

Report on non-financial information 2018/2019 for Energie AG Oberösterreich

LETTER BY THE MANAGEMENT BOARD

This is now the second report we have published to provide non-financial information from the Energie AG Group, Upper Austria's largest utility company. The topics covered in this report have become increasingly strategically important in light of growing public concern about the climate, so it is imperative that Energie AG has a uniform approach.

Sustainability has become a key topic – especially in the energy sector, since both direct environment impacts and expectations from the general public are directly linked to our business activities. While our waste management services are increasingly influenced by the circular economy and the need to use resources efficiently, we are also heavily involved in the transformation towards a digital society in our capacity as a telecommunications company. The immediate effects of extreme weather are already being felt more and more severely, especially when it comes to water supply and waste water disposal infrastructure in the Czech Republic. In addition, we are also facing the impacts of demographic change. Like all businesses, it is clear that Energie AG has to contend with serious competition for skilled employees. Providing an attractive place to work is a critical success factor.

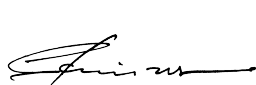
At Energie AG, we recognise these challenges. As part of our strategy development process, we discussed environmental and social issues and came to an agreed position. A strong regional partner for our customers, we are committed to delivering supply reliability and stability. Our flexibility allows us to respond quickly to changing circumstances. As a result, we view decarbonisation – the cornerstone of Austria's climate and energy strategy – as a major opportunity. In addition, digitalisation is unleashing new sources of potential in the market, which we hope to turn to good account with the help of our most valuable resource – our employees. Energie AG is pursuing a holistic approach and is dedicated to making progress with our business activities, social affairs, environmental issues, employee welfare, compliance and anti-corruption efforts. This report will explain the advancements we have made in implementing our strategy and achieving our sustainability goals.

To ensure that we remain commercially successful in the long run, we have decided that Energie AG must aim to implement innovative and sustainable business models of its own accord. For instance, our new subsidiary Wertstatt 8 successfully rolled out a number of new developments in the year under review, including lighthouse projects such as our online heating consultation service (HEINZi). Our position as a responsible company in Austria has been confirmed by a study, which shows that Energie AG generates significant added value while providing a large number of secure jobs, particularly in Upper Austria. Expanding the fibre-optic network is a key factor in the development of rural areas, as this will help to meet constantly growing demand for bandwidth in communications and data networks. In addition, we are committed to expanding renewable energy generation facilities and relentlessly increasing energy efficiency. We have managed to reduce network losses in the electricity and natural gas grids, as well as providing environmentally friendly waste management by adopting an outstanding environmental management system for waste.

A huge amount of credit is due to our staff for these successful achievements. Starting with our apprentices, we always strive to maintain a high level of quality in our training and

development efforts. Since 1943, 1,490 apprentices have successfully completed their training and become top-qualified specialists in their fields. Another priority at Energie AG is to help encourage young women to enter technical professions. We are helping our employees to overcome the growing challenges involved in using digital technologies by providing an extensive training programme. As a responsible company, Energie AG has also made headway when it comes to ensuring a balance between work and family life, which has been certified via the "berufundfamilie" audit.

Energie AG also thinks about future generations and consistently seek to put environmental, social and public welfare issues at the forefront of our agenda. We hope that this report on non-financial information gives you an opportunity to find out more about our activities and we look forward to working together with you as we continue to pursue sustainable development.



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



KommR. Mag. Dr.
Andreas Kolar
Member of the Management Board



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

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 second separate report on non-financial information (Non-Financial Report) publishing the required information about the Energie AG Group. This publication is the consolidated non-financial report for Energie AG Oberösterreich (Energie AG) in accordance with § 267(a) of the Austrian Commercial Code (Unternehmensgesetzbuch; UGB).

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 9](#), 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.

Energie AG attaches great importance to treating men and women equally. Any gender-specific terms used in this report should be understood as referring to both genders, unless explicitly stated.

This report was created with the utmost care and attention and was examined in the Energie AG Group audit directly commissioned by the Supervisory Board. The Supervisory Board will report on this after fiscal year end on the next annual general meeting.

THE BUSINESS MODEL OF ENERGIE AG OBERÖSTERREICH

Energie AG is headquartered in Linz, Upper Austria. Energie AG's market area includes Austria, the Czech Republic, South Germany, and Northern Italy.

As a provider of electricity, gas, heating, water, waste management, information and communication technology services, the Group works to deliver the highest levels of quality and reliability in its 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, providing 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 23](#) 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 29](#) includes the construction and operation of Netz OÖ's electricity and natural gas grids.

The [Waste Management segment › page 32](#) offers integrated waste management and custom-designed waste management solutions to its customers in Austria and Northern Italy. 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.

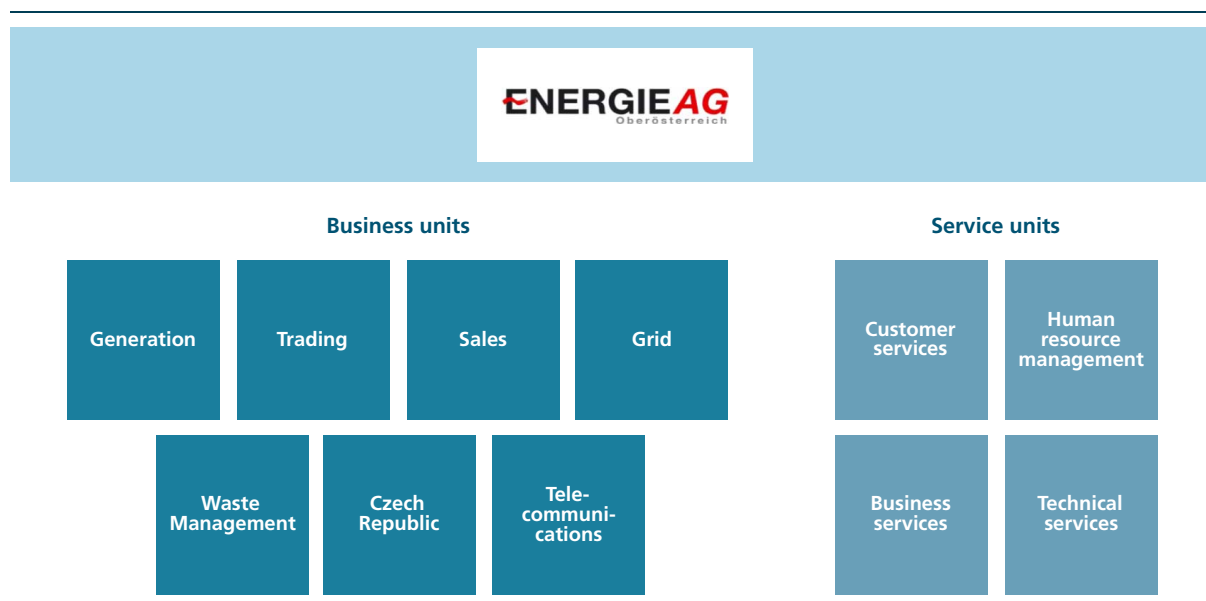
The [Czech Republic segment › page 35](#) offers comprehensive drinking water supply and wastewater management services in the Czech Republic. The business models include concession, operator and service contracts; specialised water, waste water and heating services; and construction and installations on the open market. Cities, local authorities, associations, industrial enterprises, housing companies and housing cooperatives are the contractual partners who form the Czech Republic segment's client base.

In addition to the management and control functions of the holding company, the [Holding & Services segment › page 37](#) comprises the telecommunications business unit, commercial and technical services and a number of investments consolidated at equity. The commercial and technical service companies provide services for the entire Group.

Information about changes under company law during the 2018/2019 fiscal year is provided in the [Management Report › page 9](#).

The Annual Report includes the [Shareholder structure of Energie Oberösterreich › page 6](#), the [Group management bodies › page 5](#) and [Energie AG Oberösterreich at a glance › page 3](#).

I GROUP STRUCTURE



I STRATEGY

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 strong regional partner for the customers

As Upper Austria's state energy utility in Austria's strongest export state, Energie AG positions itself as a modern and efficient provider of energy and infrastructure services. The Energie AG Group stands for high-quality and reliable products and services in the fields of energy, waste management, telecommunications and water, which it continuously and consistently adapts to customers' needs. In this way, the company makes a material contribution to the sustainable development of the quality of life and the economy in the regions in which it operates.

Reliability in supply and waste management services

A 100% subsidiary of Energie AG, Netz Oberösterreich GmbH (Netz OÖ), secures the energy supply in Upper Austria with a modern and reliable electricity and natural gas grid and is Austria's pioneer in the roll-out of smart meter technology.

In addition to investments in the highly available and state-of-the-art cable and power-line grid of Netz OÖ, it is above all necessary to provide assured, flexible services for supply reliability. The CCGT (combined cycle gas-turbine) power plant in Timelkam plays an important role in congestion management here, and in grid reserve management for transmission system operators. Energie AG's own gas storage rights (or gas storage contracts) and shareholdings support the high degree of flexibility. In the future, the development and application of new technologies and intelligent system solutions for decentralised flexibility and balancing energy storage will also be of particular importance.

In a competitive environment, Energie AG stands for sustainable and fair solutions, which it can guarantee on the basis of permanent process optimisation efforts. In contrast to many other electricity suppliers, this enables us to continue to offer our electricity customers stable

prices despite rising wholesale prices since 2018 and the separation of electricity price zones between Germany and Austria on 1 October 2018.

