 2) were included in the calculation. In addition, selected items from Scope 3 were included. At the same time, relevant sinks and CO₂ emissions were calculated separately under the Land Use and Land Use Change categories (LULUCF). The calculation of GHG emissions was performed in accordance with the technical standard EN ISO 14064-1 and the international GHG Protocol standard (GHGP).

Scope	Emissions 2024 [t CO ₂ e]	Share [%]
Scope 1 (direct emissions, excluding biogenic CO ₂ and LULUCF categories)	15 270.91	7.32 %
Scope 2 (indirect emissions from energy consumption without biogenic CO ₂)	4 819.01	2.31 %
Scope 3 (other indirect emissions, excluding biogenic CO ₂)	188 503.75	90.37 %
Total emissions	208 593.68	100.00

Greenhouse gas	Emissions [t]	Emissions [t CO ₂ e]
CO ₂ (carbon dioxide) – non-biogenic	206 115.61	206 115.61
CH ₄ (methane)	5.91	164.79
N ₂ O (nitrous oxide)	8.47	2 313.28
CO₂e (CO₂ equivalent)		208 593.68

Direct greenhouse gas emissions (Scope 1)

The most significant source of direct emissions was the **combustion of diesel fuel** in company vehicles and machinery. A significantly smaller source of non-biogenic emissions was the **combustion** of fuels, mainly **natural gas**.

The application of nitrogen fertilisers and liming were also less significant sources of direct emissions. For nitrogen fertilisers, indirect NO₂ emissions associated with volatilisation and N leaching were also taken into account.

Item	Consumption	Unit	Emissions [t CO ₂ e]
Petrol	184 410.10	l	405.49
Oil	4 434 085.09	l	10 990.54
Natural gas	8 294 391.00	kWh	1 482.60
Light fuel oil	2 000.00	kg	6.40
Biomass	801.00	t	0.00
Lignite	3 813.00	kg	5.17
Black coal	61 315.00	kg	150.84
LPG	28 828.00	l	49.72
Calcium carbonate	144 625.00	kg	17.36
Calcium magnesium carbonate (dolomite) (CaO 30%, MgO 20%)	100.00	kg	0.01
Industrial nitrogen fertilisers	248 095.00	kgN	1 702.92
Urea	74 860.00	kg	14.97
Volatilization N	248 095.00	kgN	163.91
N leaching	248 095.00	kgN	280.98
Total			15 270.91

Indirect emissions from energy consumption (Scope 2)

The main source of indirect emissions from energy consumption was electricity consumption. Total electricity consumption was **7 426 MWh**.

4. ENVIRONMENTAL ASPECTS (ESRS E1)



For the calculation of Scope 2, the market-based method was chosen in line with the dual reporting of electricity consumption, taking into account detailed data on the origin of the electricity consumed.

Item	Consumption	Unit	Emissions [t CO ₂ e]
Electricity (market-based)	7 426 000	kWh	4 749.65
Electricity (location-based)	7 426 000	kWh	4 392.35
Distant heat	996.48	GJ	69.36
Total			4 819.01

Origin of energy consumed in 2024 (values in MWh)

Energy type	Renewable energy sources	Non-renewable energy sources	Total
Electricity	645	6 781	7 426
Gas	0	8 413	8 413
Heat	0	277	277
Total	645	15 471	16 116

Other indirect emissions (Scope 3)

Other sources of emissions of the Forests of the Czech Republic company fall under Scope 3, i.e. indirect emissions. The following sources of emissions were included in accordance with the requirements of the GHG Protocol methodology:

- Purchased goods and services
- Capital assets
- Energy and transport losses
- Travel to work
- Transportation of products to customers
- Leased assets
- Waste
- Use of products sold

Scope 3 categories were strongly dominated by purchases of services and products, especially subcontracting of services in the of cultivation, water management, logging, hunting, etc. In total, they account for 75.15 % of the total carbon footprint. Capital products and services, i.e. primarily investments in the construction of new buildings and roads and purchases of new vehicles and machinery, also contribute a significant part. In total, they amount to 9.79 %.

Most other categories are below the five per cent threshold, including transporting of goods to customers, employee commuting, or emissions associated with the production and distribution of purchased fuels and well-to-tank (WTT). On the other hand, there is a large degree of uncertainty in these categories due to often missing or incomplete input data, see recommendations in chapter 4.5.

Scope 3 Area	Evaluation
Scope 3.1 – Purchased products and services	Relevant (counted)
Scope 3.2 – Capital resources	Relevant (counted)
Scope 3.3 – Other activities related to fuels, fuels and energy	Relevant (counted)
Scope 3.4 – Upstream transport and distribution	Irrelevant
Scope 3.5 – Waste generation	Relevant (counted)
Scope 3.6 – Business trips	Irrelevant
Scope 3.7 – Staff commuting	Relevant (counted)
Scope 3.8 – Upstream leased property (assets)	Relevant (counted)
Scope 3.9 – Downstream transport and distribution	Relevant (counted)
Scope 3.10 – Processing of sold products	Irrelevant
Scope 3.11 – Use of sold products CO ₂)	Relevant (biogenic only)
Scope 3.12 – Handling of sold product after consumption	Irrelevant
Scope 3.13 – Downstream leased property (assets)	Irrelevant
Scope 3.14 – Franchises	Irrelevant
Scope 3.15 – Investments	Irrelevant



4. ENVIRONMENTAL ASPECTS (ESRS E1)

In **Scope 3.3, indirect emissions from the production, supply and distribution of fuels** (diesel, gasoline), **fuels** (LTO, LPG, coal and natural gas) not included in Scope 1 and **indirect emissions from the production, supply and distribution of energy** (electricity, district heat) not included in Scope 2 have been included according to the GHG Protocol methodology. **Transmission and distribution losses** are counted for natural gas and the energies stated.

At the same time, **indirect emissions from the production, supply and distribution of fuels** not covered by Scope 3.4, 3.6, 3.7 and 3.9 have been included in Scope 3.3.

