

Report on Non-Financial Information 2017/2018 of Energie AG Oberösterreich

INTRODUCTION BY THE MANAGEMENT BOARD

Given our status as a public joint stock company (Aktiengesellschaft), reports on Energie AG Oberösterreich naturally focus on our business performance. However, we know that the company's accomplishments are reflected in more than key figures. Many factors, including soft factors, have a significant influence on our Group. That is why Energie AG Oberösterreich expresses its commitment to sustainability in its mission statement – not only in our business activities, but also around environmental, social and civic issues. This commitment over the past fiscal year has been compiled for the first time in a separate report.

We would like to take this opportunity to highlight our Power Tower, which celebrated its tenth anniversary this autumn. At the time of its construction, it delivered a revolutionary approach as the first high-rise office building in the world designed to Passive House standard. The power for heating, cooling, ventilation and lighting is obtained from the earth, the ground water and the sun. As a result, the Power Tower emits 300 tonnes less in carbon emissions each year than other high-rises. At the anniversary celebration, we took the occasion to open an exhibition, which was curated by our own amateur artists. In doing so, we consciously set an example in terms of the depth of our cultural commitment. This encompasses both external partners (such as the St. Florian Sängerknaben boys' choir and the Höhenrausch project in Linz) and the company as a whole (including our employees). Our company band, one of the best symphonic wind ensembles in Austria, is also widely known. Supporting our employees and their individual talents is a mission close to our hearts.

We are firmly convinced that working together in a spirit of respect gives people a better environment and greater motivation to perform their duties. The outstanding results achieved by Energie AG Oberösterreich's apprentices in the 2018 apprentice competition are a testament to this once again. In addition to the repeat victory in the electrical engineering category, an apprentice from Energie AG Oberösterreich's apprentice workshop also led the overall standings. Against this background, we can look ahead to the future in good spirits.

ABOUT THIS REPORT

As per EU Directive 2014/95/EU on the disclosure of non-financial and diversity information (NFR Directive) and its implementation in accordance with the Austrian Sustainability and Diversity Improvement Act 2017 (Nachhaltigkeits- und Diversitätsverbesserungsgesetz; NaDiVeG), this document is the first separate report on non-financial information (Non-Financial Report) providing the required information about the Energie AG Group. This report will be published on an annual basis. The legal requirements pertaining to the Non-Financial Report were formulated with external assistance based on international frameworks. In addition to this Non-Financial Report, Energie AG provides information about its corporate responsibility in an annual [group management report › page 10](#), in a [semi-annual report](#) and on its [company website](#).

Spokesman and Head of Group Communications Michael Frostel (MSc) is available to answer any questions regarding this report.

This Non-Financial Report contains sections on our business, the environment, social issues, employees, and compliance and anti-corruption (including respect for human rights). Information about topics of lesser relevance has not been provided.

This Non-Financial report will present information about Energie AG's activities, the activities of our consolidated Group companies and the activities of the associated companies (in proportion to the Group's shareholding interest). Key figures are also presented, with any discrepancies noted separately.

This report was examined in the Energie AG Group audit directly commissioned by the Supervisory Board.

THE BUSINESS MODEL OF ENERGIE AG OBERÖSTERREICH

Energie AG is an infrastructure company with roots in Upper Austria, now operating in a number of different regions. The Group's headquarters are located in the Upper Austrian city of Linz.

As a provider of electricity, gas, heating, water, waste management, information and communication technology services, we work to deliver the highest levels of quality and reliability in our products, processes and services. Netz Oberösterreich GmbH (Netz OÖ), a 100% subsidiary of Energie AG, reliably builds and operates the power and natural gas grids, forming the backbone of the electricity and natural gas supply in Upper Austria.

As an experienced and competitive organisation, the Energie AG Group guarantees its customers a fair price–performance ratio and regional availability. This helps to ensure a general spirit of partnership when interacting with customers, employees, suppliers and the general public.

As the company's core business area, the [Energy Segment › page 22](#) spans electricity generation, electricity procurement, electricity and natural gas sales, and heat supply. The Energy Segment's range of services also encompasses energy efficiency services, such as energy audits for large organisations, energy certificates and building modernisation plans, special energy contracting models and system optimisation strategies.

The **Grid Segment › page 28** includes the construction and operation of Netz OÖ's electricity and natural gas grids.

The **Waste Management Segment › page 31** offers integrated waste management and custom-designed waste management solutions to its customers in Austria and South Tyrol. This includes the collection, acceptance, storage, sorting, disposal and incineration (including slag processing) of domestic and commercial waste, as well as recovery and reuse of recyclables in this area. In addition, it provides water supply and wastewater management services in Austria and Slovenia.

The **Water Segment › page 34** offers comprehensive drinking water supply and wastewater management services in the Czech Republic. The business models range from concession, operator and service contracts to general water services. The Water Segment also offers and carries out construction and installations on the open market. Cities, local authorities, associations and industrial enterprises are the contractual partners who form the Water Segment's client base.

In addition to the telecommunications business unit, the **Holding & Services Segment › page 36** comprises the management and control functions of the holding company, commercial and technical services and a number of investments consolidated at equity. The commercial and technical service companies provide services for the entire Group. Energie AG Oberösterreich Tech Services GmbH (Tech Services GmbH) also provides technical services for the Group companies, as well as for external customers. An investment of Energie AG Oberösterreich Customer Services GmbH (Customer Services GmbH) allows for the provision of classic customer service, technical support and sales support.

The telecommunications business unit focuses on connecting customers to the fibre-optic infrastructure with light-speed connectivity (originally built for the unit's own needs). In addition to local authorities, multi-site and business customers, this service has also been on offer to the mass market since 2014. As per EU Directive 2009/72/EC and the resulting Austrian introductory regulation for smart meters, Energie AG Oberösterreich Telekom GmbH (Telekom GmbH) is building a smart metering system on behalf of Netz Oberösterreich GmbH.

Energie AG's market area includes Austria, the Czech Republic, South Germany, Italy and Slovenia.

The annual report contains the **Energie AG Oberösterreich at a Glance › page 2** overview document, the **Shareholder Structure › page 6** of Energie AG Oberösterreich and the **Group Management Bodies › page 5**.

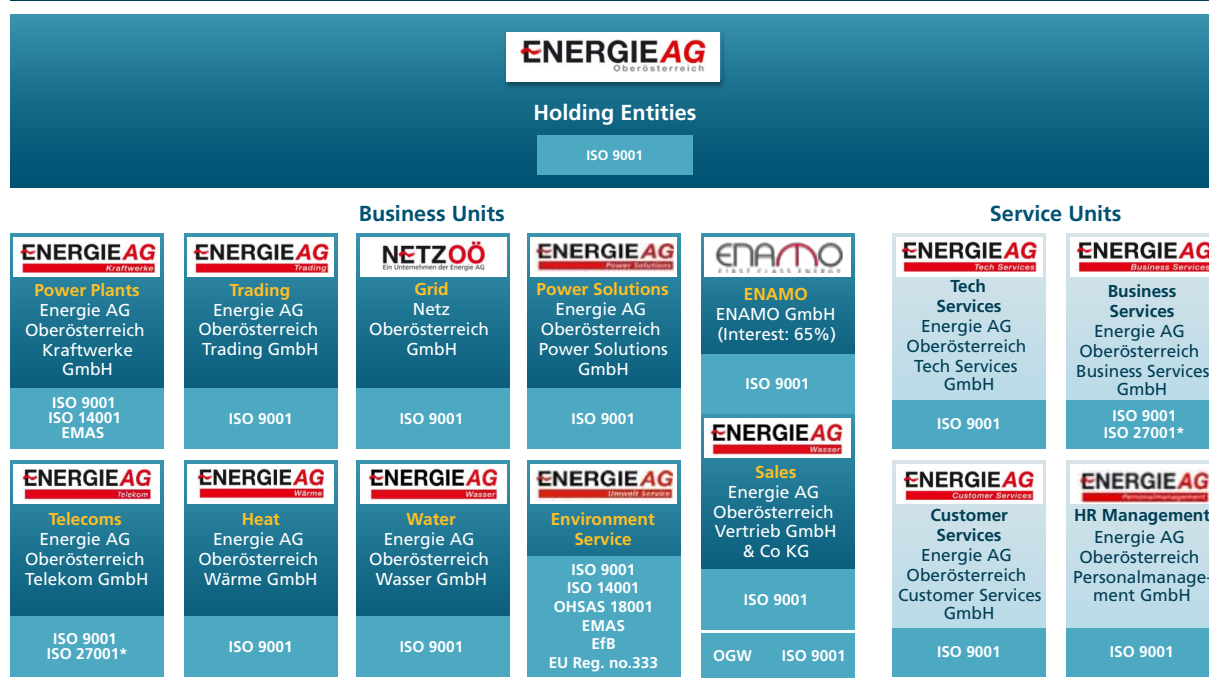
I QUALITY MANAGEMENT

The high level of quality, safety and environmental protection at the Energie AG Group is ensured by an integrated quality, safety and environmental management (QSE) system. Using modern instruments and methods, this system is integrated into the Group's management systems with a focus on sustainability and maximum efficiency. The application of the ISO 9001 standard for quality management systems as a Group-wide standard contributes towards effective and efficient design, continuous improvement and transparent presentation of operational processes and procedures.