Energie AG is building and operates state-of-the-art telecommunications infrastructure in Upper Austria. The entire fibre-optic and transmission network is managed and monitored at Energie AG's Network Operation Center (NOC).

The waste management division guarantees solutions in the areas of waste and recyclable materials to the highest technological and ecological standards and, due to the two incineration plants in Wels and Lenzing, makes a significant contribution to waste management in Austria.

With its ongoing adaptations to changed customer requirements, Energie AG has succeeded in establishing itself as a reliable drinking water, waste water disposal, space heating and hot water supply company in the Czech Republic segment. The Group intends to deepen its partnerships with municipalities while simultaneously boosting efficiency and competitiveness by making selective investments in its own water, waste water and heating infrastructure as well as making constant upgrades to the Group's equipment and vehicle fleet.

Decarbonisation as a cornerstone of the climate and energy strategy

The national energy and climate targets for 2030 as well as the decarbonisation path to be pursued up to 2050 are an important step for the future energy supply in Austria. From the perspective of Energie AG, it is relevant to take a holistic, integrated look at the energy system, taking into account the electricity and heat and mobility sectors ("sector coupling"). The goal of covering 100% of total national electricity consumption from renewable energies by 2030 is very ambitious. Policy-makers and legislators must create an appropriate framework for implementation in good time, in order to both build up the necessary power generation facilities and ensure that excellent supply reliability and quality can be ensured on a continuing basis.

In the area of electricity procurement, Energie AG has for a long time used its own 43 hydropower plants and corresponding rights to procure electricity generated from renewable energy sources. In addition, the further expansion of the existing generation portfolio from renewable sources – especially wind and photovoltaics – is a strategic development area. Various attractive projects are currently being developed to decision-making maturity and will be implemented under appropriate legal and stable general economic conditions. By using biomass, geothermal energy and industrial waste heat, Energie AG has for many years pursued a decarbonisation strategy in the area of district heating and thus plays a pioneering role as a sustainable utility in its market sectors.

In order to achieve its growth targets and improve its strategic position, Energie AG makes use of strategic partnerships, offers comprehensive contracting solutions and enters into cooperation agreements.

Digitalisation as an opportunity

Digitalisation is one of the greatest challenges for Energie AG – both as a risk and, above all, as an opportunity. On the one hand, the competitive environment is changing at an enormous speed; on the other, innovative, powerful digital approaches are now available that Energie AG intends to use. True to the motto of "digital supply reliability", Energie AG is actively shaping Upper Austria's digital future in collaboration with its customers and partners. In order to achieve these goals, key topics and objectives, and a corresponding roadmap have been developed and consistently implemented. Unconditional orientation on customer needs and

requirements is key here. Due to digital distribution channels, from platforms and portal solutions to personal online consulting, customers are assured individual service.

Energie AG is at the forefront of the development and introduction of future-oriented technologies. To this end, it is investing in a modern telecommunications infrastructure with the aim of growing in these areas. In the form of a fibre-optic network, to which a significant share of Upper Austria's public buildings, companies and private households are connected, the Energie AG Group is helping to lay crucial groundwork for the further digitalisation of Upper Austria as a business location. Fibre-optic technology is the most reliable method currently available for the future provision of high bandwidth (including above 1 gigabit) with the necessary quality of service. As a result, the Group will continue to view fibre to the home (FTTH) as our technological direction of travel.

Motivated employees – our most important resource

Without motivated and committed employees, strategic goals are unachievable. In order to survive in the battle for talent, Energie AG is looking to address a large target group, with female junior staff for technical departments and management positions in particular, and has set new standards in the further development of the employer brand in this area.

Because of its extremely successful apprentice training, and bucking the trend of a skilled labour shortage throughout Europe, Energie AG is able to recruit the necessary specialists for the Group's divisions. With various measures in the area of diversity, Energie AG is also sending an important socio-politically message to current and future generations.

Stability and flexibility

The basis of every future-orientated company is its economic success. The financial goal is therefore to achieve attractive returns, to sustainably increase the value of the Group and to continue to be a reliable and interesting business partner for owners and investors in the future. Financial stability is supported by the balanced Group portfolio of liberalised and regulated business models. A further basis for success is the efficient opportunity and risk management. It empowers us to identify challenges for the Group at an early stage and to take effective measures in good time.

The Group takes a proactive approach to dynamic changes to the statutory framework, as well as market-based challenges stemming from changes in customer needs or competitors from outside the industry.

Strategy development process

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, then formulating strategies and measures from this to ensure sustained economic efficiency and profitability.

The strategy meeting with Group management was held in July 2019 under the banner #transformation2030. The programme reflected the interplay between global and national developments, as well as the goals Energie AG is pursuing and the actions it is taking as a regionally based player.

In the 2018/2019 fiscal year, the Group's sales were reorganised, with the four sales units for electricity, gas, heat and telecommunication brought under the umbrella of a single company. Energie AG's generation units and heating grids were merged under company law. In addition, heat and water activities were consolidated in the Czech Republic.

I MAJOR SUSTAINABILITY ISSUES

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. As part of the strategy development process, these factors will be regularly evaluated and undergo continuous improvement with the involvement of internal interested parties (e.g. Management Board, executives, employees, 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 (Management Report and Economy section)
- Business models fit for the future – innovation (Management Report and Economy section)
- Supply reliability and quality (Social affairs section)
- Customer orientation and satisfaction (Social affairs section)
- Climate protection and energy efficiency (Environment section)
- Resource conservation (Environment section)
- Operating as a responsible employer (Employees section)
- Workplace health and safety (Employees section)
- Regional responsibility and social commitment (Social affairs section)
- Stakeholder dialogue (Social affairs section)
- Legal compliance and prevention of corruption (Compliance and anti-corruption section)

This Non-Financial Report will cover the issues identified in the materiality analysis in its sections on [economy › page 55](#), the [environment › page 56](#), [social affairs › page 68](#), [employees and our role as a responsible employer › page 77](#), and [compliance and anti-corruption \(including respect for human rights › page 84](#).

SUSTAINABILITY OBJECTIVES



ECONOMY

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



EMPLOYEES

- Positioning ourselves as a **family-friendly employer**
- **Personnel and Management Development**
- Promoting diversity and **women** in technical careers
- Continuously improving **employer branding**
- Guaranteeing and maintaining high-quality **apprentice training**
- Ensuring long-term **workforce availability**
- To prevent and lower the number of work-related accidents



ENVIRONMENT

- To support the goals and projects that reflect the **Austrian climate and energy strategy**, while taking economic sustainability into account
- Further **expanding renewable generation facilities**
- Increasing **energy efficiency, with more efficient and sparing use of fuel**
- Expanding 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 **use of water and energy**



COMPLIANCE AND ANTI-CORRUPTION

- Ensuring **compliance with laws, regulations**, and all Group-wide guidelines and standards
- **Preventing** property damage and reputational damage
- Minimising/Avoiding liability risks and non-material damage
- Raising awareness among all Energie AG employees of **compliance with guidelines and the Code of Conduct**
- Promoting a fully applied and consistent **compliance culture**
- Implementing effective prevention measures
- Improving **legal certainty**
- Ensuring a values-conscious **organisation culture**
- **To ensure fair competition**



SOCIAL AFFAIRS

- **Reliability in supply and waste management services**
- Positioning ourselves as a **responsible company**
- Building and maintaining sustainable **client relationships**
- Ongoing proactive and systematic **dialogue with stakeholders**
- Strengthening **environmental consciousness** among children and young people
- **Avoiding infringements** of legal and in-house standards

SUSTAINABILITY WITHIN ENERGIE AG AT A GLANCE

The table below provides an overview of the sustainability issues identified within the Energie AG Group, along with considerations, opportunities and risks for stakeholders, and a series of risk mitigation steps and results for Energie AG.

| ENVIRONMENT

RESOURCE CONSERVATION |

CLIMATE PROTECTION AND 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
- Management of official decisions
- Ensuring that all legally required staff appointments are made

Opportunities and risks for Energie AG

Opportunities:

- New business models
- Customers have an increased awareness of environmental protection and regionality

Risks:

- Loss of reputation
- Litigation
- Stricter environmental legislation
- Climate change

Opportunities and risks for stakeholders

Opportunities:

- Efficient and environmentally friendly energy supply for society and the economy
- Inclusion of local residents during facility expansion and operation

Risks:

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

| SOCIAL AFFAIRS

SUPPLY RELIABILITY AND QUALITY |

CUSTOMER ORIENTATION AND SATISFACTION |

REGIONAL RESPONSIBILITY/SOCIAL COMMITMENT |

STAKEHOLDER DIALOGUE

Plan

- Consistent QSE 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", "Sponsoring and Giving" Group policies
- Contingency plans
- Overhaul and maintenance work to ensure (supply) reliability
- Stakeholder dialogue
- Complaint management and surveys
- Support for social, cultural and sporting activities

Opportunities and risks for Energie AG

Opportunities:

- High availability of power plants and other facilities

Risks:

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

Opportunities and risks for stakeholders

Opportunities:

- Infrastructure projects and capital investments in infrastructure create regional value
- Reliability in supply and waste management services

Risks:

- Critical infrastructure failure
- Health and safety risks for the local population

| EMPLOYEES

ACTING AS A RESPONSIBLE EMPLOYER | WORKPLACE 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

Opportunities and risks for Energie AG

Opportunities:

- Practical knowledge remains within the company
- Availability of skilled professionals owing to good employer branding
- Low staff turnover

Risks:

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

Opportunities and risks for stakeholders

Opportunities:

- Safeguard and creation of jobs for skilled professionals within the region
- Economic contribution by providing education and training
- Long-term employability and quality of life because of our focus on employee health

Risks:

- Health and safety risks for company staff and temporary employees

| COMPLIANCE AND ANTI-CORRUPTION

LEGAL COMPLIANCE AND PREVENTION OF CORRUPTION

Plan

- Compliance management system and officer in place
- Information management system
- Data protection management system

Measures | Results

- "Compliance Management System" and "Anti-Corruption" Group policies
- "Information Security Management" Group policy
- "Data Protection Management System" and "Data Protection Compliance Policy" Group policies
- In-person training and e-learning courses

Opportunities and risks for Energie AG

Opportunities:

- Positive image as an ethically exemplary company

Risks:

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

Opportunities and risks for stakeholders

Opportunities:

- Fair competition
- Encouragement of ethical practises within the entire value chain

Risks:

- Risks for information security, cyber-security
- Data protection risks
- Legal and compliance risks
- Threats to fair competition

I RESPECT FOR HUMAN RIGHTS

Plan

- Code of conduct
- See also [Social affairs › page 68](#) and [Employees › page 77](#)

Measures | Results

- Compliance management
- Works council
- Training courses
- Information of new employees
- See also [Social affairs › page 68](#) and [Employees › page 77](#)

Opportunities and risks for Energie AG

Opportunities:

- Availability of a diverse range of skills regardless of personal background

Risks:

- No significant risks at this time

Opportunities and risks for stakeholders

Opportunities:

- Equal opportunities and fairness for all employees

Risks:

- Equal treatment
- Aside from this, no known risks for human rights violations

Opportunities and risks are part and parcel of doing business. As a result, one of the duties involved in running a company is to identify risks at an early stage before taking suitable steps in response, as well as acting swiftly to recognise and exploit opportunities. To this end, suitable instruments and processes have been adopted at Energie AG as part of a Group-wide approach to risk management.

For details on risk management across the Group, please see the [Management Report › page 19](#) and the [Notes to the Consolidated Financial Statements › page 173](#).

I QUALITY, SAFETY AND ENVIRONMENTAL 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.

There is at least one QSE liaison assigned to all applicable Group companies and holding units. These liaisons are responsible for operational implementation of the QSE management system.

To ensure compliance with relevant environmental and occupational safety requirements, the uncertified companies are supported by **environmental management standards ISO 14001 and EMAS** (Eco Management and Audit Scheme) and the **safety management standard OHSAS 18001**.

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.

All Energie AG units that have adopted these externally certified quality, safety, environmental and health management systems have processes to identify negative impacts on the environment and employee health, which can then be prevented or mitigated accordingly.

All staff in Austria and northern Italy work at Group companies certified in accordance with quality management standard ISO 9001:2015. Around 30% of the Austrian workforce is employed at companies certified in accordance with the Eco-management and Audit Scheme (EMAS), while around 36% of Austrian and Italian staff work at companies certified under environmental management standard ISO 14001:2015. Almost one-third of our Austrian employees are at firms certified as compliant with the occupational health and safety management standard OHSAS 18001:2007, which will be certified to ISO 45001:2018 in the future.

The [Grid segment › page 29](#), which employs 556 staff, has achieved certification under ÖVGW QS GNB 200 (quality standards for gas grid operators).

The [Waste Management segment › page 32](#) is certified to the following standards: ISO 9001:2015 (quality management), OHSAS 18001:2007 (safety management), ISO 14001:2015 (environmental management), EMAS III regulation, qualified waste management operator (RAEF). It is compliant with EU regulation in accordance with Article 6 of Regulation (EU) No. 333/2011 and has a product potential certificate as per ISO 14024.

The [Group companies in the Czech Republic › page 35](#) employ 1,940 people and are not subject to the Energie AG Group QSE management system. Depending on the relevant holding company's quality management requirements for its water or heat activities, the Czech companies are certified under Czech standards ČSN EN ISO 9001:2016 (quality management), ČSN EN ISO 14001:2016 (environmental management) and ČSN OHSAS 18001:2008 (safety management). Around two-thirds of our Czech personnel work at

companies certified under quality and environmental management standards, while more than half are employed at firms certified under safety management standards.

Energie AG Oberösterreich Business Services GmbH (Business Services GmbH), the Group's IT services and Energie AG Oberösterreich Telekom GmbH are certified in accordance with the **information security management standard ISO 27001**.

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
- Creating 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 is being pursued 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 and in the year under review.

For information about the state of business at the Energie AG Group, see the [Group Management Report › page 9](#). The section [Net assets, financial position and results of operations › page 12](#) addresses business development in the Group.

| WERTSTATT 8: AN INNOVATION HUB

Energie AG works at an early stage to identify ideas that have potential for future business models. It was in this context that the Special Innovation Committee ("SoKo Innovation") was created in 2015; its innovation process is guided by the concepts of design thinking and iterative development of business ideas based on customer needs.

On 1 October 2019, the activities of the Special Innovation Committee ("SoKo Innovation") were merged into a company dedicated to innovation (Wertstatt 8 GmbH) and have since undergone further development to provide innovative services to customers even faster. One of these services which has already been successfully brought to market is HEINZi – an independent online source for personal advice about heating. At www.heinzi.com, customers can receive support – from decision-making through to implementation with local heating engineers.

| "LOOMINATI" IMPROVEMENT PLATFORM

Suggestions for improvement are solicited from all Energie AG's employees on the Loominati platform – from small ideas about how to make savings to all-new business models. The most important asset for this to succeed is an innovative and highly motivated workforce, with staff able to play their part in the ongoing development of the Group by sharing their ideas and expertise.

Due to a variety of initiatives, a 28% increase was achieved this year compared with the 135 ideas received during the previous fiscal year 2017/2018. In total, this translates to 173 suggestions for improvement submitted by employees from all units within the Group this year.

I NEULAND DIGITALISATION OFFENSIVE

The Neuland Project Week is one of the actions that have been taken to deliver on the Energie AG digital strategy. This week of project-focused work, held each year, revolves around digital ideas which are submitted and presented by staff from all units within the Group. In a creative setting that gives staff a retreat from their day-to-day work, in a multi-stage selection process, the best project ideas are advanced using agile methods. Support is provided along the way by in-house experts. Events and a series of other opportunities to participate ensure that the entire workforce is on board for Energie AG's digital journey. Neuland and other activities implemented as part of our digitalisation strategy enabled Energie AG to proactively prepare its business models for the digital future.

I NEW TECHNOLOGIES

Energie AG always endeavours to deliver the best achievable benefits to our customers by adopting new technologies. Some prominent examples include the implementation of robotic solutions and artificial intelligence for customer contact purposes, first moves towards the use of VR (virtual reality) for power plant tours and the use of drones to fly over power lines in impassable terrain. In addition, the use of blockchain technology has been explored in a variety of projects (peer-to-peer trading, Gridchain, Enerchain), matching algorithms have been used in the recruitment process and for heating consultations, voice control has been developed to provide energy-saving tips (Alexa skill) and an Internet of Things (IoT) solution has been formulated for water consumption monitoring.

For more information, see the [Research, development and innovation › page 9](#) section in the [Group Management Report › page 19](#).

ENVIRONMENT

Energie AG's environmental goals are:

- To support the goals and projects that reflect the Austrian climate and energy strategy, while taking economic sustainability into account
- To further expand facilities for renewable energy generation
- To increase energy efficiency and resource conservation
- 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 use of water and energy

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, energy efficiency and resource conservation. These issues are organised into the [Energy › page 23](#), [Grid › page 29](#), [Waste Management › page 32](#), [Czech Republic › page 35](#), and [Holding & Services › page 37](#) segments in this section.

Most Energie AG Group projects are intended to improve energy efficiency (both within the Group 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 legal requirements related to the environment 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 these provisions.

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

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 Waste Management segment's refrigerator recycling service makes a significant contribution to reducing greenhouse gas emissions.

Higher CO₂ emissions (Scope 1) were recorded in the 2018/2019 fiscal year due to an increase in grid reserve and congestion management measures at the thermal power plants to ensure stability and supply reliability in grid operation (in particular, at the Timelkam CCGT power plant). 1,500 kt of CO₂ emissions (Scope 1) were released (previous year: 1,306 kt), of which 1,191 kt were from fossil fuel sources (previous year: 1,017 kt) and 308 kt were from biogenic energy sources (previous year: 289 kt). The Energie AG Group can account for 71 kt of indirect CO₂ emissions (Scope 2; previous year: 74 kt).

The CO₂ emissions from electricity production totalled 54.33 g/kWh in the 2017/2018 fiscal year (previous year, 2016/2017: 58.3 g/kWh). ⁴⁾

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.

4) CO₂ emissions figures from electricity production in the 2018/2019 fiscal year were not yet available at the time this report was written.

CO₂ EMISSIONS IN TONNES PER YEAR ⁵⁾

Direct CO₂ emissions, fossil (Scope 1)

Business Unit	2018/2019	2017/2018
Erzeugung GmbH	639,406	450,669
Waste Management segment	485,526	499,195
Czech Republic segment	35,254	35,791
Vertrieb GmbH	26,444	25,579
Netz OÖ	3,325	3,865 ¹⁾
Business Services GmbH	1,986	2,045 ²⁾
Total	1,191,942	1,017,143

1) The energy density (kg/m³) was taken into account for the conversion of natural gas consumption 2017/2018. The value was adjusted.