Item	Consumption	Unit	Emissions [t CO ₂ e]
Scope 3.1. Goods and services purchased			156 766.31
Purchased services – mining	2 711 730 336.79	CZK	37 801.04
Purchased services – cultivation	3 294 173 234.90	CZK	54 399.21
Purchased services – water management, overhead, hunting, etc.	1 654 262 175.23	CZK	52 744.10
Purchased services – financial, service, software, agricultural	792 649 622.01	CZK	11 821.95
Scope 3.2. Capital resources			20 424.66
Investments – land, LHP, vehicles and machinery	863 688 100.51	CZK	9 466.41
Investments – Construction	1 188 166 885.00	CZK	10 958.25
Scope 3.3. Other activities related to fuels, fuels and energy			5 584.06
Petrol – WTT	184 410.10	l	111.26
Oil – WTT	4 434 085.09	l	2 746.16
Natural gas – WTT and losses	8 294 391.00	kWh	269.01
LPG – WTT	28 828.00	l	5.35
LTO – WTT	2 000.00	kg	1.51
Lignite – WTT	3 813.00	kg	0.86
Black coal – WTT	61 315.00	kg	26.82
Electricity – WTT and losses	7 426 000.00	kWh	1 040.19
Heat – WTT and losses	276 800.00	kWh	16.90
Commuting – car – WTT	22 157 520.00	km	974.71
Commuting – bus – WTT	14 771 680.00	passenger /km	391.30
Scope 3.5. Waste generation			161.88
Waste – mixed municipal waste	266 588.00	kg	159.52
Waste – other	413 383.17	kg	2.36
Scope 3.7 Commuting of employees			5 301.41
Commuting – car	22 157 520.00	km	3 698.95
Commuting – bus	14 771 680.00	passenger /km	1 602.46
Scope 3.8. Upstream leased assets			209.53
Rental of machinery, real estate, IT equipment	35 283 098.16	CZK	209.53
Scope 3.9. Downstream transport and distribution			55.91
Transport to customers	12 596 687.38	CZK	55.91
Total			188 503.75

Inclusion of biogenic emissions and CO₂ sinks

A separate category within GHG inventory is the Land Use, Land Use Change and Forestry or LULUCF category. Here, there are significant year-to-year changes in carbon stocks in living and dead biomass and soil.



Scope 1 emissions and sinks of biogenic CO₂

Item	Consumption	Unit	Emissions [t CO ₂ e]
Petrol	295 766.00	l	18.41
Oil	7 111 604.00	l	989.71
Biomass (firewood, wood chips, sawdust)	801.00	t	35.65
Forest land remaining forest land – living biomass	1 199 654.53	ha	3 399 127.75
Forest land remaining forest land – dead wood	1 199 654.53	ha	-452 137.24
Forest land remaining forest land – leaf litter	1 199 654.53	ha	-120 818.80
Forest land remaining forest land – soil carbon	1 199 654.53	ha	-162 782.37
Arable land converted to forest land	4.18	ha	-47.96
Grassland converted to forest land	15.33	ha	-165.52
Water body converted to forest land	0.62	ha	-6.36
Built-up land converted to forest land	0.00	ha	-0.03
Arable land remaining arable land	1 857.93	ha	-12.61
Forest land converted to arable land	0.41	ha	7.79
Grassland converted to arable land	0.61	ha	1.39
Water area converted to arable land	0.06	ha	-0.07
Built-up area converted to arable land	0.06	ha	-0.01
Grassland remaining grassland	3 102.47	ha	-1 043.97
Forest land converted to grassland	2.40	ha	58.64
Arable land converted to grassland	1.55	ha	-3.50
Water area converted to grassland	0.60	ha	-0.82
Built-up land converted to grassland	0.03	ha	-0.04
Forest land converted to water area	3.29	ha	172.65
Arable land converted to water area	0.01	ha	0.01
Grassland converted to water area	0.74	ha	1.26
Forest land converted to built-up land	3.95	ha	92.08
Arable land converted to built-up land	0.04	ha	0.01
Total			2 663 486.07

Table 8: Biogenic CO₂ emissions and sinks in Scope 2 – Forests of the Czech Republic

Item	Consumption	Unit	Emissions [t CO ₂ e]
Heat	276 800.00	kWh	5.84
Total			5.84

Table 9: Biogenic CO₂ emissions and sinks in Scope 3 – Forests of the Czech Republic

Item	Consumption	Unit	Emissions [t CO ₂ e]
Scope 3.11. use of products sold			
Wood products (sawn timber)	974.50	m ³	-818.25
Wooden products (wooden boards)	512.97	m ³	-552.98
Wood products OM and own (logs for sawn timber, pulp, chipboard)	3 265 205.97	m ³	-2 693 794.93
Wood products P (logs for sawn timber, pulp, chipboard)	4 441 083.57	m ³	-3 663 893.95
Total			-6 359 060.10

As a result, CO₂ sinks exceeded both direct and indirect emissions in 2024, mainly due to the HWP categories, or harvested wood products, as well as dead wood, leaf litter and forest land.



4.2 BIODIVERSITY AND ECOSYSTEMS

In 2024, Forests of the Czech Republic (FCR) planted approximately **60 million seedlings of new forest trees** on an area of almost **11 thousand hectares**. This planting included more than 40 species of trees and shrubs, which contributed to a higher species diversity of our forests.

Planting a new generation of forests

In 2024, the Planting Forests of the New Generation event took place in four attractive locations across the Czech Republic: near Hradec Králové, in Hudlice in Central Bohemia, in Kuřim in South Moravia and at the Ohrada Chateau near Hluboká nad Vltavou. This event attracted hundreds of participants who actively participated in planting new forests and caring for the natural environment. Thanks to their efforts and enthusiasm, thousands of seedlings of forest trees were planted, thus contributing to the restoration and protection of our forests.

The Forests of the Czech Republic also cooperate with private companies in planting and water management projects. Last year, the biggest project was the so-called Lidl Forest, in which the Lidl company gave five million crowns to the Czech Forest Service for planting in locations across the Czech Republic that were chosen by its customers in a survey. One million crowns was then sent to the Forests of the Czech Republic by Plzeňský prazdroj. In this case, the money went towards the restoration of small water bodies (pools).

“We would like to thank everyone who joined our Planting Forests of the New Generation programme. Your support and active participation allow us to restore and protect our forests for future generations. Together we have made significant progress in reforestation and caring for our natural resources. Your commitment and cooperation are invaluable and inspire us to take the next steps towards sustainable development. Thank you for helping us create a greener and healthier future for all of us.”



Habitat trees

Another important programme of the FCR is the “Biotope Trees” programme. Last year, 19 thousand biotope trees were marked, protected and left in place until their complete decay. Such a procedure contributes to the promotion of biodiversity. The company’s goal is to mark up to 1,000,000 habitat trees in this way by 2029.

Returning owls to the forest

This programme was launched to support the population of birds of prey, especially owls and kestrels.



The programme aims to naturally reduce the number of over-breeding voles and to protect forest tree seedlings that are damaged by these rodents. Special owl boxes are installed as part of the programme, which provide suitable nesting conditions for various owl species such as the tawny owl, Tengmalm's owl and the long-eared owl. These are effective ways of promoting natural vole population control and increasing biodiversity in forest ecosystems.