The integrated QSE management system ensures the continuous improvement of the Energie AG Group's services through the active involvement of executives, employees and customers. Regular examination from internal audits and independent external institutes guarantees top product and service quality, as well as the best possible processes for our customers and partners.

The Energie AG Group's [internal control system](#) › [page 17](#) is described in the Management Report.

Energie AG Group Structure



Simplified overview of the Energie AG Group, including certification credentials

ISO 9001 – Quality Management

ISO 14001 – Environmental Management

BS OHSAS 18001 – Safety Management

Company environmental management in accordance with EMAS (Eco-Management and Audit Scheme)

EU Regulation No. 333/2011, Art. 6; Austrian V.EFB's Rules Concerning Requirements for Specialised Waste Disposal Companies (RAEF)

ISO 27001 – Information technology – Security techniques – Information security management systems

* Information services of Energie AG Oberösterreich Business Services GmbH (Business Services GmbH) and

Telekom GmbH are ISO 27001-certified.

The consistent approach to strategic issues was highlighted as a very positive attribute in the regular external audit carried out by TÜV SÜD Landesgesellschaft Österreich GmbH in the period under review.

I STRATEGY AND KEY TOPICS

The Energie AG Group's strategy is based on three pillars: "customer-centric culture", "organisational and operational excellence" and "secure digital services". All the Group's measures and activities aim towards these three strategic lodestars.

A structured annual strategy process is a prerequisite for consistent control over the Energie AG Group's long-term business development. This involves comparing the results of analysis regarding market developments (opportunities and risks) with the prevailing conditions in the Group (strengths and weaknesses), then formulating strategies and measures from this to ensure sustained economic efficiency and profitability.

The most recent strategy meeting with Group management was held in July 2018 under the banner "#transformation2030". The meeting focused on the current structural projects in the Group, as well as decarbonisation and digitalisation.

For further information about Energie AG's current strategy, see [Strategy › page 7](#).

A number of sustainability considerations, which are significant for Energie AG both from our own perspective and from the perspective of external stakeholders, were identified in the 2017/2018 fiscal year. These factors will be regularly evaluated and will undergo continuous improvement with the involvement of internal interested parties (e.g. Management Board, executives, Supervisory Board and owners) and external stakeholders (e.g. customers, communities close to our projects, representatives from political and administrative systems). The topics were rated in a materiality matrix from "important" to "highly important" in the context of sustainability. The quantitative and qualitative indicators to be measured were set based on this evaluation matrix.

The key sustainability issues for the Energie AG Group are:

- Partnership with equity investors and outside creditors
- Business models fit for the future – innovation
- Supply reliability and quality
- Customer orientation and satisfaction
- Climate protection
- Resource conservation
- Energy efficiency
- Acting as a responsible employer
- Occupational health and safety
- Regional responsibility and social commitment
- Stakeholder Dialogue
- Legal compliance and prevention of corruption

This Non-Financial Report will cover the issues identified in the materiality analysis in its sections on our [business › page 48](#), the [environment › page 49](#), [social issues › page 55](#), [employees and our role as a responsible employer › page 62](#), [compliance and anti-corruption \(including respect for human rights\) › page 67](#).

SUSTAINABILITY WITHIN ENERGIE AG AT A GLANCE

| ENVIRONMENT

RESOURCE CONSERVATION |
CLIMATE PROTECTION | ENERGY EFFICIENCY

Plan

- Consistent QSE management system
- Group's strategic goals for resource conservation, climate protection and energy efficiency
- Certified management systems (EMAS, ISO)

Measures | Results

- "Quality, Safety and Environmental (QSE) Management" Group Policy
- Steady expansion of renewable energies
- Increasing energy efficiency on the part of customers and within the Group
- Environmental impact assessments and analysis reports
- Reviewed and approved environmental statements, certifications and audits
- Rights management database
- Ensuring that all legally required staff appointments are made

Risks for Energie AG

- Loss of reputation
- Litigation
- Stricter environmental legislation

Risks for Stakeholders

- Regional ecological impacts on habitats, hydromorphology and biodiversity from the construction and operation of facilities
- Global environmental impacts from emissions

| SOCIAL ISSUES

SUPPLY RELIABILITY AND QUALITY |
CUSTOMER SATISFACTION |
REGIONAL RESPONSIBILITY/SOCIAL COMMITMENT |
STAKEHOLDER DIALOGUE

Plan

- Consistent QSE management system
- Information management system
- Data protection management system
- Crisis management
- Group's principles on democratic politics
- Group's strategic goals for supply reliability and quality, customer satisfaction and regional responsibility

Measures | Results

- "Quality, Safety and Environmental (QSE) Management", "Information Security Management in ICT", "Data Protection Management System", "Data Protection Compliance Policy" and "Sponsoring and Giving" Group policies
- Contingency plans
- Stakeholder dialogue
- Complaint management and surveys
- Support for social, cultural and sporting activities

Risks for Energie AG

- Loss of reputation
- Litigation
- Damage to business
- Fines

Risks for Stakeholders

- Critical infrastructure failure
- Health and safety risks for the local population
- Risks for information security, cyber-security
- Data protection risks

| EMPLOYEES

ACTING AS A RESPONSIBLE EMPLOYER | OCCUPATIONAL HEALTH AND SAFETY

Plan

- Comprehensive human resource management
- Management systems for health and safety in the workplace
- Group's strategic goals for positioning itself as a responsible and attractive employer, as well as for health and safety at work

Measures | Results

- "Human Resource Management", "Management by Objectives" and "Management Academy" Group policies
- Safety training courses for internal and external employees
- In-house health management project energy@work
- Scholarship and trainee programmes
- Personnel Development 4.0 programme

Risks for Energie AG

- Litigation
- Shortage of skilled professionals
- High staff turnover
- Loss of expertise and practical knowledge
- Negative impacts on employer branding

Risks for Stakeholders

- Health and safety risks for company staff and temporary employees

For more details on the risks and opportunities facing the Energie AG Group, see [Management Report › page 18](#) and [Notes to the Consolidated Financial Statements › page 150](#).

| ANTI-CORRUPTION

LEGAL COMPLIANCE AND PREVENTION OF CORRUPTION

Plan

- Compliance management system and officer in place

Measures | Results

- "Compliance Management System" and "Anti-Corruption" Group policies
- In-person training and e-learning courses

Risks for Energie AG

- Legal and compliance risks
- Fines
- Litigation
- Loss of reputation

Risks for Stakeholders

- Legal and compliance risks
- Threats to fair competition

| RESPECT FOR HUMAN RIGHTS

Plan

- Code of Conduct
- See also [Social Issues › page 55](#) and [Employees › page 62](#)

Measures | Results

- Works Council
- See also [Social Issues › page 55](#) and [Employees › page 62](#)

Risks for Energie AG

- No significant risks at this time

Risks for Stakeholders

- Risk of discrimination against company staff and temporary employees
- Aside from this, no known risks for human rights violations

ECONOMY

Energie AG's economic goals are:

- To ensure sustainable financial stability
- To increase the company value
- Ongoing profitability for the capital employed, above the minimum rate of return
- To create an efficient and competitive corporate and organisational structure
- To implement innovative business models that are fit for the future
- To create a working environment that motivates employees to innovate

Positioning ourselves as a reliable and stable partner for equity investors and outside creditors is an important goal of Energie AG, which we are pursuing in a consistent and sustained manner. Following the Group's strategic and structural realignment in the 2013/2014 fiscal year as part of the "PowerStrategy 2020", further trend-setting projects were launched in the 2017/2018 fiscal year.