2) During the collection of the fossil Scope 1 values for fiscal year 2017/2018, fuel consumption from private usage was mistakenly included in the area Business Services GmbH. This has now been adjusted.

Direct CO₂ emissions, biogenic (Scope 1) ¹⁾

Business Unit	2018/2019	2017/2018
Erzeugung GmbH	145,859	145,313
Waste Management segment	155,096	136,576
Czech Republic segment	7,348	7,225
Vertrieb GmbH	93	60
Netz OÖ	0	0
Business Services GmbH	0	0
Total	308,396	289,174

1) The emissions factors for biomass and biogas were updated according to the values published by the Environment Agency Austria and the German Federal Office of Economics and Export Control (Bundesamt für Wirtschaft und Ausfuhrkontrolle).

Indirect CO₂ emissions (Scope 2)

Business Unit	2018/2019	2017/2018
Erzeugung GmbH	4,587	5,581
Waste Management segment	14,766	15,106
Czech Republic segment	11,880	12,045 ¹⁾
Vertrieb GmbH	4,402	4,486
Netz OÖ	35,465	36,565
Business Services GmbH	0	0
Total	71,100	73,783
Total Scope 1 + 2 (in tCO₂eq) ²⁾	1,571,438	1,380,099

1) The error in the calculation for the fiscal year 2017/2018 has been corrected.

2) The values for the fiscal year 2018/2019 come from direct measurements, from environmental statements, or were calculated using conversion factors (for direct CO₂ emission factors see the Environment Agency Austria (Umweltbundesamt); the electricity mix used is the Energie AG OÖ Residualmix). Conversion factors are used for the use/consumption of natural gas, petrol, diesel, liquefied petroleum gas, heating oil, coal, methane, biomass, and biogas, for example. The emission values from recycling (Waste Management segment) are based on continuous measurements. Methane is included in the direct fossil emissions. The data of Umwelt Service GmbH (Waste Management segment) has been collected for the calendar year 2018. For availability reasons, the data for the Czech Republic segment is from the fiscal year 2017/2018. The following entities have not been included due to their small scale compared to the overall balance (<1 %): Trading GmbH, Telekom GmbH, the service areas (except Business Services GmbH) and Ennskraftwerke AG. The CCGT power plant Timelkam is owned by Energie AG (50%) and by Groupe E (CH; 50%). The CO₂ emissions are included at 100% nonetheless.

5) These figures take into account the Greenhouse Gas (GHG) Protocol Corporate Standards and the Global Reporting Initiative (GRI) 305 Standards.

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, allowing it to operate its own fleet of road vehicles.

Scope 2 encompasses indirect emissions from electricity purchases, indirect emissions from district heating/cooling and indirect emissions from steam purchases. The Energie AG residual mix is used to measure CO₂ emissions from purchased electricity for all Energie AG Group units (170.26 g CO₂/kWh).

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 § 9 of the Austrian Federal Energy Efficiency Act 2015 (Bundes-Energieeffizienzgesetz; EEffG), is conducted once every four years and covers all the Energie AG Group's Austrian locations. 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. These processes encompass operational processes and industrial facilities (e.g. electric drives and systems, hot water systems used in industrial activities). Processes accounted for 95.1% of the Energie AG Group's total energy consumption in the 2017/2018 fiscal year (2014/2015 fiscal year: 92.0%), while transport accounted for 4.2% (2014/2015 fiscal year: 4.0%) and buildings accounted for 0.7% (2014/2015 fiscal year: 4.0%).

I ENERGY SEGMENT

Generation

Energie AG's generation unit is responsible for developing, building, operating and maintaining power and heat generation facilities and heat distribution systems. The aim of the generation business unit is to ensure sound management of a top-quality portfolio of power and heat generation facilities. As part of this mission, the unit takes environmental and economic aspects into account.

Energie AG is committed to using renewable energy sources in an environmentally friendly manner. In addition, building and operating hydropower plants and thermal power plants, including with the use of biomass fuels. The Group is taking an active approach to expanding our wind power facilities and photovoltaic plants, and, in addition, supports research into alternative electricity generation.

In the 2018/2019 fiscal year, 70.8% of Energie AG's proprietary electricity procurement came from renewable sources (previous year: 78.1%), with around 93.2% of this coming from hydroelectric power (previous year: 92.6%) and the remainder from photovoltaic systems, wind energy, biomass and biogenic waste.

Proprietary electricity procurement from renewable energies

	2018/2019		2017/2018	
	GWh	%	GWh	%
Hydroelectric power	2,518	93.2	2,345	92.6
Biomass and biogenic waste	139	5.2	149	5.9
Wind power	35	1.3	31	1.2
Photovoltaic	9	0.3	7	0.3
Total renewable energies	2,701		2,533	

Energie AG operates 43 of its own **hydropower plants** with a total capacity of around 280 MW and around 1,150 GWh of standard production capacity (previous year: 1,160 GWh). In addition, the Group holds procurement rights to hydropower plants with a capacity of around 380 MW and around 1,390 GWh of standard production capacity. The Kohlwehr power plant on the River Traun was closed in the 2018/2019 fiscal year, as the storage reservoirs of the two power plants were merged during reconstruction of the Danzermühle power plant, which is not owned by Energie AG.

Energie AG has seven locations ⁶⁾ for **thermal power plants** with an output of 400 MW_e and up to 2,260 GWh ⁷⁾ of electricity generated annually. The total installed capacity for heat production is around 1,024 MW_t. In addition, we operate 11 **district heating distribution networks** and manage around 600 **heating systems under service contracts** on behalf of customers. A large share of the district heating is generated from highly efficient cogeneration plants and biomass power plants. As well as promoting the use of geothermal energy, also the use of industrial waste heat is increasing in importance.

Energie AG also holds an interest in 13 **wind power facilities** with an output of around 15 MW and standard production capacity of 36 GWh. The Group operates **photovoltaic plants** with an output of around 10 MW.

Energie AG runs the highest-capacity power plant in Upper Austria, the **Timelkam combined-cycle gas turbine (CCGT) power plant** (output: 405 MW_e ⁸⁾). This CCGT power plant has the necessary flexibility and a highly efficient part load operation, enabling it to be used to stabilise the electricity grid for congestion management. As renewable energy proliferates, flexible power plant capacity is increasingly important. The Timelkam plant is particularly important to the control area manager when it comes to supply reliability, and a three-year-long contract was concluded on 1 October 2018.

The last of the coal was burnt up at the Riedersbach power plant in 2016. Since then, only natural gas and biomass has been used 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.

For more information about energy generation, see the **Key Performance Indicators** › **page 21** section of the Management Report.

Fish ladders have been built at Energie AG's run-of-river power plants and pumped storage power plants in accordance with the Water Framework Directive. As well as the fish ladder built at the Partenstein pumped storage power plant last fiscal year, fishways were also added

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

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

8) CCGT Timelkam 100%

at the largest power plants on the River Traun (Marchtrenk and Pucking) during the 2018/2019 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 of fish, Energie AG also ensures an attractive and naturally authentic population density by means of ecological breeding programmes and regular stocking with native fish species.

The preservation of valuable habitats, biodiversity and water body morphology are essential aspects of project development at Energie AG. A wide array of environmental considerations are addressed during the approval process for power plant construction. In addition, the Group undertakes extensive communication efforts so that local residents and other interested parties are involved in the process from its early stages. In terms of hydroelectric power in Upper Austria, a very high degree of full-capacity utilisation (over 90%) was achieved in an environmentally friendly manner with good agreement from the relevant interested parties.

Measures to improve ecological conditions and reduce environmental impacts (such as fish ladders) require investment and decrease revenue within the energy industry as a result of production and output losses. This threatens the commercial viability of small and medium-sized power plants, although this risk has largely been overcome to date with the help of subsidy programmes. The Renewable Energies Expansion Act (Erneuerbaren-Ausbau-Gesetz), which is currently being prepared in Austria, is an important element when it comes to future hydroelectric expansion, with the feasibility of further projects depending on its content.

All thermal power and heat generation plants of Energie AG 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.

The Group ensures that thermal power plants and heat generation processes remain environmentally friendly by using state-of-the-art practices, which are regularly reviewed both internally and externally. The use of cogeneration (combined electricity and heat generation) plays an important role in improving efficiency. The heat is used for industrial process heating or district heating for the industrial sector, commercial applications and household customers. Efficiency gains are also realised via environmental and other audits, maintenance and repairs, and internal improvement processes as part of our ongoing management efforts. The Group is continuing to expand the use of heat. In 2019, contracts to increase heat sales volume were concluded for the Cogeneration-Kraftwerke Management Oberösterreich GmbH location. A district heating network is currently being constructed in Gmunden. The aim is for the waste heat from an established industrial cement company to be used to supply district heating to the region. In addition, Energie AG and the Austrian Institute of Technology (AIT) are involved in a research project along with other project partners to review a high-temperature recovery system for using waste heat from the Gmunden cement works. At the

Kirchdorf plant, crucial steps are being taken to develop process automation and remote monitoring.

We also regularly receive expert opinions to verify that our larger facilities are operating with high efficiency.

In terms of ensuring supply reliability, Energie AG's fleet of thermal power stations is playing an important role in the transition to clean and renewable energy, a development which is changing the image of the facilities. The first reason for this is that decarbonising fuel is a long-term goal for our society. This can be achieved through increased use of biomass and "greening the gas" (blending natural gas with renewable gas, such as using methanation or hydrogen produced from renewables). Energie AG's fleet of power plants and district heating generation facilities are supporting this development. Secondly, the fleet produces a reliable supply of electrical power and flexibility, providing balancing energy in more ways than one. Although electricity generation has been the main focus to date, there is an increasing move towards ensuring power availability for short-term usage in the event of weak winds, low water flow and dark conditions, as well as services at the request of grid operators to prevent undesired load flows and grid shortages.