4.3 WATER RESOURCES

Forests of the Czech Republic are committed to responsible management of water resources and minimising water consumption in all their activities. Within the framework of programmes focused on water management, we strive for sustainable use of water resources. We implement measures that contribute to water savings. We regularly monitor water consumption and implement modern technologies and practices that enable us to manage this valuable resource more efficiently. Our goal is not only to reduce water consumption in the daily operations of the company, but also to improve the quality of water resources and contribute to sustainable development and environmental protection.

In 2024, the FCR continued to implement several important programmes aimed at improving water management and protecting water resources. Major initiatives included:

- **Returning water to the forest:** this programme focuses on restoring and improving the water regime in forests. In 2024, new reservoirs and pools were built in Boskovice to help retain water in the landscape and improve conditions for local ecosystems. During 2024, 210 constructions (including small-scale measures such as pools and culverts) were implemented, and another 100 actions were designed. The provision of these actions amounted to CZK 320 million.
- **100 Islands of Nature Restoration Programme:** this programme focuses on habitat restoration and biodiversity enhancement. In 2024, several new water bodies and wetlands were created to help protect and restore aquatic ecosystems.
- **Revitalisation of watercourses:** the FCR are actively involved in the revitalisation of watercourses, which includes the restoration of natural river and stream channels, improving their flow capacity and increasing the retention capacity of the landscape.

In 2023 and 2024, the FCR also implemented a number of projects aimed at improving water management. These projects included:

- **Construction and reconstruction of reservoirs:** dozens of reservoirs have been built and reconstructed over the years, helping to retain water in the landscape and improve conditions for local fauna and flora.
- **Protection and restoration of wetlands:** the FCR participated in the protection and restoration of wetlands, which are key to maintaining biodiversity and improving the water regime in the landscape.

Full cost in mill. CZK spent on water management in 2024

Forests of the Czech Republic	Total	Total own resources	Total subsidies	Of which flood damage	
				Own resources	Subsidies
Investment	387.0	214.4	172.6	12.2	2.6
Non-investment	542.3	506.9	35.4	192.4	3.2
Total	929.3	721.3	208.0	204.6	5.8





4.4 WASTE AND POLLUTION

A sub-objective in the area of sustainable development of the company is to minimize waste production through efficient waste management and recycling. The main objective of the activities of FCR is to reduce the amount of waste generated by forestry activities and to promote sustainable practices.

As part of our daily activities, we also place emphasis on implementing preventive protection measures, including the prevention of water and soil pollution. This includes a proper management of chemicals and wastes that can have a negative impact on ecosystems. All the information below includes waste from employees, visitors, company activities and unauthorised landfill sites.

Type of waste	Quantity (tonnes)	Waste code
Paper waste	32.273471	150101, 200101 – waste handed over to an authorised company, or to a collection yard
Plastic waste	29.941426	020104, 070213, 150102, 170203, 200139 – waste handed over to an authorised company or to a collection yard
Metal waste	71.116	150104, 160117, 170402, 170405, 200140 – waste transferred to an authorised company or to a collection yard
Bio-waste	5.139799	020103, 200201, 200108 – waste handed over to an authorised company or to a composting plant
Glass waste	3.265472	150107, 200102 – waste handed over to an authorised company or to a collection yard
Construction waste	58.519	Construction waste 170102, 170107, 170201, 170504, 170604, 170904, 200138 – the waste is handed over to an authorised company or to a collection yard
Mixed municipal collection yard	266.58799	200301, 200399 – waste handed over to an authorised company, or to waste
Other waste	213.1275	Hazardous waste – 020108, 080111, 120112, 130205, 130208, 130503, 140603, 150110, 150202, 160107, 160114, 160121, 160305, 160508, 160601, 160708, 170301, 170503, 170605 (total 54,408t) Other waste – 020107, 030105, 080112, 080318, 150106, 160103, 160122, 160306, 170302, 200307 (total 158.7195 t)
Wastewater passed	7	200304 – waste handed over to authorised company on for further cleaning

Disposal of illegal dumps

Region	Quantity m ₂	Total area m ₂	Of which not addressed	Of which addressed m ₂	Of which removed m ₂	FCR's cost of solution CZK	FCR's cost of removal CZK	Municipality's cost of removal CZK	Number of illegal dumps	Illegal dumps removed
Central Bohemian	2 878.16	15 513.00	4 823.00	109.00	10 581.00	0.00	247 922.90	1 320.00	72	26
Hradec Králové	9.50	64.00	0.00	10.30	53.70	0.00	31 823.00	0.00	4	4
Pardubice	651.00	329.00	0.00	53.00	276.00	0.00	45 432.82	0.00	18	9
Highlands	9.00	527.00	0.00	288.00	239.00	0.00	18 914.00	0.00	22	19
South Bohemian	53.00	208.00	56.00	0.00	152.00	0.00	56 454.00	0.00	9	5
Pilsen	45.20	171.00	0.00	0.00	171.00	0.00	33 560.00	0.00	23	21
Karlovy Vary	155.43	971.00	0.00	271.00	700.00	35 719.00	132 402.00	0.00	63	43
Ústí	229.61	54 287.50	3 050.00	640.00	50 597.50	0.00	93 912.06	0.00	98	91
Liberec	52.06	129.00	0.00	0.00	129.00	0.00	4 501.00	0.00	14	14
Olomouc	9.00	73.00	0.00	2.00	71.00	0.00	25 435.00	0.00	4	3
Moravian-Silesian	25.00	451 328.00	0.00	0.00	451 328.00	0.00	345 455.00	0.00	17	17
Zlín	0.95	100.00	0.00	0.00	100.00	0.00	2 405.00	0.00	1	1
South Moravian	49.68	10 332.00	10 175.00	0.00	157.00	0.00	55 046.00	0.00	20	10
Total	4 167.59	534 032.50	18 104.00	1 373.30	514 555.20	35 719.00	1 093 262.78	1 320.00	365	263

4. ENVIRONMENTAL ASPECTS (ESRS E1)



In 2024, the Forests of the Czech Republic (FCR) continued its intensive fight against illegal dumps, which represent a significant environmental problem. During 2024, we removed 263 illegal dumps and 102 are still being addressed. The FCR also worked closely with semi-cooperated with municipal authorities and magistrates to identify the originators.





5. SOCIAL ASPECTS (ESRS S1)

5.1 WORKING CONDITIONS

Forests of the Czech Republic place great emphasis on occupational health and safety (OHS). Compliance with all applicable OHS regulations and laws is a priority for us to ensure a safe and healthy working environment for all our employees. In accordance with Act No. 262/2006 Coll., the Labour Code, and Act No. 309/2006 Coll., On Ensuring Other Occupational Health and Safety Conditions, we regularly conduct training and inspections to ensure that every employee is well informed and equipped with the necessary knowledge and skills to ensure their own safety and the safety of their colleagues. Employees are also provided with all the necessary work equipment and protective gear meeting the highest safety standards. Our aim is to minimise risks and prevent accidents, which are regularly assessed in conjunction with trade unions.