Energie AG works at an early stage to identify ideas that have potential for future business models and areas of activity. It was in this context that the Special Innovation Committee ("SoKo Innovation") was created three years ago. This working group established an innovation process aiming to engage with selected issues and make ongoing improvements. This innovation process is guided by the concepts of design thinking and interactive development of business ideas based on customer needs.

For information about the state of business at the Energie AG Group, see the [Group Management Report › page 10](#). The following sections address business development in the Group: [Net Assets, Financial Position and Results of Operations › page 13](#), and [Research, Development and Innovation › page 18](#).

ENVIRONMENT

Energie AG's environmental goals are:

- To support and comply with goals and projects that reflect the Austrian climate and energy strategy, while taking economic sustainability into account
- To further expand renewable generation facilities
- To increase energy efficiency, with more efficient and sparing use of fuel
- To expand new green alternatives for space heating
- A forward-thinking maintenance strategy
- Ensuring that waste is disposed of and recycled in an environmentally friendly and legally compliant manner
- Providing advice to customers and improving awareness of sensible and efficient energy use

Energie AG expresses its commitment to responsible and sustainable use of the environment in all areas of activity, taking future generations into consideration. The key sustainability issues in the environmental realm are climate protection, resource conservation and energy efficiency. These issues are organised into the [Energy › page 51](#), [Grid › page 52](#), [Waste Management › page 52](#), [Water › page 53](#), and [Holding & Services › page 54](#) Segments in this section.

Most Energie AG Group projects are intended to improve energy efficiency (both in-house and for the customer) while sustainably supporting energy and climate goals, as well as the guidelines of the Austrian Federal Energy Efficiency Act 2014.

Compliance with environmental laws is a key foundational principle for success in the market. Regular internal and external reviews help to ensure the necessary compliance. At present, there are no deviations from legal provisions related to the environment.

For all the review results, see the latest environmental statements from [Energie AG Oberösterreich Umwelt Service GmbH \(Umwelt Service GmbH\)](#) and [Energie AG Oberösterreich Kraftwerke GmbH \(Kraftwerke GmbH\)](#).

The Energie AG Group's business activity requires a reasonable amount of greenhouse gas emissions. Thermal plants are indispensable for electricity production as a means of ensuring a secure supply and stable grids. Energie AG works to counter greenhouse gas emissions by making substantial positive impacts on the environment through efficient low-CO₂ energy and heat generation, and by harnessing the benefits of primary fuel and primary raw material substitution. In addition, our refrigerator recycling service makes a significant contribution to reducing greenhouse gas emissions.

1,331 kt of CO₂ emissions (Scope 1) were released in the 2017/2018 fiscal year, of which 1,019 kt were from fossil fuel sources and 312 kt were from biogenic energy sources. The Energie AG Group can account for 74 kt of indirect CO₂ emissions (Scope 2).

The Energie AG Group's emissions predominantly come from the operation of thermal power plants, district heating plants, waste incineration plants and co-generation plants, as well as from pumping energy, distribution losses, process heat, building heating and vehicles.

CO₂ EMISSIONS FOR 2017/2018 FISCAL YEAR (IN METRIC TONNES)

Business Unit	Scope 1 (fossil) tonnes	Scope 1 (biogenic) tonnes	Scope 2 tonnes	Total tonnes
Power plants	423,853	145,941	4,536	574,330
Environmental service	499,195	136,919	15,106	651,220
Heating (Austria)	26,816	10,696	1,046	38,558
Heating (Czech Republic)	30,214	5,634	860	36,709
Power solutions	25,579	3,316	4,486	33,380
Water	5,577	9,628	11,455	26,659
Electricity grid			36,565	36,565
Gas grid	3,113			3,113
Business services	4,646			4,646
Total ¹⁾	1,018,992	312,134	74,053	1,405,180

1) Data from the 2017/2018 fiscal year; based on the low level of fluctuation in recent years, data for Energie AG Oberösterreich Umwelt Service GmbH (Umwelt Service GmbH): 2017 calendar year; data for Water Segment from 2016/2017 fiscal year; <1% of overall balance not included due to small scale: trading, telecommunications, service units (except for vehicle fleet) and Ennskraftwerke AG. Figures based on direct measurement, from environmental statements or conversion using direct emission factors, Environment Agency Austria CO₂ equivalent and Energie AG electricity mix (residual mix). Methane taken into account in direct emissions.

Scope 1 encompasses direct emissions from the incineration processes of stationary facilities, direct emissions from the incineration processes of mobile facilities, direct emissions of volatile gases and direct emissions from processes.

Direct greenhouse gas emissions are released when primary energy sources are converted in our facilities, vehicles and building heating (without electricity). This includes all fuels such as natural gas, heating oil, coal, diesel, petrol, liquefied petroleum gas and biogenic fuels. Energie AG creates electricity and district heating from these sources and operates its own vehicles.

Scope 2 encompasses indirect emissions from electricity purchases, indirect emissions from district heating/cooling and indirect emissions from steam purchases.

Indirect greenhouse gas emissions are released by the use of electricity from the grid and heating from non-Energie AG systems. This includes the operation of systems that generate no electricity in-house (such as power supply to Energie AG buildings, grid purchases during system shutdowns/overhauls, pumped-storage electricity, systems in the water network and systems in the gas grid (without own gas needed).

The energy audit, in line with section 9 of the Austrian Federal Energy Efficiency Act 2015 (Bundes-Energieeffizienzgesetz; EEffG), covers all Austrian locations of all Energie AG Group companies (>50% shareholding interest). As per EEffG Annex III, the energy audit examined a key energy consumption area in the relevant sites' "processes", which were analysed in detail and subsequently audited. Processes account for 92% of the Energie AG Group's total energy consumption, while transport and buildings each account for only around 4%.

| ENERGY SEGMENT

In the 2017/2018 fiscal year, approximately 78.0% of Energie AG's own electricity generation came from renewable sources, with around 92.6% of this coming from hydroelectric power and the remainder from photovoltaic systems, wind, biomass and waste recycling.

Energie AG operates a total of 44 of its own hydropower plants (with a total capacity of around 280 MW and around 1,160 GWh ⁴⁾ of electricity generated annually) and 20 hydropower plants from procurement rights (with a capacity of around 380 MW and around 1,390 GWh of electricity generated annually). Energie AG has seven locations ⁵⁾ for thermal power plants with a capacity of 400 MW_e and up to 2,260 GWh ⁶⁾ of electricity generated annually. The total installed capacity of the thermal power generation plants for heat is 1,024 MW_t.

For more information about energy generation, see the [Key Performance Indicators](#) › [page 20](#) section of the Management Report.

Energie AG operates several thermal power plants in Upper Austria, including the power plant with the highest capacity in the state: the CCGT (combined-cycle gas turbine) power plant at Timelkam, which is rated at 405 MW_e ⁷⁾. Energie AG's CCGT power plant has the necessary flexibility and a highly efficient part load operation, enabling it to be used to stabilise the electricity grid in congestion management situations. The last of the coal was burnt up at the Riedersbach power plant in 2016. Since then, we have used only natural gas and biomass to generate electricity and district heating at our Riedersbach and Timelkam sites. The biomass power plant at Timelkam (capacity: 9.5 MW_e, 28 MW_t) uses forest and herbaceous biomass to generate green electricity and district heating.

All thermal power and heat generation plants exhibit a very high degree of fuel utilisation and, in turn, efficient use of primary energy resources.

Conserving resources is more than simply a focus area in the operation of power and heat production plants; it begins as soon as infrastructure facilities are built and spans their entire useful life. The environmental impact of new production and supply facilities is kept as low as possible with the close involvement of affected stakeholders and the support of outside experts. A forward-thinking maintenance strategy ensures high system availability and maximises system lifespans.

Increasing energy efficiency in electricity and heat production, distribution grids, and customers' energy and water consumption is a permanent focus of efforts to achieve sustainability.

Heat is generated at the Kirchdorf power plant location through a highly efficient co-generation facility with around 90% total efficiency. The CO₂ emissions from power plants and heating systems are up to 60% lower than in conventional energy production. In addition, 40% of the heat demand is covered by using or recovering industrial waste heat.