Sales

For years, Energie AG has been supplying its customers with environmentally friendly hydroelectric power. Wind energy and biomass also account for a significant proportion of the total amount of electricity generated. The only fossil fuel used to generate energy is natural gas, which represents just under 10% of our output. Energie AG's private and commercial customers are supplied with the hydroelectric power product mix. In addition, the company engages in promotional funding and campaigns to encourage efficient and sustainable energy use.

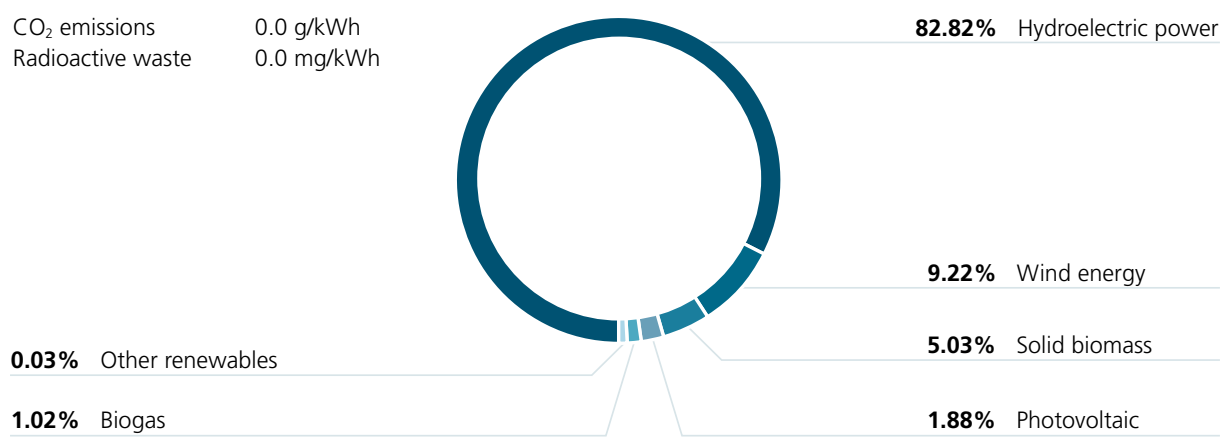
The graphics below show the energy mix and a detailed breakdown for the hydroelectric power product label based on the 2017/2018 fiscal year.⁹⁾

Supplier mix

Hydroelectric power	69.65%	
Wind energy	9.22%	
Solid biomass	5.03%	
Biogas	1.02%	
Photovoltaic	1.88%	
Other renewables	0.03%	
Coal	0.00%	
Natural gas	9.79%	
Oil	0.01%	
Others	3.38%	

Environmental impact of electricity production:			
CO ₂ emissions		54.33 g/kWh	
Radioactive waste		0.00 mg/kWh	

9) Fuel mix disclosure figures as defined by the Austrian Electricity Industry Organisation Act (Elektrizitätswirtschafts- und -organisationsgesetz; ElWOG), § 78 onwards, were not yet available for the 2018/2019 fiscal year at the time this report was written.

"Hydroelectric power" product label

Subsidised electricity products were available in addition to direct support (e.g. for replacing obsolete household appliances with new, highly energy-efficient ones, or for heat pumps, electric vehicles and photovoltaic systems). ENAMO Ökostrom GmbH, which was a joint venture between Energie AG and LINZ AG für Energie, Telekommunikation, Verkehr und kommunale Dienste until 31 March 2019, 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.

When it comes to energy efficiency, Energie AG has been supporting its customers for a number of years by providing energy-efficient products. In recent years, these products (such as energy-saving LED light bulbs) have been given to customers free of charge or sold at a special, reduced price at and around the Energy Saving Expo (Energiesparmesse) and as part of the Energie AG Regional Tour.

The **household appliance replacement campaign**, *Kaufe oder miete* ("Buy or Rent"), was wrapped up at the end of December 2018 and led to more than 70,000 inefficient home appliances being replaced and around 16 GWh being saved since 2006. By the end of the fiscal year, work had already begun on designing a new campaign to follow on from this initiative.

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 510 new systems in the Energie AG service area over the past fiscal year (previous year: 500), yielding total energy savings of around 8.4 GWh (previous year: 8.3 GWh).

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 270 heaters were converted to natural gas or replaced (previous year: 370), saving around 3.5 GWh of energy (previous year: 4.8 GWh, calculated based on EEffG). 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.

The implementation of customer projects, especially in the shape of **photovoltaic systems**, is becoming increasingly important as well. Energie AG has extensive expertise and experience in this field, which is intended to be put to greater use.

Energie AG's contracting solutions allow business customers to focus on their core business while still benefiting from eco-friendly electricity generation harnessing the power of the sun. 38 photovoltaic systems with around 5.9 MWp have been installed since 2013. A total of 4.4 GWh of electricity was generated in the 2018/2019 fiscal year from all systems installed by Energie AG on the roofs of Upper Austrian businesses.

I GRID SEGMENT

Grid losses

	2018/2019	2017/2018
Electricity	2.5% (209 GWh)	2.5% (215 GWh)
Natural gas	26,606 m ³	53,543 m ³

Grid losses are an indicator of the efficiency of energy supply networks and, in turn, of resource conservation levels in energy distribution. In the 2018/2019 fiscal year, the **losses in the electricity grid** amounted to 2.5%, i.e. 209 GWh (previous year: 2.5%/215 GWh). The **losses in the natural gas grid** from discharge during repair and maintenance tasks accounted for 26,606 Nm³ in the 2018/2019 fiscal year (previous year: 53,543 Nm³). Line losses on the natural gas grid are equivalent to 3,325 t CO₂.

The Group is taking steps to reduce these losses by exchanging old transformers with new ones and continually replacing medium and low-voltage overhead lines – in particular, with underground cables, which are much easier to install at these voltage levels than on the high-voltage grid. Energie AG also works to ensure low energy consumption for metering and secondary technical components (measurement, control, management and data transfer).

I WASTE MANAGEMENT SEGMENT

The Waste Management segment handles a **total waste volume** of around two million tonnes a year at 24 facilities. Due to modern logistics and the extensive network of facilities, this waste is collected, treated, thermally processed or disposed of in a commercially and environmentally state-of-the-art process.

For many years, Energie AG's Waste Management segment has been certified with regard to quality (ISO 9001:2015), occupational health and safety (OHSAS 18001:2007), the environment (ISO 14001:2015) and as a qualified waste management operator (RAEF). In 2013, Umwelt Service GmbH was the first waste disposal company operating across Austria to successfully roll out EMAS validation for all its locations (Regulations (EC) No. 1221/2009 and 2017/1505 of the European Parliament). Ultimately, all these measures help to ensure efficient use of resources and prevention or reduction of emissions while actively involving customers, staff and owners.

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.

The **Environmental Statement of Umwelt Service GmbH 2019** in accordance with EMAS also includes the company's receipt of the Austrian **EMAS Award** in the Best Environmental Team category in 2018.

The processes related to compliance with requirements under environmental law are monitored as part of its internal audits. This focuses on the Austrian Legal Information System, monitoring of requirements (laws, regulations, administrative decisions) in the Gutwin legal database and ensuring that waste is obtained and stored legally. In addition, the externally certified environmental management system guarantees processes to identify negative impacts on the environment, which can then be prevented or mitigated accordingly.

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 additional truck 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, the Group pays 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. 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 also provides **water supply and waste water disposal services** in Austria, operating as a water supplier across a number of regions. Its clients include cities and local authorities, which receive water supply and waste water disposal services. Only the pipelines are owned by the segment, whereas distribution grids are not. There is no noteworthy 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 water losses in the distribution grids of the local authorities that are served, 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 CZECH REPUBLIC SEGMENT

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.

As a result, reducing **non-revenue water** and damage within the water distribution grid is a key task for the water industry. 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 are analysed via a reporting and benchmarking process. In recent years, extensive investments have been made in modern hardware and software for hydraulic network modelling, as well as in expanding district metered areas, supplying equipment and providing employee training.

In the international water sector, unit water leakage is a commonly used measure of unaccounted for water. This is a key figure indicating the pipeline networks' condition; it reveals how many cubic metres of drinking water are lost per kilometre of a pipeline network per year (converted to a unit diameter). Currently, the benchmarking is carried out on in 51 Energie AG supply areas with more than 5,000 residents each. In 2007, 73% of networks were in good condition and 10% in average condition. Despite pipeline networks growing older and being subjected to increased wear, it has been possible to increase the proportion of networks rated as good to 94% in the last 11 years (previous year: 90%). 100% of networks have received a good or satisfactory rating. Since 2016, there have no longer been any networks rated as unsatisfactory in Energie AG's Czech service area.

Since 2019, interesting information about Energie AG's Czech Republic segment (including key performance indicators, benchmarking and environmental topics) has been published at › www.energieag-bohemia.at and › www.energieag.cz, as well as in the "PowerNEWS" digital newsletter. The digital newsletter has taken the place of the "WaterPages" print edition since last year. This saves paper and allows us to share up-to-date information in a timely manner with employees, customers, partners and interested parties.

I HOLDING & SERVICES SEGMENT

Energie AG carries out active **building benchmarking** in Austria. The Group headquarters, the PowerTower 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 PowerTower. In addition to the PowerTower, 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.