FCR provide a comprehensive system of preventive measures and care for employees within the framework of working conditions:

- Medical examinations even above the legal regulation
- Reimbursement of vaccination for possible exposure to diseases transmitted by biting and sucking insects
- Reimbursement of laboratory tests or other preventive measures against Lyme disease
- Provision of repellents or other measures repelling biting insects
- Employer's contributions toward spa stays, rehabilitation, medical aids or vitamin preparations

Occupational health and safety

Employee training in the field of occupational safety and fire protection takes place both in the form of e-learning, face-to-face training and training directly at the employer's workplaces in outdoor operations:

Number of persons trained in the field of OHS and fire prevention:

Occupational health and safety training	OHS	Fire prevention
Senior staff	120	118
THP employees	2001	1998
Workers in blue-collar occupations	1358	1358

Training centre Nižbor

Primarily for reasons of increasing work safety and compliance with working procedures, the Forests of the Czech Republic have set high standards for theoretical and practical training of employees in the working professions. In 2021, an accredited training centre was established in Nižbor, which serves primarily for training FCR's own employees on worker positions in logging activities, i.e. the most risky category of employees from the point of view of occupational safety.

Trainings delivered in 2024 at the Training centre Nižbor

	Course length	Number of employees	Man days
Logging	15 days	14	210
Chainsaw operator	5 days	35	175
Brush-cutter operator	3 days	27	81
Wood transport	3 days	7	21
Periodical examination	1 day	679	679
Skills verification	1 day	83	83
Total		845	1249



5.2 DIVERSITY AND INCLUSION

Forests of the Czech Republic are committed to creating a work environment that promotes diversity and inclusion. We believe that the diversity of our employees is a key factor for innovation and success of our organisation. Our goal is to ensure that every employee has equal opportunities for development and growth. At the same time, we strive to create a level playing field to ensure job stability throughout the forestry sector. Our goal is to ensure long-term sustainable growth that delivers economic prosperity while protecting the environment.

Basic personnel data 2024

Recalculated number of employees per year	3 815		
Physical number of employees as of 31 December	3 690		
of which:	Man	Woman	Total
TH – administrative	391	449	840
TH – operational	1 556	235	1 791
D – cultivation activities	189	119	308
D – logging activities	454	0	454
D – other	223	74	297
Total	2 813	877	3 690
Representation of M and F in %	76 %	24 %	

Less than one quarter of our staff are women, who, in addition to organisational and administrative positions, also perform outdoor operations, at all levels of management.

A level playing field

In order to better balance work and family life, we offer our employees:

- 5 days of leave with extra pay above the statutory rate,
- 5 additional days of extra leave with pay for single women and single men caring for a child under 12 years of age; in 2024, 12 employees took advantage of this option
- Flexible working hours within the company's headquarters, regional headquarters, forestry administrations and stream administrations, i.e. for 62 % of employees
- part-time where operationally feasible, i.e. particularly in administrative activities, where part-time jobs account for more than 7 %
- additional leave beyond the statutory entitlement with or without pay is granted in the event of marriage, birth of a child or death in the family
- we organize summer camps and city camps for children of our employees, benefits paid from the FCSP are also available for our employees' families

Shorter working hours, flexible working hours and a possibility to adapt the job to the needs of the individual employee enabled us to employ 84 employees with disabilities, including in the outdoor forestry operation.

5.3 TRAINING AND DEVELOPMENT

Developing the professional level of employees is one of the key prerequisites for achieving the company's goals. Demands for professionalism, flexibility of employees, the ability to quickly receive, process and apply new information and procedures that must be used effectively for the benefit of the company have increased.

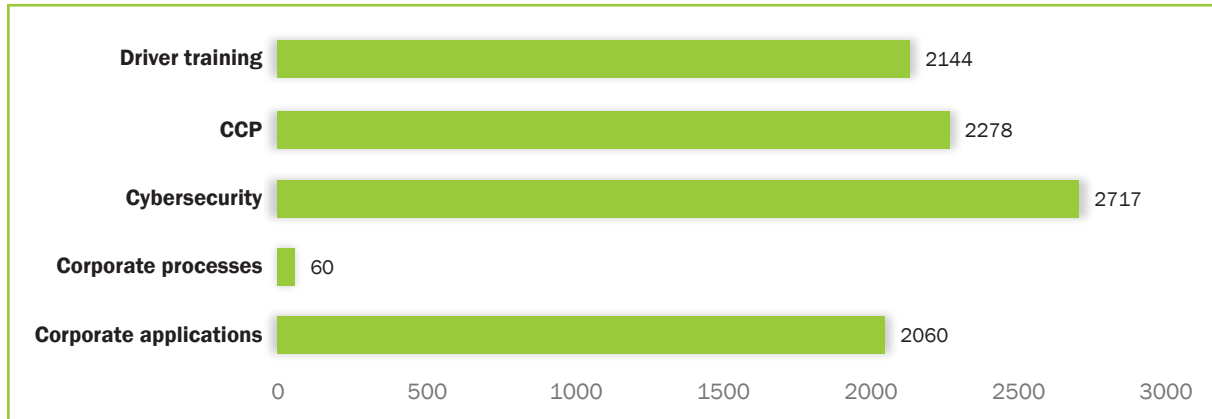
To a greater extent, the company applies the system of internal lecturers, i.e. organizing internal professional training events, field visits – examples of good practice, use of demonstration buildings and training areas of the company.

Within the framework of modern technologies used in training, employees use corporate e-learning, which includes a group of legal training (in particular OHS, fire prevention, drivers of company vehicles, working at heights...) and a group of specialized trainings in the form of instructional videos, manuals



and guides (electronic clocking, modules of IS LČR MAP, HOLINY, MVO, Guides to control and comparison areas, CCP, ACTA, cybersecurity...). We support online learning, make extensive use of MS TEAMS (for trainings and meetings), use recordings of meetings and trainings for later placement in e-learning environments.