Energie AG supports its customers in a variety of ways through its energy efficiency campaigns, with advisory services, sustainable electric transport, long-lasting and efficient LED lighting provided for free, and financial support for replacing old, high-energy-consumption household appliances. 105,412 two-packs of LEDs ⁸⁾ were issued during the 2018 Energy Efficiency Campaign, saving a total of 2.6 GWh. The new household appliance replacement

4) Including Bad Goisern power plant (10%)

5) Riedersbach, Timelkam, Wels, Redlham, Kirchdorf, Steyr, Laakirchen

6) Including Timelkam CCGT plant (70%) and Riedersbach (location only)

7) Timelkam CCGT power plant 100%

8) Measures submitted to the Austrian Energy Efficiency Monitoring Centre

campaign, "Buy or Rent", led to 1,179 inefficient home appliances being replaced and around 110,000 kWh being saved.

Accelerating energy-efficient technologies has now been an Energie AG priority area for many years. The installation of efficient heat pumps is supported through monetary assistance, energy advisory services and demonstration systems. It was possible to install around 500 new systems in the Energie AG service area over the past fiscal year, yielding total energy savings of around 8.3 GWh.

In addition to the direct assistance, subsidised electricity products have also been available. ENAMO Ökostrom GmbH, a joint venture of Energie AG and Linz AG, has 100% renewable seller status. In addition to supplying all private and commercial customers with environmentally friendly electricity from hydroelectric power, ENAMO Ökostrom GmbH is one of nine electricity distribution companies that also offers "green electricity" certified according to the UZ46 environmental label throughout Austria.

In gas sales, the "Energy-Saving Package", which supports the installation, renewal and conversion of heating systems to condensing boiler technology for household customers, was successfully continued. In the period under review, around 370 heaters were converted to natural gas or replaced, saving around 4.8 GWh of energy (calculated based on EEEffG). Contracting solutions for efficient heating systems were another focus area. The increased use of biomass, geothermal energy and industrial waste heat is particularly effective in promoting regional and renewable energies in the production of heat.

For details on the expansion of public charging stations for electric vehicles, see the [Management Report › page 27](#).

I GRID SEGMENT

Distribution losses are an indicator of the efficiency of energy supply networks and, in turn, of resource conservation levels in energy distribution. In the 2017/2018 fiscal year, the losses in the power grid amounted to 2.5% (215 GWh). The losses in the gas grid from discharge during repair and maintenance tasks accounted for 53,543 m³ in the 2017/2018 fiscal year.

I WASTE MANAGEMENT SEGMENT

Energie AG's Waste Management Segment has been comprehensively certified in accordance with the internationally recognised EMAS (Eco Management and Audit Scheme) at all 24 sites. Investing in the highest technical standards and in environmental and climate protection is one of the foundation stones of the Waste Management Segment's business activity.

Energie AG Oberösterreich Umwelt Service GmbH's Environmental Statement 2018

received the EMAS Award for the best environmental team and sustainable environmental management.

When providing waste management services, care is taken to ensure that resources are conserved as much as possible. Key plans in this area include reducing CO₂ emissions with a modern fleet of trucks, rolling out e-business (automating commercial processes), increasing energy efficiency and decreasing overall energy consumption. In addition, the slag remaining after waste incineration is recycled at the Wels plant. In a multi-stage mechanical separation process, iron and other content remaining in the slag after incineration is removed. This not only has the advantage of separating these resources (aluminium, copper, brass and stainless steels), recycling them and reintroducing them to the metal processing cycle; there is also

additional savings potential in terms of CO₂ emissions in comparison to producing these resources from scratch. Furthermore, the landfill volumes at Wels are reduced through the yearly recycling of metals. As a result, it is not necessary to resort to other landfills, saving long lorry journeys and fuel.

Biomonitoring, a scientifically-based control method, is used to track pollutant emissions at the Wels waste incineration plant. The effects of the thermal treatment plant's operation on the environment are measured continuously at several fixed points in and around the site.

In terms of energy efficiency in the Waste Management Segment, we pay particular attention to the energetic effectiveness of the grate firing and circulating fluidised-bed waste incineration plants. The efficiency criteria under Directive 2008/98/EC are assessed on an annual basis in this area. Efficient electricity conversion and/or heat extraction are crucial factors in fulfilling these criteria. Infrastructure including connections to drinking water and sewer systems is ensured at all locations. As far as technically possible, process water, rain water or seepage is used instead of potable water in the production plants.

The Waste Management Segment provides water supply and wastewater disposal lines in Austria and Slovenia, operating as a water supplier across a number of regions. The customers that use these services are cities and local authorities. Only the pipelines are owned by the Segment, whereas distribution grids are not. There is no water loss from the pipelines, with the differences between the measuring points at wells or tanks and water meter chambers at the customer's end falling within the range of the water meters' measurement tolerances. Energie AG only has limited influence over unaccounted for water in the distribution grids of the local authorities we serve, as the infrastructure in these areas is owned by the municipalities, which as a result have the power to decide on any measures (upgrades, investments, etc.)

Energie AG provides support and advisory services to the local authorities as part of our service, carrying out monitoring, measurement and broad-based analysis, as well as formulating proposed measures for decision-makers to reduce water losses.

I WATER SEGMENT

Along with its Czech investments in the Water Segment, Energie AG has been committed for years to reducing unaccounted for water and water supply network damage. Given that local authorities are responsible as the infrastructure owners for renovating grids (except for one investment – VaK Beroun, a.s.), Energie AG's measures focus on locating and remedying leaks, which requires reporting and benchmarking of unaccounted for water and sustainable pipeline rehabilitation. In recent years, investments have been made in modern hardware and software for hydraulic network modelling and measurement as well as in employee training.

Valuable drinking water is lost every day due to damage to the network of water pipelines. This can be caused by various factors: the age of the network, pipe material, quality of installation, geology of the subsoil and material for the pipe bedding, distribution volume and pressure level. In the international water sector, unit water leakage is a commonly used measure of unaccounted for water. This indicates how many cubic metres of drinking water is lost per kilometre of a pipeline network per year (converted to a unit diameter) and, in turn, indicates the pipeline network's condition. The benchmarking is carried out on an annual basis in 52 Energie AG supply areas with more than 5,000 residents. In 2007, 73% of networks were in good condition and 10% in average condition. At a time when the pipeline networks have been growing older and subjected to increased wear, it has been possible to increase the proportion of networks rated as good to 90% within 10 years. Since 2016, there have no longer been any networks rated as poor in Energie AG's Czech service area.

The latest news about Energie AG's water services in the Czech Republic, complete with key performance indicators, benchmarking and environmental details, has been published on an annual basis since 2011 as information for professionals and customers in Czech and German in the [WaterPages magazine](#).

I HOLDING & SERVICES SEGMENT

Energie AG carries out active building benchmarking in Austria. The Group headquarters, the Power Tower in Linz, is one of the first high-rise office buildings in the world designed to Passive House standard. The 74 m-high office tower in Linz's Bahnhofsviertel copes without being connected to the district heating network and does not require any fossil fuel use. It emits around 300 tonnes less CO₂ a year than other high-rises. Power is supplied to the building via a complex system, making innovative use of traditional technologies. The power for heating, cooling, ventilation and lighting is obtained from the earth, ground water and sun. There is a photovoltaic system integrated into the façade on the southwest side of the Power Tower. In addition to the Power Tower, ongoing improvements and optimisation efforts help to ensure that energy use is low in the operations of all the other buildings of the Energie AG Group.

Fish ladders have been built at Energie AG's run-of-river power plants in accordance with the Water Framework Directive. A fish ladder was also installed at the Partenstein pumped storage power plant during the 2017/2018 fiscal year. With over 20 licenced fisheries in Upper Austria and Salzburg, Energie AG is one of the largest fisheries managers in Upper Austria. The licenced fisheries next to the hydropower plants are also sustainably managed. As well as supporting natural reproduction, Energie AG also ensures an attractive and naturally authentic population density by means of ecological breeding programmes and regular stocking with native fish species.

In purchasing processes, some environmentally relevant criteria are set as mandatory requirements in the text of requests for proposal.