Energie AG takes its **responsibility as an operator under ÖNORM B1301** (property and building safety) very seriously, focusing on ensuring employee welfare in a safe and highly suitable environment.

146,936 fresh meals were prepared for staff in the kitchens at our Austrian locations in Linz and Gmunden in the 2018/2019 fiscal year. A particular effort is made to ensure the use of seasonal and regional food products, focusing on healthy cuisine for a healthy workforce.

In **purchasing processes**, some environmentally relevant criteria are set as mandatory requirements in the text of requests for proposal. The Group takes CO₂ emissions into account when placing orders via transport tenders. During the 2018/2019 fiscal year, Energie AG added an environmental component to the supplier rating system in the Group Procurement Handbook.

Orders worth a total of EUR 208 million were placed with 2,177 suppliers in the 2018/2019 fiscal year. 84.1% of our suppliers were headquartered in Austria, while 15.8% were based in other European countries.

Procurement statistics

	Unit	2018/2019	2017/2018
Commissioned suppliers (approx.)	Number	2,177	2,212
share in Austria	%	84.1	84.2
share in rest of Europe	%	15.8	15.7
other	%	0.1	0.1
Order volume	EUR mill.	208	197
Total		2,177	2,212

During the 2018/2019 fiscal year, the Group launched an initiative aimed at increasing the **proportion of electric cars** used – to the extent that this is technically and commercially possible. The percentage of electric cars used in the Energie AG Group in Austria is currently higher than the national average.

Starting in the 2019/2020 fiscal year, a revised vehicle policy in the Czech Republic segment will take into account operating costs and the use of alternative drive systems for motor vehicles in the context of new purchases and reinvestments.

EU Directive 2007/46/EC, which establishes a framework for the approval of motor vehicles subject to the Euro 6 emission standard, applies to the Waste Management segment for subsequent truck purchases. The introduction of this emission standard significantly tightens exhaust emission limits. In addition, drive systems such as gas engines and electric motors will be compared for new purchases.

Energie AG's charging card is the key to Austria's largest charging network, giving customers a convenient way to charge their electric cars. Energie AG has established a dense **charging network** in Upper Austria to provide public and fast charging facilities for electric cars. These charging stations are available for all electric car drivers to use. All public charging stations operated by Energie AG provide electricity 100% sourced from hydroelectric, wind and solar power. There are 3,500 charging points available across Austria. For more information, see the [Electric Vehicles](#) › [page 28](#) section of the Management Report.

SOCIAL AFFAIRS

Energie AG's social goals are:

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

In an extensive **study by the Economica Institute for Economic Research**, the "economic footprint"® of Energie AG in Upper Austria and Austria as a whole was calculated for the first time. Energie AG plays a significant role throughout the nation, contributing added-value effects worth a total of EUR 1.1 billion (including EUR 881.8 million in Upper Austria) and sustaining more than 10,000 jobs (including 8,143 in Upper Austria). In Upper Austria alone, 2.1% of gross regional product and 1.3% of employment depends on Energie AG directly or indirectly.

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.

Power-line grids in km

	2018/2019	2017/2018
Electricity	32,648	32,365
Natural gas	5,585	5,549
Fibreglass	6,100	5,550

Netz OÖ's asset management efforts are aimed at achieving the highest possible levels of efficiency in all activities in terms of reliability, quality and cost-effectiveness. The company's measures to promote supply reliability and quality are primarily focused on the medium and low-voltage grids. Energie AG consistently improves grid quality via targeted replacement of existing overhead lines with cable and by increasing the degree of grid automation in the medium-voltage portion.

To assess supply reliability and quality, we determine key performance indicators such as grid reliability, grid interruptions and their causes (<3 minutes) on an annual basis. The Group then uses these findings to establish options for future action in the context of grid maintenance and expansion.

Netz OÖ operates an **electricity grid** consisting of 32,648 km of power lines (previous year: 32,365 km), in addition to a 5,585 km **natural gas grid** (previous year: 5,549 km). 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 38.02 min/a in calendar year 2018 (2017: 32.91 min/a). Customer-related system disruption (SAIDI – System Average Interruption Duration Index) stood at 37.26 min/a (2017: 36.28 min/a). The availability of the natural gas grid was 100% in calendar year 2018, as was the case in the previous year.

Supply reliability ¹⁾

	2018	2017
SAIDI (min/a)	37.26	36.28
ASIDI (min/a)	38.02	32.91

1) These key figures are statistical key system figures for national and international comparison. They do not allow any conclusions on the interruption of individual localities. Different values were published for the calendar year 2017 in 2018 and 2019 respectively. The marginal discrepancies (ASIDI 33.03 min/a now 32.91 min/a and SAIDI 36.58 min/a now 36.28 min/a) are due to the retrospective allocation of events by E-Control.

In the 2018/2019 fiscal year, Netz OÖ and Salzburg Netz GmbH agreed to a close **security cooperation agreement** in the supply areas around Lake Wolfgang to ensure that natural gas customers can receive assistance as quickly as possible in the event of damage.

In the generation unit, the Group is taking a holistic approach to optimise technical availability, starting with taking power plants and components into account during planning and design as well as by systematically developing maintenance strategies and action plans for each facility and component. State-of-the-art, IT-supported operational management systems are used for monitoring and implementation.

In addition to the environmental measures adopted during hydropower plant design, flood protection improvements also play a crucial role in Energie AG's run-of-river power plant construction projects. The individual steps to be taken during day-to-day operation are set out in the officially approved workplace regulations.

In light of advancements in digital innovation and the positive business climate in Upper Austria, the speed-of-light broadband network underwent further expansion in the 2018/2019 fiscal year. For around 15 years, Energie AG has been working on building a comprehensive **fibre-optic network**, predominantly in Netz OÖ's service area. The fibre-optic network was 6,100 km long as of the end of the 2018/2019 fiscal year (previous year: 5,550 km).

Water supply availability in the Czech Republic segment is constantly at or above 99.99%. Network quality in the drinking water sector fluctuates from year to year between 0.2 and 0.3 cases of damage per kilometre per year, mainly due to changing winter and frost conditions. Network quality in the waste water sector is measured at around 0.1 grid interruptions per kilometre per year.

In the water sector in the Czech Republic, investments in physical infrastructure are made on an ongoing basis to ensure supply reliability and maintain operability (motor vehicles, machinery, tools). These decisions are made based on ongoing analyses of non-current assets with regard to their useful life, condition, costs and necessity. In particular, the use of new technologies (sewer inspection cameras, satellite leak detection, smart water meters) guarantees that Energie AG can maintain an efficiency advantage and a competitive edge over our competitors, which ultimately benefits our customers (municipalities).

Due to **climate change**, increasingly long periods of drought are occurring during the summer months. This can lead to temporary water shortages in certain regions. The places

affected are mostly local authority areas with their own wells but lacking a second major supply source. Even in these cases, Energie AG endeavours to temporarily ensure a sufficient supply of drinking water; for instance, by supplying drinking water via tankers and cisterns. One measure to improve supply reliability is the interregional integration of water supply systems. This enables drinking water from areas with surplus water to be sent to areas suffering from shortages.

The cross-border water aid scheme between the Czech Republic and Austria was also revived and used for the first time in 2019. The water networks of the South Bohemian border town of České Velenice and Gmünd in Lower Austria are now connected for emergency water supply. This cooperation scheme was previously in place until 1960, but was discontinued due to the political situation and only recently resumed.

I CUSTOMER ORIENTATION AND SATISFACTION

On 1 May 2019, following the withdrawal of LINZ AG für Energie, Telekommunikation, Verkehr und kommunale Dienste from ENAMO GmbH, the new Energie AG Oberösterreich Vertrieb GmbH (Vertrieb GmbH) took up operations within the new structure.

This gives customers the considerable advantage of having a single point of contact for all questions regarding pricing, services. In return, Energie AG can benefit from greater simplicity in terms of service provision, from private households to key account customers.

Maintaining a closer dialogue with our customers will be a cornerstone of our future activities. In particular, one step Energie AG is taking in this direction is staging our own **customer forum**, an idea we set in motion in 2019.

The aim of this initiative is to bring together 30 customers to interact with Energie AG twice a year, discussing current developments in the industry as well as ideas and new products in a forum with the company's management team. This will help us to break new ground in the development of products and services.

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. Energie AG pays particular attention to digital services, which are currently being developed and expanded in various forms.

Going digital: a powerful asset

Energie AG views digitalisation as a key priority in every area of the Group's sales strategy, with the aim of making customers' contact with the company faster, better and more efficient.

As far as digital transformation in sales and communication channels is concerned, the first step is to identify sensible touchpoints where going digital will result in true added value for the customer. One example would be the harmonisation of the current online customer portals, which is intended to foster a strong sense of personal responsibility. The goal here is to provide a contemporary, cutting-edge look and feel in widget format to support personalisation at the customer's end, as well as giving visitors the opportunity to immediately order a variety of products and features online. The use of digital signatures is now being extended to additional customer processes, having only been used in certain subdivisions of Energie AG to date.

Our range of Alexa skills, already tried and tested with the energy-saving tips service, has also been expanded. Since the 2018/2019 fiscal year, customers paying smart meter tariffs can use Alexa to request information about electricity prices.