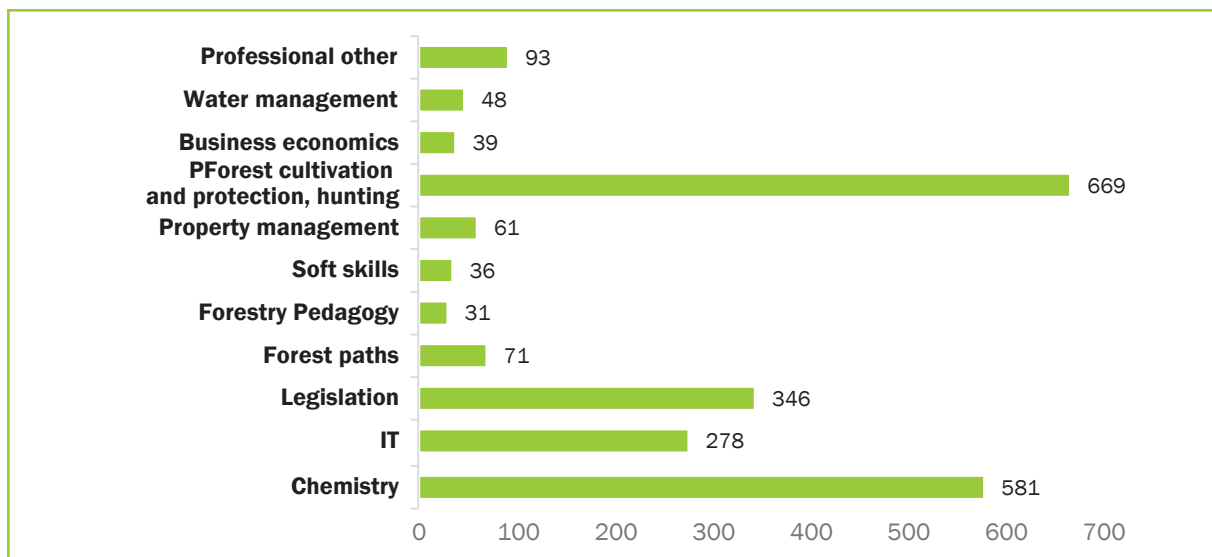
Completed e-learning courses 2024 (excluding OHS and fire prevention)



Overcoming conservative forestry approaches

In order to overcome conservative approaches in forestry, employees undergo a wide range of professional trainings with the aim of acquiring new knowledge and procedures to be applied in the FCR environment. We cooperate with educational agencies, but especially with suppliers/specialists in the field of forestry and forestry training (ČLS and Pro Silva Bohemica, MENDELU, ČZU), we actively participate in professional conferences. We also support highly specialized trainings, e.g. to obtain pilot licenses for drones or preparatory trainings for the ČKAIT authorization exam, or typically IT (ORACLE, .NET, Python...). New knowledge is also passed on to employees by company lecturers and senior employees (trainings and meetings).

Number of employees trained in each professional area in 2024



Internal education

Internal education is provided both online and in person. The trainings are designed both for larger numbers of employees (trainings organized mainly by the tax and accounting departments, property management) and for smaller teams on a given units (forest protection, public procurement, HR for



senior employees, etc.) according to current needs. A significant share of internal forestry training is provided by practical training on experimental training sites (demonstration objects) focused on new approaches to forest education and restoration, where 148 employees were trained by forestry specialists in 2024.

Professional Forester Examination (OLH)

OLH tests are internal professional reliability tests for professional forest managers. These examinations are aimed at verifying knowledge and skills in the field of forestry. Professional foresters are key professionals who take care of the management and sustainability of forests. Their role is to ensure that forests are effectively managed and protected.

The exam consists of a practical part where a professional committee will check the skills at work and with forestry tools. The theoretical part tests the candidate's knowledge in the following specialist areas: forest protection and cultivation, forest management, forest economics, forestry legislation and policy. In 2024, 100 employees took the exams, of whom 70 passed.

5.4 LINKING EDUCATION AND PRACTICE

The forests of the Czech Republic actively link education and practice, which is a key factor for the development of the forestry sector. As part of this initiative, we have concluded memoranda of cooperation with 13 educational institutions, including universities, vocational secondary forestry schools and vocational institutes. In this way, we promote practical training and provide opportunities for students to gain valuable experience in the field. Our collaboration with academic partners allows us not only to develop expertise, but also to innovate and bring new approaches to forestry practice.

Branch universities:

- Mendel University in Brno – Faculty of Forestry and Wood Technology
- Czech University of Agriculture in Prague – Faculty of Forestry and Wood Technology

Secondary schools and vocational schools:

- | | |
|---|--|
| • Czech Forestry Academy Trutnov | • Secondary School of Gastronomy, Hotel Management and Forestry Bzenec |
| • Higher Vocational School of Forestry and Secondary School of Forestry B. Schwarzenberg School of Forestry Písek | • Secondary Vocational School Nové Město na Moravě |
| • Secondary Forestry School Žlutice | • Secondary school Rokycany |
| • Secondary Forestry School Hranice na Moravě | • Secondary school Moravský Krumlov |
| • Secondary School of Forestry and Vocational School Šluknov | • Secondary vocational school Sedlčany |
| • Secondary School of Forestry and Vocational School Křivoklát | |
| • Secondary School of Economics and Forestry Frýdlant | |
| • Secondary Vocational School of Forestry and Mechanical Engineering Sternberk | |

Our experts and specialists are involved in the preparation of curricula for individual courses, lecturing, supervising final, bachelor's or diploma theses, and are members of graduation committees, members of state final examination committees and members of scientific boards.

Cooperation with the Křtiny School Forest Enterprise

At present, expert field trips focusing on the topic of tools and methods in adapting forests to climate change and nature-friendly management are being implemented in cooperation with the Křtiny School Forest Enterprise (Mendel University in Brno), in which 189 employees participated in 2024. This project will continue in the following years.

Cooperation with the Czech University of Agriculture

In 2024, we have also established cooperation with the Czech University of Agriculture in Prague as part of professional training on Forest transport network construction technology, which is associated with the supplementation of the methodology/manual of the FCR's Standardization of forest road construction and maintenance. Approximately 70 employees were trained, mainly technical staff for construction activities and construction investment technicians.



5.5 PROMOTING QUALITY EDUCATION

Scholarship Programme

The purpose of the programme is to ensure a sufficient number of qualified forestry workers for mechanised work in logging and cultivation activities for the Forests of the Czech Republic, or other entities in the forestry sector. It focuses on pupils of schools providing education in forestry training in the fields of Forestry machinery operator, Forestry machinery mechanic, Forestry and cultivation work. A total of 11 schools with forestry vocational courses have participated in the Scholarship Programme in 2024.

Scholarship programme of the Czech Republic (additional PPE + benefit)	2020	2021	2022	2023	2024
Number of pupils	130+34	143 + 28	183 + 43	194 + 53	185 + 53
Total scholarships paid (in CZK)	921 213	999 024	1 614 662	1 924 879	1 666 927

Adjunct for the summer (summer internship for forestry schools)

The possibility of gaining first work experience in a real forestry operation and the opportunity to test their own school knowledge and skills in practice is the main objective of this programme designed for adult pupils and students of forestry and water management. Between May and September, students in these fields assist forest rangers/foresters at our forestry administrations and factories with reforestation, marking of logging sites, inspection of traps and trapping devices, etc., and at stream administrations, in cooperation with the stream manager, they inspect watercourses and waterworks, check riparian vegetation, and assist in inspecting and checking structures. The completion of this programme is recognised by both ČZU and MENDELU as fulfilling the professional practice course and our senior staff have a great opportunity to identify their potential future employees.