SOCIAL ISSUES

Energie AG's social goals are:

- Reliability and quality in supply and waste management services
- To position ourselves as a responsible company
- To build and maintain sustainable client relationships
- Ongoing proactive and systematic dialogue with stakeholders
- To strengthen environmental consciousness among children and young people
- To avoid infringements of legal and in-house standards

In 2016, Prof Friedrich Schneider from the Department of Economics at Johannes Kepler University Linz conducted the first in-depth assessment of Energie AG's role as an important factor in the economy of Upper Austria and Austria as a whole. He subsequently published his findings as a study. During the study period (2010-2015), the company contributed around EUR 3.2 billion to Austria's gross domestic product (GDP), creating or sustaining close to 25,000 additional full-time jobs outside the Energie AG Group. In the 2017/2018 fiscal year under review, a new study was conducted in partnership with Vienna-based economic research institute Economica, including additional economic indicators such as regional value creation and fiscal effects. The study's results will be available at the end of 2018.

I SUPPLY RELIABILITY AND QUALITY

Energie AG is committed to a safe and sustainable energy supply for present and future generations. Security of supply is the fundamental basis for general business growth, job creation and maintaining quality of life. Energie AG's electricity, gas, heating, telecommunications and water supply services are a major driver of Upper Austria's international competitiveness as a business location. Our Waste Management Segment offers reliable waste management services in its market areas, covering every link in the value chain at the highest technical level.

Netz OÖ operates an electricity grid consisting of 32,365 km of power lines, in addition to a 5,549 km natural gas grid. These reliable and modern grids ensure the energy supply of end consumers and power plants. The electricity grid's supply reliability, measured in terms of service-related availability (ASIDI; Average System Interruption Duration Index) and not taking regionally exceptional events into account, was 33.03 min/a in calendar year 2017 (previous year: 37.62 min/a). Customer-related system disruption (SAIDI – System Average Interruption Duration Index) stood at 36.58 min/a (previous year: 45.61 min/a). The availability of the natural gas grid was 100% in calendar year 2017 (previous year: 100%).

For some years, Energie AG Oberösterreich Telekom GmbH (Telekom GmbH) has been working on building a comprehensive fibre-optic network in Netz OÖ's service area. The fibre-optic network was 5,550 km long as of the end of the 2017/2018 fiscal year.

Water supply availability in the Water Segment is in excess of 99.99% on a constant basis. The number of water supply grid interruptions fluctuates from year to year between 0.2 and 0.3 cases of damage per kilometre per year (predominantly due to winter and frost). Meanwhile, there were around 0.1 cases of damage per kilometre per year in the sewerage system in the 2017/2018 fiscal year.

I CUSTOMER ORIENTATION AND SATISFACTION

A consistent focus on the wishes and needs of present and potential customers, as well as on their satisfaction, is the foundation for strategic action in all Group companies. Customers' needs are changing, with increasing demand for digital contact methods, digital services and better service outcomes (e.g. shorter response times) in a context of rising price sensitivity.

Ongoing monitoring and professional development initiatives help to ensure high-quality customer relationship management, whether over the phone or in person. In addition, our pricing and product selection are under constant review. We pay particular attention to digital services, which we are currently developing and expanding in various forms.

GDPR Implementation

Energie AG maintains a data protection management system to ensure Group-wide implementation and compliance with the provisions of the General Data Protection Regulation (EU 2016/679; GDPR, in effect since May 2018) and the new Austrian Data Protection Act 2018 (Datenschutzgesetz; DSG).

Energie AG's Data Protection Policy explains the data protection management system's essential operational framework. Energie AG is aware of the trust that our customers place in us. As a result, we treat security, integrity and trust as a top priority when handling their personal data in our day-to-day operations.

The data protection processes we have implemented log and process valid complaints regarding breaches of customer data protection, resulting in corrective action if necessary. No valid complaints were brought to our attention by third parties or the regulator during the 2017/2018 fiscal year. The data protection management system will undergo further development and operational implementation in the 2018/2019 fiscal year.

Customer Phone Service

When customers contact us by telephone, it is highly important for their enquiry to be dealt with promptly. Trained, top-class customer service staff are essential to meeting these expectations. The high quality of customer information is also confirmed by the results of the independent nationwide tests conducted in 2017 by business magazine Trend on the topic of customer care. Energie AG was awarded the ÖGVS Service Award 2017 by the Austrian Association for Consumer Studies in the Customer Service by Telephone category. Energie AG's customer service performed extremely well against the benchmarks of the energy industry and other sectors.

In the event of failures, which cause a substantial increase in calls from affected customers within a very short period of time, calls need to be answered and processed with rapid turnaround. Even heavy and unpredictable call volumes can be managed thanks to a flexible on-call service model, individual customer service employee flexibility and suitable home office infrastructure.

Introduction and Use of New Technologies

Energie AG is actively committed to introducing and using new technologies. The customer is also at the heart of our approach in this area. For instance, Netz OÖ is one of Europe's leaders when it comes to comprehensive smart metering, which creates new opportunities for customers to save on energy by providing precise consumption information. More than 76% of all customer systems are equipped with intelligent electronic electricity meters in Netz OÖ's service area. This system provides a highly reliable power supply to customers.

The new smart meter technology presents the possibility of developing new business models. Intelligent electricity meters are the key household device that makes it possible to turn a home into a smart home. In the future, interaction between electricity meters and home automation systems will facilitate perfect use of energy, which users will be able to generate, purchase or store. All of this will bring the customer cost savings, lower consumption and greater comfort.

Our Czech water investments have been using smart digital water meters for several years at this point. To date, the consumption data has been exclusively used for billing purposes. Now two projects will make it possible to provide the data to end users on request. In its "Voda pod kontrolou" ("Water Under Control") project, the Water Segment is taking on the challenge that stems from its more than 300 contractual partners in local authorities using different types of meters. Instead, it will be rolling out a new system. Under both systems (water meters with wireless communication technology as well as meters equipped with a register unit), the customer will receive a continuous consumption overview in the final set-up and will receive an alert if certain volumes are exceeded (burst pipe warning). The "Water Under Control" project's official market launch will take place in the fourth quarter of 2018.

Information Security Management

In order to be able to reliably guarantee continuous service to customers and other stakeholders in line with their needs, Energie AG has maintained a comprehensive, Group-wide information security management system for a number of years. Especially in the age of the digital transformation and cyber-attacks, detecting and countering risks and attacks of this nature is of great importance. To this end, Energie AG periodically and systematically analyses and evaluates threats to its information security, decides its stance on any risks and takes effective steps to control and reduce these risks. Key areas of activity are ISO 27001-certified and are regularly reviewed. Staff users undergo annual (electronic) training programmes and are proactively notified of any particular threats.

In addition, Energie AG has taken a large number of steps to establish and maintain an adequate level of security. However, even the most strenuous effort cannot guarantee absolute security in today's information and communication technology, meaning that there is always a certain residual risk. As a result, Energie AG has an emergency and crisis management system in place, enabling it to safely restore orderly operation and customer supply as quickly as possible in the event of a failure.

Complaint Management and Surveys

Contact with customers and partners is important for Energie AG to learn about their needs, concerns and ideas. This allows us to solve concrete problems, as well as to adapt and optimise our processes. Complaint management is a key mechanism in this area. Together with Customer Service, we analyse the communications (whether complaints or praise) on a quarterly basis, evaluating the subject areas and using these as a basis to establish options for action. In the past fiscal year, for example, at the suggestion of customers, we refrained from sending payment slips to electricity and natural gas customers without a SEPA direct debit mandate. Furthermore, we have stopped requiring multiple meter reading slips to be sent to us by post in the electricity and natural gas sectors.

Public opinion research institutes regularly conduct surveys of the general population, customers and specific target groups. For instance, in the 2017/2018 fiscal year, the public was asked which products they consider appealing. In partnership with Market, an Austrian opinion research institute, the challenges and future-related issues facing local authorities in Upper Austria were identified in the 2018 Mayors' Poll. The activities of individual company divisions can be realigned based on this information and suitable products can be developed.

Relatively strong customer loyalty is evident in the electricity sector. 63% of customers are generally very satisfied and 34% are quite satisfied with our sales arm, Energie AG Vertrieb GmbH & Co KG. Measuring loyalty levels in set categories (e.g. product range, price communication, homepage, regional commitment) provides detail that allows us to find sensible places to start improving services for our customers.

Customer satisfaction surveys are carried out at all the Waste Management Segment's sites. These include a school marking-style assessment system, in which the Segment received a 1.4 (equivalent to an "A") during the period under review (2017/2018).

I STAKEHOLDER DIALOGUE

A proactive dialogue with stakeholders (such as local authorities, residents and public initiatives) has long been part of our existing business strategy. A prime example of sustainable cooperation, the model of citizen participation relating to Welser Abfallverwertung, has now been in existence for 27 years, making it the longest and most successful active model of a public participation, mediation and project environment management process.