A power price configurator that factors in more than simply the individual's place of residence, household size and consumption levels was developed to give customers the best support possible as they choose the right electricity pricing model for them. Seven simple questions help customers to select the ideal tariff. The recommendations made are based on a special logical model, with a decision tree that took months of work to develop and test out. Lessons learned from previous projects were factored into the development of the electricity price configurator. For instance, the EU-funded PEAKapp research project, implemented in partnership with the Energy Institute at the Johannes Kepler University Linz, generated some useful findings on consumption patterns. This project came second in the **EU Sustainable Energy Award's** "Consumerse" category. For more information about this project, see the [Research, development and innovation](#) › [page 19](#) section in the Group Management Report.

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. Internal customer satisfaction surveys reflect the high standard of quality.

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 with a flexible on-call service model, individual customer service employee flexibility and suitable telework 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 94% of all customer systems are equipped with intelligent electronic electricity meters in Netz OÖ's service area (previous year: 76%). At the end of the 2018/2019 fiscal year, there were 633,000 AMIS meters installed on Netz OÖ's electricity grid. The system uses a variety of smart grid functions to achieve improvements in the quality of electricity supply. The entire system (AMIS) is proving successful in real-world applications, regularly delivering availability figures in excess of 99%.

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. This will help to bring cost savings, lower consumption and greater comfort to customers.

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 the data is also available to end users. The Water Under Control (Voda pod kontrolou) service is suitable for most widely used water meters. Customers can view a continuously updated consumption breakdown, which is designed to suit their needs. They will be alerted if a certain quantity is exceeded (burst pipe warning) or if other measurements fall outside a

normal range. Water Under Control was launched on the Czech market in the 2018/2019 fiscal year and has shown highly positive signs. The Group is also working on further developments for IoT, as well as other utilities such as gas, electricity and heat.

Customer satisfaction 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, the Group analyses the communications on a quarterly basis, evaluating the subject areas and using these as a basis to establish options for action. These options include working together with social services to prevent debt-related issues and providing advisory services to help customers lower their energy bills.

Public opinion research institutes regularly conduct **surveys of the general population**, customers and specific target groups. Specifically, the Group was again able to collect valuable information in the 2018/2019 fiscal year. For instance, it worked together with pollsters for our 2019 surveys of real estate management and multi-site customers, which allowed us to identify the challenges and relevant issues for the future in these segments. The activities of Vertrieb GmbH can be realigned based on this information and suitable products can be developed.

Strong customer loyalty is predominant in the **electricity sector**: 95% of customers are basically satisfied or very satisfied with our sales arm (previous year: 97%). Continually 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 and enables us to pursue improvements on an ongoing basis.

Netz OÖ's customer satisfaction survey for natural gas grid operators was conducted for the sixth time in September 2018 using the standardised questionnaire, which is based on the template provided by the Austrian Association for Gas and Water (ÖVGW) working group. Once again, this yielded highly positive results. As in the previous year, the highest level of satisfaction was reported for gas supply availability. Using a 1 to 5 scale based on Austria's academic grading system, Netz OÖ's customers gave it excellent ratings for reliability (1.16), safety (1.21) and quality (1.29), indicating above-average performance for a grid operator. There were even improvements on the previous year's results in many areas.

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") also during the period under review 2018/2019.

The Austrian Consumer Studies Society (ÖGVS) investigated a large number of companies across Austria in partnership with business magazine trend. The best companies are honoured with the ÖGVS Service Award. Energie AG was among the top firms in the energy sector because of its email customer service. In 2017, Energie AG's customer service achieved first place in the overall rating for all industries, for which it was given the 2017 ÖGVS Service Award. In the 2019 market test for electricity suppliers by Austrian research institute market, Energie AG came in top position in Upper Austria, receiving the **2019 market Quality Award – Overall Winner for Upper Austria**.

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 since 1991, 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 of the waste incineration plant 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. In this context, 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 grid extension – particularly in connection with 110 kV power 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 OÖ, Linz Netz GmbH and Austrian Power Grid AG, and external consultants have drawn up **“Guidelines for Route Choice in Planning Processes for New High-Voltage Installations”** in the 2017/2018 fiscal year. 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 was conducted with all interested stakeholders. In this context, during the fifth regional conference in late June 2019,

a final evaluation was released for the individual overhead line and cable corridors, with an overhead line corridor (8B Nord 2) put forward as the best option. The grid operators are now responsible for beginning to formulate detailed plans, working closely together with the landowners and local authorities in a joint project with LINZ NETZ GmbH.

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 portals › news.energieag.at and › news.netzooe.at, the project homepage for children and young people › www.wir-denken-an-morgen.at, Energie AG's various blogs (› www.energieag.at/blog and › hochspannungsblog.at), the Facebook page „Energie AG – We care about tomorrow“ 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.

Cultural and social issues

Energie AG supports a host of initiatives in the cultural and social realm. On the cultural scene, the Group has been partner of the Höhenrausch/Sinnesrausch project in Linz for a number of years, and 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, Energie AG has been a long-standing voluntary partner 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.

At our call centre, Energie AG also operates 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.

Timelkam Energy Experience Centre

In the town of Timelkam, Energie AG runs an information centre about electrical energy called the Erlebniswelt Energie Timelkam ("Timelkam Energy Experience"). More than 5,000 visitors passed through the centre in the 2018/2019 fiscal year (up from 4,800 in the previous year). The facility is constantly being upgraded to include new technologies, with sections on

digitalisation and apprentices added in the last two years. Workshops for schools and the “Start of School Festival” have been held at the centre or on its grounds for the last six 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 members of the sports family in the 2018/2019 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). A top priority in this area is to promote young people’s involvement in sport.

Enhancing awareness

Raising awareness of sustainability, energy and the environment among young people has been a cause that the Energie AG Group has embraced in a major way. In this spirit, the Group has 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!”).

The **Energie AG at School education programme** (Energie AG macht Schule), which has existed since 2007, offers kindergartens and schools different classroom handouts for the relevant age groups. These cover topics related to energy, sustainability and – since autumn 2018 – digitalisation. 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). Energie AG received the **Familie Digital Kompetent (“Family Digital Skills”) seal of approval** in 2019 for this educational programme – and, in particular, for its expansion.

In addition, the Group has a selection of short books for the youngest programme participants, which cover a wide range of topics relating to energy and sustainability. The latest book, now our eighth, was published in 2019 and deals with the issues of separating waste and preventing littering. It is available upon request to private individuals, schools and kindergartens free of charge. Including the latest release, 250,000 copies of these short books are already in circulation.

In 2014, Energie AG began its educational programme for Czech primary and junior secondary school pupils with titles such as DOODPADU – was nicht in den Abfluss gehört (“DOODPADU – Don’t Put That down the Drain”) and Die Toilette ist kein Mülleimer (“Your Toilet isn’t a Dustbin”), which aim to protect our natural environment and water resources. The Group promotes awareness of how to properly dispose of rubbish by providing customised classroom materials for primary schools and creative projects for older pupils. The pupils at a state secondary school in České Budějovice were the deserving winners at ENERGIE AG BOHEMIA s.r.o.’s annual project competition in 2019 with a game app for DOODPADU.

Respect for the environment and a commitment to a green and efficient business model are guiding principles that underpin Energie AG’s ethos. Energie AG has supported the Energy Globe environmental award for some 20 years. Since its founding, just short of 25,000 environmental projects have been submitted for consideration. Every year, Austria ranks among the top performers, underlining the country’s role as a “world champion” in the area of sustainability.

ENERGY INSTITUTE OF 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, the Group actively participates 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 **Gmunden High Temperature Heat** project, which Erzeugung GmbH and Vertrieb GmbH are working on as part of the drive by NEFI (New Energy for Industry) to make Upper Austria a flagship region for clean energy.

Waterdrops Project

Energie AG is also living up to its social responsibility in the Czech Republic segment, supporting social activities as part of the Vodní kapky ("Waterdrops") project. This includes the establishment of Young Caritas CZ with the aim of promoting volunteering among young people. In the 2018/2019 fiscal year, the Czech Republic segment supported Young Caritas CZ events in České Budějovice. As part of its social commitment, the Czech Republic segment donates one Czech heller (one hundredth of a koruna) for each cubic metre of drinking water Energie AG companies deliver to households in the country.

"Philanthropy exchange"

Each Energie AG Group company in the Czech Republic takes its regional social responsibility seriously. For instance, since 2015, VHOS a.s. has played a role in the Philanthropy Exchange in the Pardubice Region and Moravská Třebová to support the work of non-governmental organisations. This provides a platform for projects from selected non-profit organisations to be presented in a transparent manner. During the course of the event, these non-profits have the opportunity to engage with companies and public institutions to discuss their support needs. Energie AG also assumes social responsibility by financially supporting projects that improve the lives of disadvantaged people or families.

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. Our employees also play a role in various bodies, committees and working groups within these organisations. All Energie AG's employees can benefit from these memberships, which allow them to receive newsletters, participate in events and webinars, and access online portals, publications, studies, models, analytical findings and more.

Alongside its long-standing memberships in the **Austrian Energy Industry Association**, the representative group for Austrian energy utility companies, the **Federation of Austrian Industries (IV)** and the **Austrian Economic Chambers (WK)**, Energie AG is also a member of the **Upper Austria Business Hub Initiative (IWS)**, which promotes Upper Austria as a business location by providing basic research, studies, investigations and media work.

In addition, Energie AG is a member of **Austrian Energy Agency GmbH (AEA)** – the country's national centre of excellence for energy, as well as the German **Association of the Energy and Water Industries (BDEW)**. Both associations work on topics of interest to energy companies, such as energy efficiency, renewable energy, sector coupling, etc.

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 and promotional funding.