Adjunct for the summer	2019	2020	2021	2022	2023	2024
Number of students on forestry administration/forestry plant	170	208	214	209	221	226
Number of students on river basin management	0	0	0	0	11	13
Total	170	208	214	209	232	239

The company currently employs nearly 150 employees who have been through this programme in the past.

Further support for training and cooperation in forestry education

- **Professional practice of forestry school students:** Especially students of secondary and higher vocational forestry schools at our organizational units complete their school vocational training during the school year. In 2024, 236 pupils completed their apprenticeships with us, most of them lasting 2 weeks.
- **Practical teaching of hunting:** on the basis of a framework agreement on cooperation in forestry education, the company enables schools to carry out practical teaching of hunting by exercising the right to hunt in the hunting grounds of the Forests of the Czech Republic.
- **Competition ŘEŠ LES:** for the second year we organize the competition ŘEŠ LES for secondary schools with forestry specialization. It is a problem-solving competition for teams on assigned current topics in the field of forestry, which ends with a presentation of the best works before an expert committee. In 2024, 8 teams from 6 secondary forestry entered the competition.

Forest pedagogy, or “Teaching about the forest in the forest.”

Forest pedagogy is a key component of environmental education. This programme is aimed at introducing the forest ecosystem, sustainable forest management and the importance of forests for people. Through experiential and interactive exploration, led by professionally trained forest educators, participants learn to perceive nature with all their senses, which ensures a better ability to absorb and retain information.



Most frequently, forest pedagogy is implemented in the form of walks with a forester, talks and lectures. For larger numbers of visitors, these are mainly public programmes, participation in fairs or exhibitions, forestry and hunting festivals, etc.

Overview of LP 2024 events	Number of events	Number of participants
Standard (classic walks) events in the forest	833	26 887
Information events (mass events, exhibitions, Earth Day...)	290	104 797
Camps	1	50
Total	1 124	131 734

Support for science and research – Grant Service of the FCR

The Grant Service is a key instrument for supporting research, development and innovation in the field of forestry, water management and hunting. This service ensures an orderly procurement and resolution of projects that have practical application and benefit not only for the FCR, but also for other forest owners, institutions and organisations. The Grant Service supports the co-financing of research projects that are primarily funded from other sources, thus contributing to the efficient use of funds and increasing the effectiveness of the activities carried out by the FCR.

The aim of the grant service is to find savings and increase efficiency through research tasks that address current or long-term forestry needs. Research results are made available to the general public, which promotes transparency and knowledge dissemination. The FCR Grants Service thus contributes to sustainable development and innovation in the forestry sector, which is in line with the long-term objectives of the company.

	Number of new contracts concluded	Newly closed contracts – in CZK million	Number of project in administration	Number of projects in administration – financial execution in given year – in CZK million
2019	7	16.3	29	14.0
2020	7	13.2	24	12.2
2021	12	18.4	19	15.3
2022	6	10.3	22	13.6
2023	11	20.3	19	16.3
2024	8	14.4	27	13.7

All sums are stated excluding VAT

5.6 EMPLOYEE RIGHTS

Forests of the Czech Republic are committed to respecting the rights of employees, which are enshrined in the company's collective agreement. This agreement regulates the working conditions, remuneration, health and at work, as well as other social and wage rights of employees.

The company has 16 basic trade union organisations, grouped into two associations, with which the employer regularly communicates as part of a social dialogue. The employer concludes a Corporate Collective Agreement with the trade union associations, compliance with which is reviewed quarterly.

FCR employees also have the opportunity to use the services of an ombudsman, who is available for resolving complaints and problems related to working conditions and relations.

The ombudsman provides independent and impartial advice to help protect the rights of workers and ensure fair treatment. In 2024, a total of 3 submissions were dealt with by the Ombudsman. In two cases, the suspicion of unethical behaviour on the part of a FCR employee was raised, and in neither case was the suspicion confirmed. At the same time, 1 case of unethical behaviour by a superior towards a subordinate was registered; this submission was resolved by mediation.



6. GOVERNANCE (ESRS G1)

6.1 ETHICAL STANDARDS: ETHICAL STANDARDS AND BUSINESS CONDUCT

The Forests of the Czech Republic (FCR) has committed itself to the highest ethical and legal standards. As part of this commitment, the Criminal Compliance Program (CCP) has been implemented as a key tool to ensure ethical and legal conduct within the company.

Objectives of the CCP

The main objective of the CCP is to set up effective mechanisms for detecting and exposing unethical behaviour and rule violations. The programme ensures confidentiality of reports and protection of whistleblowers, thereby promoting transparency and accountability within the organisation.

Detection and notification mechanisms

FCR have a system in place for reporting incidents or actions that may violate CCP or ethical rules. This system includes several methods of notification:

- **Web form:** a publicly accessible form on the FCR website allows anonymous notification.
- **Electronic address:** notifications can be sent to specific e-mail addresses, such as compliance.officer@lesycr.cz, ombudsman@lesycr.cz nebo korupce@lesycr.cz.
- **Written or personal notification:** notification can be made in writing or in person to the address of the FCR in Hradec Králové.
- **Telephone notifications:** notifications can be made by telephone to the specific lines for Compliance Officer or Ombudsman.

Each notification is assigned a unique identifier and is duly registered. The Compliance Officer (CO) and the Ombudsman are informed of each notification immediately.

Whistleblower protection

Whistleblower protection is a key element of the CCP. The notification system allows for secure and confidential submission of notifications, even anonymously. All notifications are duly investigated regardless of their anonymous nature. A report of a violation of the CCP or ethical rules will not be sanctioned unless it is made with the intent to harm a person with false information.

Criminal Compliance Program (CCP) reports

Forests of the Czech Republic (FCR) regularly publish reports on the implementation of the Criminal Compliance Programme (CCP), which provides an overview of activities and results in the area of ethical and legal conduct within the organisation. The reports are available at **CCP Compliance Reports and Ethics Committee | Forests of the Czech Republic**.

CCP staff training

The Forests of the Czech Republic (FCR) place great emphasis on the education and training of their employees in ethical and legal behaviour. The Criminal Compliance Programme (CCP) regularly organises training and educational programmes to raise awareness of the importance of adhering to ethical standards and procedures when reporting unethical behaviour.

The training covers topics such as the essentials of criminal liability, selected crimes, corporate ethics, and procedures for reporting CCP violations. Employees are provided with specific cases and procedures on how to properly respond to suspected unethical conduct. Training is regularly updated to reflect the latest legislation and internal policies. Employees are required to receive training upon commencement of employment and at regular intervals thereafter.