The central element of this model is an Environmental Commission, which acts as a link between Energie AG as the operator and the neighbouring communities. The process has enabled us to continuously develop and strengthen mutual understanding. The aim is to ensure that all parties involved are included in decision-making through an open and honest information policy, while at the same time maintaining trust with constant monitoring. The principles of democratic politics were added to this model in the late 1990s.

Energie AG's principles on democratic politics set out how the company intends to proceed in protecting the interests of relevant members of the public above and beyond the legally required minimum. The principles on democratic politics are applied on a Group-wide basis for power plant expansions, grid expansions and other approval processes. Energie AG is fully committed and does everything within its means to pursue this approach. However, it should be noted that it is sometimes impossible to resolve existing conflicts – especially in the context of grid expansion – via this method of public participation and involvement. The potential for conflict often arises from unsubstantiated sources of information (such as certain online sources). Energie AG and Netz OÖ endeavour to actively support stakeholders by providing access to independent expert knowledge and studies.

In the past, a lack of transparency was regularly criticised in the planning process and decision-making for "new lines" – particularly in connection with 110 kV transmission lines. In the actual approval process, the applicants, approval authorities and politicians were repeatedly confronted with questions about the fundamental need for the overhead line/underground cable system decision and about the basis for the intended route.

In order to improve this situation, experts from the State of Upper Austria, grid operators Netz Oberösterreich GmbH, Linz Strom Netz GmbH and Austrian Power Grid AG, and external consultants (ILF Consulting Engineers Austria GmbH and Institut Retzl GmbH, Linz) have drawn up "Guidelines for Route Choice in Planning Processes for New High-Voltage Installations".

The chosen system is based on the tried- and-tested route selection guidelines for transport projects. In the route selection procedure, the following objectives are among those that must be ensured in a transparent, reasonable and well-received process: standardised route selection procedure framework, early consideration of later approval procedures, system decision (overhead line/underground cable) based on previously defined parameters,

determination of the best possible route from a broad interdisciplinary perspective according to basic defined principles, and a high level of acceptance for the proposed solution.

Adoption of the guidelines is voluntary in principle, but is recommended and supported by the State of Upper Austria. The work of planning and responsibility for the project at hand remain with the relevant grid or network operator.

Netz OÖ will be applying the route selection guidelines' methodology for the first time in the Rohrbach – Bad Leonfelden 110 kV transmission line project. A discussion with a robust exchange of opinions about the possible routes' pros and cons is currently being conducted with all interested stakeholders.

For **basic information about the route selection guidelines and the ongoing process**, see the State of Upper Austria's website.

Online Communication

In view of the introduction and continuing development of "new media", Energie AG is taking advantage of these opportunities to communicate online. The various online portals are our main sources of information: the website › www.energieag.at, the Press Portal › news.energieag.at, the project homepage › www.wirdenkenanmorgen.at for children and young people, Energie AG's various blogs (› blog.energieag.at and › hochspannungsblog.at), and Energie AG's specific product websites.

Energie AG offers functional self-service portals (especially in areas of mass customer demand) to meet customer needs and optimise customer service processes. These enable customers to independently carry out a number of tasks and fulfil requests relating to supply contracts with Energie AG at any time of day.

I REGIONAL RESPONSIBILITY

Aside from its direct business mission and in line with its regional responsibility, the Energie AG Group supports institutions and projects with economic relevance, charitable and non-profit organisations, activities such as humanitarian and social initiatives, and academic and education projects.

At our call centre, we also operate the Upper Austria crisis and disaster hotline in order to provide an information and communication platform to the public. In the event of an emergency, the emergency services dispatch a liaison to the call centre, who ensures that information is relayed to the public-safety answering point. As a result, the Energie AG Call Centre can always provide information with absolute professionalism.

Cultural and Social Issues

Energie AG supports a host of initiatives in the cultural and social realm. On the cultural scene, we have been partners of the Höhenrausch project in Linz, for which exhibitions are regularly held in Linz's Power Tower. At the same time, the Energie AG Group supports young, talented artists with the Klemens Brosch Award and the "Dream Scholarship" project. In addition, we have been long-standing partners of many cultural initiatives throughout Upper Austria, including the Upper Austrian Regional Exhibition, Salzkammergut Festwochen summer festival, St. Florianer Sängerknaben boys' choir and Brucknertage festival. As a partner of the Red Cross and volunteer fire brigade, the Energie AG Group makes a conscious effort to support rescue organisations with a high level of voluntary commitment.

Timelkam Energy Experience Centre

In the town of Timelkam, Energie AG runs an information centre about electrical energy called the Erlebnisswelt Energie Timelkam ("Timelkam Energy Experience"). Around 4,800 visitors passed through the centre in the 2017/2018 fiscal year. The facility was modernised during the year under review, with new exhibits on the digital transformation and apprentices added. Workshops for schools and the "Start of School Festival" have been held at the centre or on its grounds for the last five years.

Sports

Following the motto "sport is energy", the Energie AG Group has been supporting top athletes and amateurs alike across Upper Austria since 2000 – our "sports family". 15 sportspeople became fully-fledged members of the sports family in the 2017/2018 fiscal year, receiving financial assistance, as well as important services to support their sports involvement (such as physiotherapy, equipment, help with advertising and media training). The main focus of these efforts is on promoting junior talent.

Education

Raising awareness of sustainability, energy and the environment has been a cause that the Energie AG Group has embraced in a major way, even dating back to earlier years. In this spirit, we have consistently supported initiatives by youth organisations. A conscious and careful relationship with nature and the environment is one of the worldwide scout movement's eight educational focal points. For many years, Upper Austria's scouts, the Pfadfinder, have been implementing targeted environmental projects with the support of the Energie AG Group and the State of Upper Austria (acting on the motto "taking responsibility for tomorrow!")

Waterdrops Project

Energie AG supported Caritas' Wassertropfen ("Waterdrops") well-building project in the Congo for ten years. 262 wells have been newly installed or rehabilitated to ensure a safe water supply for around half a million people. With the project in Congo coming to an end in 2018, an Energie AG follow-up project has now been launched in the Czech Republic. Following the example of Upper Austria, this will promote the development of youth organisation YoungCaritas.cz in the city of České Budějovice to introduce young people to social commitment and responsibility. The concept, commitment and donation strategy remain the same: one heller (one hundredth of a koruna) for each cubic metre of drinking water delivered to Czech customers will go towards donations.

Energie AG at School

The "Energie AG macht Schule" education programme was expanded to include the topic of the digital transformation in the 2017/2018 fiscal year. In addition to the basics such as hardware and software, the opportunities and risks associated with the use of new technologies are also highlighted. The new class materials are available for primary school years 3 and 4 (ages 8-10), as well as for middle-school pupils in either of Austria's state school models (ages 10-14).

Energy Institute at Johannes Kepler University Linz

Science and research have traditionally been accorded high value at Energie AG. One area in which this is evident is our long-standing partnership with the Energy Institute (Energieinstitut) at Johannes Kepler University in Linz. As a founding member, we actively participate in shaping and further improving the institute, as well as drawing on its high level

of expertise in energy-related areas and its interdisciplinary team. Energie AG commissions studies from the institute on a consistent basis and works together closely with it on research projects. A good example of this is the LEAFS Project (Integration of Loads and Electric Storage Systems into Advanced Flexibility Schemes for LV Networks), which Netz OÖ helps to work on. For more information, see the [Research, Development and Innovation › page 18](#) section in the Management Report.

Federation, Association and Organisation Memberships

Energie AG is a member of various associations and representative groups related to its operational activities, both in Austria and abroad. In addition to the company assuming positions in various bodies in these federations, organisations and associations, Energie AG employees also perform tasks in committees and working groups. Employees who do not have active roles there can also benefit from these memberships through newsletters, online portals, webinars, participation in events, publications, studies, models, analyses, etc.

Energie AG is a member of [Oesterreichs Energie \(formerly VEÖ\)](#), a trade association representing the Austrian electricity industry.

We are also members of the [Österreichische Energieagentur \(AEA – Austrian Energy Agency GmbH\)](#), the national centre of excellence for energy. Energie AG considers the AEA a strong partner in terms of cooperation and services, which helps to create partnerships for its members with energy-related institutions in Central and Eastern Europe.

Our membership of the [Verein für Ökologie und Umweltforschung \(Association for Ecology and Environmental Research; VÖU\)](#) offers us a platform for an exchange of information on matters of common interest between the energy industry and applied ecological and economic research experts.

As an industry leader in Upper Austria, the [Industriellenvereinigung \(Federation of Austrian Industries; IV\)](#) and the Wirtschaftskammer (Austrian Economic Chambers; WK) are also important partners in many areas.

As a member of the [Initiative Wirtschaftsstandort \(“Upper Austria Business Hub Initiative”; IWS\)](#), Energie AG promotes Upper Austria as a business destination by providing basic research, studies, investigations and media work.

Energie AG Oberösterreich Trading GmbH (Trading GmbH) is an associate member of the [European Federation of Energy Traders \(EFET\)](#). EFET is committed to an open and competitive energy market.

The Waste Management Segment is a member of the [Verband Österreichischer Entsorgungsbetriebe \(Association of Austrian Waste Management Enterprises; VOEB\)](#), an independent body representing commercial waste management organisations in Austria.

The [Bundesverband der Energie und Wasserwirtschaft \(Association of Energy and Water Industries; BDEW, formerly VDEW\)](#) pools the political interests of its member companies in Germany, which are more than 1,800 in number. Many of the topics that the BDEW deals with are also relevant and of interest to Austrian energy companies. It is for this reason that Energie AG is a member of the BDEW, with company representatives taking part in a wide range of association meetings and conferences.

The [OÖ Energiesparverband \(“Upper Austrian Energy-Saving Association”\)](#) is a body instituted by the State of Upper Austria that has been the central clearinghouse for product-independent energy information since 1991. Energie AG has been a member of the

association since its founding and collaborates closely with it in areas including energy consultancy, promotional funding and local authorities.

Energie AG has been a member of the [Energy Centre České Budějovice](#) since 1998, an energy information centre supported by the State of Upper Austria and the Region of South Bohemia. Support for energy efficiency and the use of renewable energies are ECCB's priority areas.

Since 2002, Energie AG has also been a member of the Fachgruppe Energie (Energy Working Group), which aims for cross-border cooperation in the energy sector between Upper Austria and South Bohemia. The working group supports cross-border projects and provides a platform for the exchange of knowledge and experience.

EMPLOYEES – RESPONSIBLE EMPLOYER

Energie AG's goals as an employer seeking to embrace responsibility are:

- To position ourselves as a family-friendly employer
- Personnel and Management Development
- To promote diversity and women in technical careers
- To continuously improve employer branding
- To guarantee and maintain high-quality apprentice training
- To prevent and lower the number of work-related accidents

The implementation of sustainability goals requires committed and satisfied employees. As an important employer in the supply regions, Energie AG offers attractive and secure jobs.

In the 2017/2018 fiscal year, the Energie AG Group's average consolidated staff level was 4,389 full time equivalents (FTE), representing a slight increase of 1.13% compared with the average of the 2016/2017 fiscal year (4,340 FTE).

On the reporting date of 30 September 2018, the Energie AG Group employed 4,419 staff (FTE) in four countries.

An average of 269 temporary staff (FTE) were employed in the 2017/2018 fiscal year to work on time-limited projects and help us manage workload peaks.

All staff in Austria and South Tyrol are subject to collective bargaining agreements, while staff in the Czech Republic are organised in trade unions.

Workforce Composition and Structure

	Unit	2017/2018	2016/2017
Staff (head count)	Persons	4,841	4,778
Workplace			
Full-time equivalents (FTE) ¹⁾	Number	4,389	4,340
In Austria		2,700	2,682
Female		586	544
Male		2,114	2,138
In the Czech Republic		1,630	1,603
Female		480	379
Male		1,150	1,224
In other European countries		59	55
Female		7	9
Male		52	46
Part-time	Persons	451	413
Female	%	66.4	73.3
Male	%	33.6	26.7
Newly hired	Persons	402	390
Newly hired	%	8.6	8.2
Fluctuation rate (not including retirements)	%	4.9	6.4
Demographics			
Average age of workforce	Years	43.7	43.8
Diversity			
Female	%	22.2	21.9
Male	%	77.8	78.1
Women in management positions ²⁾	%	16.8	17.3
Men in management positions	%	83.2	82.7
Occupational development			
Training per employee	Hours	11.8	11.0
Performance review involvement rate	%	79.6	77.1
Apprentices	Persons	66	61
Apprenticeships completed	Persons	19	20

1) The information stated regarding employees relates to full-time equivalents (FTE) as a yearly average of the fully-consolidated and proportionately consolidated companies.

2) Definition of "management position": company management, heads of departments, divisions, facilities, holding companies, units, teams and groups.

| LIVING AND WORKING AT ENERGIE AG OBERÖSTERREICH

Energie AG supports a balanced professional and family life. Except for the Waste Management and Water Segments, the company has been certified via the "berufund-familie" audit since 2012. This allows us to position ourselves as a family-friendly employer, gain advantages in the competition for skilled professionals, and help to create a positive working environment by means of the associated raft of measures for management and employees.

The Active Parental Leave Management system supports the Austrian employees with planning their spell on leave. A nursing care platform offers comprehensive information and service links for employees who care for and support dependents. To make holiday planning easier, Energie AG supports its employees in the first two weeks of August with a varied holiday programme for children between the ages of six and twelve. Kids Day on Easter Tuesday also helps to relieve the parents on one day of the school holidays. Energie AG congratulates employees who become parents on the birth of a newborn by sending a baby gift package.

| PERSONNEL DEVELOPMENT 4.0

For a business to be able to proactively meet the demands of the future, it is important for its employees to have the relevant skills at their disposal and for diversity not only to be embraced in recruiting, but also internally (for example, when filling management positions).

The one-year FORWARD programme was launched to promote junior female staff within the company. A combination of mentoring and engagement with leadership topics is intended to support the specialists with their entry into a management career.

The plan for a Management Academy was reviewed in the 2017/2018 fiscal year and the Energie AG Future Lab was established. The Future Lab focuses intensely on personal responsibility, self-organisation and application of new methods. The Personnel Development 4.0 concept focuses on practical, media and social skills for members of staff after an initial phase to raise awareness about the subject of the digital transformation.

A conflict management system was developed during the period under review. This will be implemented in Austria over the next fiscal year.

| APPRENTICE TRAINING

In-house apprenticeship training has proven to be a significant competitive advantage and response to the current shortage of skilled professionals. 1,473 apprentices in Austria have been successfully trained as top specialists in the Energie AG Group over the past seven decades. About half of these are still employed in the enterprise today.

Furthermore, we have intensified our marketing activities (trade fair appearances, media presence, folders, videos, etc.), aiming for success over the increased competition in the coming years to take on the most capable young people as apprentices. These activities will particularly focus on also boosting girls' interest in doing the training. Around 150 pupils get to experience the Energie AG apprenticeship workshop up close every year thanks to our cooperation with mandatory-attendance schools (electrical engineering polytechnic course, Powergirls, Girls Day, etc.) and the trial apprenticeship option.

The subject of the digital transformation has been accorded particularly high importance in apprentice training. From basic knowledge of digital technology through CNC technology,

PLC programming and 3D printers to smart home digital control on tablet devices, apprentices are familiarised with the digital transformation. For many years, Energie AG apprentices have been testing their talents against their counterparts from other companies in the largest apprentice competition in Upper Austria. 770 apprentices from 105 businesses took part in the 2018 apprentice competition. The best apprentice from the Energie AG Group was selected as the overall winner across all categories, coming in first place with 95 points out of 100.

Another achievement in 2018 was the founding of the [zukunft.lehre.österreich association \(Future Apprenticeships Austria; ZLÖ\)](#) on Energie AG's initiative. The role of president is currently occupied by its creator, Chief Executive Officer KR Prof. Ing. DDr. Werner Steinecker MBA. The association's objective is to strengthen the image of apprenticeships in Austria. Joining forces with the other members of the association, Energie AG aims to restore the status that apprenticeships deserve as a key foundation of business and, in turn, of society and the future at large.

EMPLOYER BRANDING AND EFFORTS TO RECRUIT FEMALE TECHNICIANS

Gaining and retaining the best minds is crucial for a company's future business development. The demand for female graduates – in particular in technical fields of study – is much higher than the potential that is available on the labour market. Since diversity is also important at a technically-focused company such as ours, we have set ourselves the goal of attracting more female technical professionals to work at the Energie AG Group.