Employee training within the Criminal Compliance Program at the Forest of the Czech Republic is a key element in maintaining high standards of integrity and accountability. Regular, high-quality training ensures that all employees are well informed and prepared to act in accordance with ethical and legal standards. In 2024, 2,278 employees were trained.



6.2 MANAGEMENT AND SUPERVISION

The Directorate: the central headquarters are located in Hradec Králové and the directorate is responsible for the strategic management and coordination of all activities of the company. The members of the directorate of the state enterprise are:

- CEO Ing. Dalibor Šafařík, Ph.D.,
- Production and Technical Director Ing. Libor Strakoš,
- Economic and Administrative Director Ing. Zbyněk Šmída, Ph.D.
- Business Director Ing. Radovan Srba.

The Directorate's professional functions are carried out by individual professional sections, which are further subdivided into departments, which may be further subdivided into divisions. All departments and divisions cooperate with each other within the limits of their competences in fulfilling the tasks of the enterprise and ensuring its mission.

The directorate directly manages 7 regional directorates, 4 forestry plants, 1 forestry technology plant, 1 seed and 7 watercourse administrations. The regional directorates directly manage 62 forest administrations. The departments and divisions, within the scope of their expertise, provide methodological guidance and direction to the organisational units.

Supervisory bodies: the Supervisory Board of the FCR is responsible for overseeing the activities of the company and ensuring that all activities are in compliance with the law and internal rules. The Supervisory Board is composed of the following members:

Supervisory Board of the Forests of the Czech Republic as of 31 December 2024

Chair:	prof. Ing. Petr Sklenička, CSc.	
Deputy chair:	Zbyněk Nečas	
Members:	Ing. Petr Bendl	Ing. Pavel Hájek
	Ing. Miroslav Jankovský	Ing. Martin Machů
	Mgr. Patrik Mlynář	Ing. Petr Navrátil, Ph.D.
	Martin Procházka, Dis.	Filip Tomášek

According to the Statutes, the Supervisory Board has twelve members. The employees of the enterprise vote and revoke 4 members of the Supervisory Board, 8 members of the Supervisory Board are appointed and revoked by the founder (Ministry of Agriculture). As of 31 December 2024 the Supervisory Board consisted of 10 members.

Audit Committee of the Supervisory Board as of 31 December 2024:

Chair of the Audit Committee: Dr. Ing. Josef Jaroš, MBA

Vice Chair: Ing. Jaromír Vašíček, CSc.

Member: Ing. Petr Navrátil, Ph.D.

Staff changes in the FCR Supervisory Board from 1 January 2024 to 31 December 2024

- As of 22 October 2024, Mgr. Jan Grolich withdrew from the function of a member
- As of 31 October 2024, the Minister of Agriculture revoked Mgr. et Ing. Jiří Lehejček, Ph.D. from the function of a member

Audit Committee: The Audit Committee of Forests of the Czech Republic (FCR) is a key control body that ensures the transparency and accuracy of the company's financial reporting.

6.3 TRANSPARENCY

Transparency and accountability of management are key elements in maintaining public trust and ensuring that the Forests of the Czech Republic act in accordance with the highest ethical and legal standards. Through its commitment to transparency and accountability, the Forests of the Czech Republic strive to ensure that all activities are conducted openly and fairly.



The Forests of the Czech Republic (FCR) are committed to the highest standards of transparency and accountability in their management. This commitment is key to maintaining public trust and ensuring that all activities of the company are carried out in accordance with legal regulations and ethical standards.

Access to information

FCR also comply with Act No. 106/1999 Coll., on free access to information, which regulates the rules for providing information to the public. This Act ensures that all relevant information is available to the public and that citizens have the right to access information about the activities of the company.

In 2024, a total of **182** requests were submitted under Act No. 106/1999 Coll., on free access to information, as amended.

Publication of contracts

Pursuant to Act No. 340/2015 Coll., on the Register of Contracts, the FCR are obliged to publish all contracts the value of which exceeds a set limit. For the year 2024, 11701 contracts and 3358 orders were published.

	January	February	March	April	May	June	July	August	September	October	November	December
Published contracts	1 120	820	904	1 192	858	757	1 032	858	866	1 281	1 064	949
Published orders	242	213	284	281	244	270	265	221	279	381	369	309

Transparency in tendering procedures

FCR are governed by Act No. 134/2016 Coll., on Public Procurement (ZZVZ), which sets out rules for transparent and fair public procurement. This law ensures that all contracts are awarded openly and fairly, minimising the risk of corruption and misuse of public funds.

Financial category public Contracts	Type of procurement procedure	Description	Year 2024 Number of assignment procedures carried out
Small public contracts (VZMR)	Inquiry with publication	The call for bids is published on the contracting authority's profile.	382
	Inquiry without publication	The call for bids is sent to at least three suppliers (for supplies or services with a value of 500 thousand to 1 million. CZK without VAT).	9
	Invitation to a single supplier	The call for bids is sent to one supplier, used in exceptional cases (similar to the statutory reasons for using negotiation without publication).	4
	Total number of procurement procedures carried out for the VZMR in 2024		
Public procurement with a value in ZZVZ mode (public contracts under and over limit)	Open procedure and simplified sublimit procedure	The call for bids is published on the contracting authority's profile, in addition, in the case of an open procedure, in the Public Procurement Bulletin.	140
	Call for bids for public contract in an established dynamic purchasing system (DNS)	The call for bids is sent to all suppliers included in the DNS. Any eligible supplier may access the DNS at any time throughout its duration.	1 061
	Call for bids in a mini-tender under a framework agreement	The call for bids is sent to all participants in the framework agreement. The framework agreement is tendered in an open procedure.	9
	Negotiation procedure without publication (JŘBU)	The call for bids is sent to one supplier, it is used in exceptional cases when the legal grounds for using the JŘBU are fulfilled according to § 63 and further provisions of the ZZVZ.	6
	Number of procurement procedures carried out in the ZZVZ mode in 2024 TOTAL		
Number of procurement procedures carried out in 2024 TOTAL			1 611



7. MANAGING RISKS AND OPPORTUNITIES

To ensure sustainable development, the risk management process is a key element with regard to the application of the dual materiality approach. This means that the company manages risks both from an “outside-in” perspective, i.e. the environment around the company, but also from an “inside-out” perspective, i.e. how the company’s activities affect society and the environment.

This dynamic process requires constant analysis of the wider context of the business to ensure that risks are identified early and that the proposed measures can be implemented. A flexible response to changes in the business environment and within the organisation is essential for an effective management.

The risk management system in the LCR is based on several basic principles:

- **Promoting top-down governance and risk management:** ensures that risk management is linked to corporate strategies and financial planning.
- **Linking risk management to corporate strategies and financial planning:** It enables the alignment of risk management objectives with the long-term goals of the enterprise.
- **The principle of “early warning”:** issuing warning signals of increased risk in monitored areas.
- **Respecting the variability of risk development:** regular assessments and updates of risks.
- **Risk management from the ground up by risk owners:** identifying and managing risks in specific focus areas.
- **Tracking the escalation of identified risks:** ongoing monitoring and risk management.

The main benefits of risk management in the FCR include the reduction of unexpected incidents and crises, which reduces the likelihood of unforeseen events. It also enables more efficient use of the company’s resources, optimises resource allocation and increases their effectiveness. Implementing risk management also mitigates the impact of negative events and reduces the recovery time after an incident or crisis, leading to a faster return to normal operations.

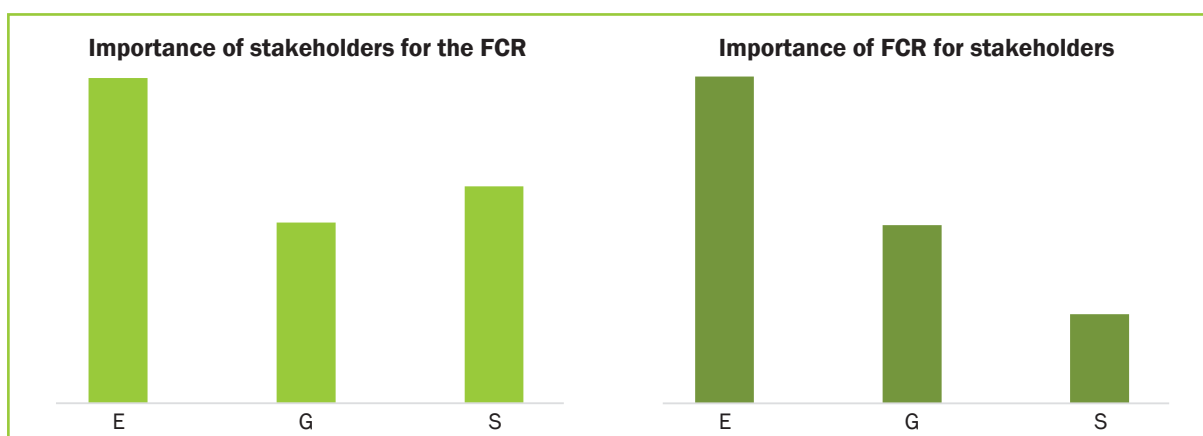


8. STAKEHOLDERS

Forests of the Czech Republic aim to build relationships based on ethics, integrity, transparency, effective communication and support for sustainable development goals.

In managing stakeholder relationships, the FCR distinguishes the following groups:

- founder
- state administration
- regulatory authorities
- certification bodies
- contract partners (suppliers/subscribers)
- media
- local authorities
- local communities
- public
- non-profit organisations
- trade unions
- insurance companies
- banks
- professional confederations
- associations
- educational institutions
- research centres
- employees
- customers
- forest owners



In terms of significance, the relationships between FCR and stakeholders are mostly built for the sake of meeting environmental objectives. For the stakeholders, FCR are also important from the perspective of social responsibility. Therefore, FCR strive in this area to involve the population in initiatives and awareness raising in the field of sustainable development.

Cooperation with stakeholders

Forests of the Czech Republic (FCR) emphasize cooperation and involvement of various stakeholders in addressing key issues and projects. This cooperation enables more effective problem solving, sharing of knowledge and experience and ensures that decisions are made taking into account the broad spectrum of views and needs of all stakeholders.

Donations

According to the Annex to Government Resolution No 334 of 1999, as amended by Government Resolution No 534 of 2000, it is possible for state-owned enterprises and commercial companies with a majority shareholding in the State to make donations in specific areas. In 2024, the company made donations totalling CZK 7 844 440.

Donations	Number of donations	Total amount of the donation
Culture	1	3 000 000 CZK
Education, science and youth care	11	1 339 400 CZK
Environmental protection	4	2 805 000 CZK
Charity, humanitarian and social aid	2	700 000 CZK
Total	18	7 844 400 CZK



International cooperation

Forests of the Czech Republic (FCR) are actively involved in international cooperation through their membership in the EUSTAFOR association (European State Forest Organizations). This association brings together state forests from all over Europe and aims to promote sustainable forest management, protect biodiversity and address environmental challenges.

They are also part of EU-supported projects:

- **BIOECO-UP** – Interreg Programme CENTRAL EUROPE 2021 – 2027, which has 12 partners from eight European countries and whose main objective is to actively involve the public in the bioeconomy using education focused on circular bioeconomy.
- **CEE2ACT** – The Horizon project is a key European Union initiative to support research and innovation. Known as Horizon Europe, the programme aims to address global challenges such as climate change, achieving the UN Sustainable Development Goals and strengthening EU competitiveness and growth. The FCR participate in the programme with institutions from 16 European countries to support Central and Eastern European countries towards developing strategies and action plans for circular bioeconomy.

Working groups

Working groups have been set up to debate issues and solutions primarily within the forestry procurement agenda. These working groups are composed of not only employees of the Forests of the Czech Republic, but also representatives of:

- Ministry of Agriculture
- Association of Forestry and Wood Processing Companies (ALDP)
- Czech Association of Forestry Entrepreneurs (ČAPLH)
- Faculty of Forestry Prague
- Faculty of Forestry Brno

PS1 – Complex forestry contract: Evaluation of the current situation of complex public procurement and development of a new proposal for the next tendering period

PS2 – State Enterprise Strategy – This working group was tasked with creating the so-called Strategy 2025+, which is already in effect.





PS3 – Reproductive material: the working group deals with the types and quantities of planting material of forest tree species grown in relation to reforestation needs.

PS4 – Trade Concept: evaluating the roundwood trade and proposing a new trade agreement.

Communication with the public




Forests of the Czech Republic place great emphasis on open and transparent communication with the public. This communication includes regular informing about activities and projects through various information channels such as websites, social media, press releases and public meetings.

If you are interested in all our public events, we recommend you to visit the website:

www.klubnoveholesa.cz or download the app of the same name – Club of the New Forest.



You can also find us on social media:

-  <https://www.facebook.com/lesycr.cz>
-  https://www.instagram.com/lesycr_/
-  https://x.com/LesyCR_
- YouTube: Lesy ČR – YouTube
- Podcast: Uchem v mechu

You can also find many interesting things on our websites:

- Forests of the Czech Republic
- Club of the New Forest
- Returning Water to Forest
- Planting Forests of the New Generation
- From Forest to Table