After an extensive analytical phase, an employer branding concept was developed in the 2017/2018 fiscal year. This is primarily intended to appeal to young women in academia and meet their needs. Appearing at many events and using online media, we have also advertised a scholarship programme for female technical staff and a trainee programme focusing on women in technical positions. The scholarship programme aims to draw female students' attention to Energie AG as an employer at an early stage, creating a connection between them and the company. The trainee programme also looks to bring young female academics to the company straight after they have graduated. Four female technical students were awarded scholarships in January 2018. Nine young women and three young men with academic credentials started the trainee programme on 1 October 2018. We view employer branding as a permanent project rather than a one-time pursuit.

OCCUPATIONAL HEALTH AND SAFETY

Only healthy and satisfied staff can be successful with their work for a business. Energie AG works to ensure awareness and personal responsibility around quality and occupational safety among its employees. Preventive action and information are used to prevent work-related adverse health conditions and staff are directed to be more conscious in their approach to health through the [energy@work](#) project. If an individual has already fallen ill, the company takes steps to promote their recovery. In the 2017/2018 fiscal year, Energie AG's company health management policy was awarded the "Betriebliche Gesundheitsförderung" (Workplace Health Promotion) seal of approval, which is valid until 2019 (not including the Waste Management and Water Segments).

Topical issues are discussed and solutions are developed in regular health meetings, including employee representatives, occupational health professionals and safety management specialists. Weekly exercise programmes also promote health awareness at a number of work

sites. A smoking ban was implemented at all Energie AG Group workplaces in Austria in the 2017/2018 fiscal year, supported by “non-smoking initiatives”. Exercises, eye tests and ball chairs are available for employees who mainly work in front of a screen. The range of occupational healthcare services includes extensive contact during consultation hours and vaccination campaigns.

In addition, a “Mental Health at Work Service Line” has been set up for all employees in Austria in order to provide support in the event of psychological problems or conflicts.

Energie AG ensures that the specifications of the Employee Protection Act and the associated regulations are consistently complied with throughout the Group, and that appropriate preventive measures are adopted. In the 2017/2018 fiscal year, around 95 announced and unannounced workplace and construction site inspections were carried out by safety experts together with those responsible on site and/or Energie AG Group management. Office workplaces were checked to ensure ergonomic design and, if necessary, adjusted to keep the number of musculoskeletal conditions among employees as low as possible.

In the 2017/2018 reporting period, there were no fatal accidents at work within the Energie AG Group. A total of 82 work incidents meeting reporting requirements were registered, which is equivalent to an accident rate of 17.46 accidents per 1,000 employees ⁹⁾. The accident severity amounted to an average of 24.67 days of sick leave per work accident. By an international measure, this comes to an LTIF (Lost Time Injury Frequency) of 10.89 per 1,000,000 working hours.

A closer look reveals a picture that varies according to national characteristics and, in particular, the different areas of activity within the Energie AG Group. The Waste Management Segment has a higher accident rate than the rest of the company's segments, but the figures fall within the normal range compared with the wider industry.

The Waste Management Segment set itself the goal of reducing the number of accidents in the 2017/2018 fiscal year and responded to the previous year's accident trend via a joint initiative with AUVA, the Austrian Workers' Compensation Board. With a 25% reduction in the number of accidents, the target was clearly met. The Waste Management Segment's management system has also been expanded to include certification of occupational health and safety (OHSAS 18001).

The legally required training courses regarding hazards, health, safety and risk prevention steps are regularly held throughout the Energie AG Group. Our “short briefings” have proven to be a very effective method. In the 2017/2018 fiscal year, fire safety content was offered for the first time throughout Austria via an e-learning process. We are reviewing whether to add further modules.

In addition to the briefings, a large number of subject-specific training courses were held during the period under review. Employees of contractors in the technical and electrical engineering sectors were also able to attend if necessary. In addition to training courses on working with live electrical equipment, meter changes and operational use authorisation, training modules on low and high voltage electrical system operation and management authorisation were also held.

9) Up to cut-off date of 30 September, including partially consolidated companies

COMPLIANCE AND ANTI-CORRUPTION AT ENERGIE AG OBERÖSTERREICH

Energie AG's compliance and anti-corruption goals are:

- To ensure compliance with laws, regulations, and all Group-wide guidelines and standards
- To prevent property damage and reputational damage
- To minimise/avoid liability risks and non-material damage
- To raise awareness among all Energie AG employees of compliance with guidelines and the Code of Conduct
- To promote a fully applied and consistent compliance culture
- To implement effective prevention measures
- To improve legal certainty
- To ensure a values-conscious organisation culture
- To ensure fair competition

Compliance at Energie AG is based on a mutual understanding of values which is expressed in the **Code of Conduct "This is how we think; this is how we act"** and published for all stakeholders on the website.

The Code of Conduct is the key element that supports action in compliance with laws and guidelines. It is the foundation for all business activities and decisions at the Energie AG Group. It is the basis for moral, ethical and legally sound behaviour on the part of all Group employees. The Code of Conduct is mandatory for all parties.

To establish compliance effectively throughout the Group of companies, a compliance management system was established, appropriate guidelines were authored and numerous face-to-face training sessions were held in recent years. The content, responsibilities, distributions of skills, and required documentation and reporting have all been decided. Thanks to an interactive e-learning tool, staff have the ideal opportunity to harmonise their need for information with their daily working life. All managers and employees throughout the Group have been and will continue to be informed about the in-house Code of Conduct.

The experts in the various areas of legal specialism monitor the relevant national and European legislative frameworks. The Compliance Organisation is involved in issues relevant to the Group as a whole.

| COMPLIANCE FORUM

The Compliance Forum was set up to ensure consistent compliance rules. Regular meetings help to ensure the necessary exchange of information and consistent treatment of compliance-related matters throughout the Group. All areas of the Group have the opportunity to submit compliance queries and receive compliance advice.

| PROMOTING A COMPLIANCE-CONSCIOUS CULTURE

Management are responsible for promoting a compliance-conscious culture among staff. Energie AG ensures that employees know our compliance values and put them into practice.

The Group Management Board agreed measurable and adjustable compliance goals with management staff during the 2017/2018 fiscal year.

I ANTI-CORRUPTION

Energie AG's entities and employees are subject to provisions regarding public officials (Amtsträger) within corruption law. There are comprehensive compliance standards in force at the Energie AG Group to prevent corruption. Training courses to this effect are provided on an ongoing, Group-wide basis. The "Anti-Corruption" learning module offered in Austria has so far been completed by 72% of our employees in the country.

There were no incidents of corruption in the Energie AG Group in the 2017/2018 fiscal year.

I ANTITRUST COMPLIANCE

Energie AG unconditionally declares its commitment to fair competition with its competitors, business partners and other market participants. For this reason, Group-wide training courses on antitrust law were held and the existing antitrust manual was updated. With its comments on the necessary market behaviour, the manual is primarily aimed at the sales-oriented divisions and is also available to all employees in the Energie AG Group via the Intranet.

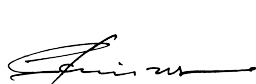
I RESPECT FOR HUMAN RIGHTS

Respect for human rights is a natural part of life for the Energie AG Group. We expect all our business partners to join us in adhering to the statutory framework, along with the applicable laws and standards on human rights. In terms of respect for human rights, we cannot discern any material risks for compliance with the applicable legal standards in Europe. Risks in the earlier links of the supply chain cannot be entirely ruled out. For this reason, we exercise due diligence in procurement.

Energie AG does not tolerate any discriminatory conduct or unequal treatment, whether on the basis of national or ethnic origin, religion, age, gender or other traits. Diversity presents valuable potential for Energie AG as an international company group. We respect the unique nature of each individual, and are committed to tolerant and respectful conduct as well as open communication. The effects of this include promoting a climate of appreciation and respect for all employees within the company. Behaviours aiming towards fair and trusting interaction with one another are supported.

Linz, Austria, 30 November 2018

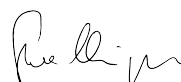
The Board of Management of Energie AG Oberösterreich



Chief Executive Officer
DDr. Werner Steinecker MBA
Chairman of the Management Board



Dr. Andreas Kolar
Member of the Management Board



Dipl.-Ing. Stefan Stallinger MBA
Member of the Management Board