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. The association works on complex energy and environmental issues, such as renewable energy sources, resource efficiency and approval issues for energy infrastructure projects, while promoting interdisciplinary solutions.

Energie AG has been a member of the **Energy Centre České Budějovice**, an energy information centre supported by the State of Upper Austria and the Region of South Bohemia, since 1998. The centre's priority areas are offering support for implementing energy efficiency measures and the use of renewable energies. 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.

In addition, Energie AG is a member of the **Austrian Association of Alternative Telecommunications Operators (VAT)**. With the aim of ensuring that Austria enjoys a reliable information infrastructure, the VAT promotes fast and comprehensive expansion efforts whose sustainability is assured through the use of next-generation technologies.

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 ensure long-term staff availability
- 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 2018/2019 fiscal year, the Energie AG Group's average consolidated workforce stood at 4,506 full time equivalents (FTE), representing an increase of 2.67% over the average of the 2017/2018 fiscal year (4,389 FTE). As of 30 September 2019, Energie AG Group had 4,599 employees (FTE) in four countries (previous years: 4,419).

An average of 295 temporary staff (FTE) were employed in the 2018/2019 fiscal year to work on time-limited projects and help us manage workload peaks (previous year: 269 FTE).

All staff employment contracts in Austria and South Tyrol are subject to collective bargaining agreements, while employees in the Czech Republic are unionised.

Energie AG employs staff from 27 countries. ¹⁰⁾

10) Not including the Czech Republic

Staff level and structure

	Unit	2018/2019	2017/2018
Staff (number of employees)	Persons	4,949	4,841
Workplace			
Full-time equivalents (FTE) ¹⁾	Number	4,506	4,389
In Austria		2,832	2,700
Female		535	586
Male		2,297	2,114
In the Czech Republic		1,616	1,630
Female		399	480
Male		1,217	1,150
In other European countries		58	59
Female		6	7
Male		52	52
Part-time	Persons	480	451
Female	%	65.8	66.4
Male	%	34.2	33.6
Newly hired	Persons	584	402
Newly hired	%	11.8	8.6
Turnover rate (excluding retirements)	%	8.8	4.9
Demographics			
Average age of workforce	Years	43.7	43.7
Diversity			
Women	%	22.6	22.2
Men	%	77.4	77.8
Women in management positions ²⁾	%	14.6	16.8
Men in management positions	%	85.4	83.2
Occupational development			
Training per employee	Hours	12.9	11.8
Performance review rate	%	72.8	79.6
Apprentices	Persons	72	66
Apprenticeships completed	Persons	16	19

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": Managing Director, heads of departments, divisions, facilities, holding companies, corporate units, teams and groups.

I LIFE AND WORK AT ENERGIE AG

Energie AG supports a good balance between work and family life. Except for the Waste Management and Czech Republic segments, the company has been certified via the **“berufundfamilie” 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** programme supports our Austrian employees in planning the periods they will be off work. 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 supported its employees in summer 2019 by providing a varied programme for children between the ages of 6 and 14. Our Kids Day on Easter Tuesday also gave the parents relief on one day of the school holidays. Since the 2013/2014 fiscal year, Energie AG has been congratulating employees who became parents on the birth of a newborn by sending a baby gift package.

At the PowerTower in Linz, former smoking areas on several floors of the building have been converted into contemporary common areas since late summer 2018. Designed, furnished and equipped with a wide range of activities in mind, staff can simultaneously use the areas to work on individual projects, have one-to-one discussions and work together in small groups.

I PERSONNEL DEVELOPMENT 4.0

An key goal of the Personnel Development 4.0 concept is to provide targeted services to prepare employees and managers for the challenges they will face in the working world of the future. The educational program, which is available to all employees, is strongly focused on strengthening their skills in using methods and platforms. In particular, this applies to collaboration and interaction in everyday working life and the use of new digital technologies.

The **Energie AG Future Lab** was newly developed and rolled out for the first time in the 2018/2019 fiscal year. This one-year programme was specially created for Austrian managers and highly talented younger staff (PowerTalents) and focused on learning from others and being exposed to new working methods. At the same time, the participants came up with ideas for Energie AG's future development. After the Future Lab was concluded, these were implemented within the scope of various projects.

Additional upskilling events are also aimed at managers and highly talented younger staff. These aim to provide an outward-looking perspective by bringing in various keynote speakers. The talk held in the 2018/2019 fiscal year covered start-ups and success factors for collaboration between established companies and newly launched ventures. Skill-building events also provide a welcome opportunity for managers and star employees to have conversations and share their thoughts with one another.

A new round of the “Leadership Experience Discussion Circle” was launched for team and group leaders in the 2018/2019 fiscal year. These thrice-a-year get-togethers involve participants discussing leadership-related topics in small groups, accompanied by a coach. The group is intended to help attendees solve problems that arise in their day-to-day leadership roles, as well as encouraging these supervisory staff to be open to bouncing ideas off each other.

In the 2018/2019 fiscal year, talented younger staff members received feedback on their skills during the course of the **PowerTalent Programme**, after which they went on to create development plans agreed with their supervisors. One of the development opportunities available was the chance to take part in the Energie AG Management Advanced Programme, which lasts for two years and focuses on vital topics for the future such as innovation and change.

Protecting the lives and physical and mental health of employees is an integral part of every employer's duty of care. With regard to mental health in particular, Energie AG is planning to establish a **conflict management system** designed in line with recognised standards for Groups. An internal team worked together with an external conflict management expert to develop a structured model, which lays out a recommended pathway to conflict resolution. The aim should generally be to resolve conflicts in-house. However, if a solution cannot be mutually agreed upon with the involvement of the relevant points of contact (both outside and inside the hierarchy), it will be possible in future to call in an external liaison service for conflicts, which was set up on 1 April 2019. To accompany the conflict management system's roll-out, managers and employees received training in various event formats on how to suitably deal with conflicts.

In addition, extensive information on the subject of conflict management can be found on the Group's Intranet and on an app specially created for this purpose.

To assure the company is capable of proactively mastering future challenges, it is important for its employees to have the relevant skills at their disposal and for diversity to be embraced not only in recruiting, but also internally (for example, when filling management positions).

The **FORWARD Programme**, which has been running in Austria since October 2017, gives younger female staff within the company support and development opportunities through a combination of mentoring and discussions about management topics. Since the programme was launched, four of its graduates have been promoted to leadership positions.

In the Czech Republic segment, the percentage of women in the workforce fell in 2018/2019 due to an increased turnover rate, which also led to a slight drop in the percentage of women in management positions. In addition to the turnover rate, restructuring measures resulting in a higher employee headcount had an impact on the decrease in the performance review involvement rate.

I APPRENTICESHIP PROGRAMS

Energie AG's in-house apprenticeship program gives us an important competitive advantage. Along with the current shortage of skilled workers, there has been increased competition for capable young people among employers – even in the apprenticeship market. As a result, the skilled worker shortage has now been compounded by an apprentice shortage.

Since 1943, 1,490 apprentices have successfully completed their training and become top-qualified specialists in their fields. About half of these are still employed in the enterprise today. Nineteen young people, including two young women, began their electrical engineering apprenticeships at Energie AG in September 2019. In keeping with our mission to promote diversity, apprentices of immigrant descent and asylum seekers also have their place in the Energie AG Group.

Energie AG has expanded and will continue to expand our marketing activities in this area (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 the interest of young women in our apprenticeship programs.

Owing to our cooperation with mandatory-attendance schools (electrical engineering polytechnic course, Powergirls, Girls Day), around 150 school students get to experience Energie AG's apprenticeship workshop up close every year and try out how it feels to be an apprentice for a few days. In line with the company's aspiration to actively rise to the challenge of rapid technical development, the apprentices' workshop includes high-tech equipment – as can be seen, for instance, from our purchase of a state-of-the-art CO₂ laser. The virtual tour of the apprentices' workshop in Gmunden with 3D glasses also appeals to young people at apprenticeship fairs.

The subject of the "digital transformation" has been afforded particularly priority in the apprenticeship programs. Apprentices are introduced to the digital transformation, from basic knowledge of digital technology to CNC technology, PLC programming, 3D printers and smart home digital control on tablet devices.

Safety and health are especially important to Energie AG in our apprentice training. The Group offers professional workshops and seminars to provide guidance to young people on topics such as preventing addiction and using the Internet safely.

The most important milestone for an apprentice is the skilled worker examination at the Austrian Economic Chambers. The quality of our training was also documented in the 2018/2019 fiscal year, receiving an outstanding result. Between them, the 14 current graduates earned 12 distinction grades in vocational school and 13 good or outstanding results in their final examinations.

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. 777 apprentices from 105 businesses took part in the 2019 apprentice competition. The best apprentice from Energie AG came in third place in the 2018/2019 fiscal year.

Another achievement in 2018 was the establishment of the **"z.l.ö. – zukunft.lehre.österreich"** association (Future Apprenticeships Austria) at 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. In the 2018/2019 fiscal year, the Group worked meticulously to design and advertise an Austria-wide apprenticeship platform and an apprenticeship-related image campaign aimed at the target group.

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. As Energie AG seeks to promote diversity, it has set itself the goal of attracting more female technical professionals to work at the Group.

In the 2018/2019 fiscal year, we carried out a number of employer branding activities, in particular at technical universities, to raise awareness of Energie AG among women interested in technical occupations.

In October 2018, Energie AG launched a **trainee programme**, which was attended by 12 trainees (9 of whom were women). After an initial phase in the area of the company most closely matched to their respective skills, the trainees rotated to different parts of the business to help them get the fullest possible picture of life at the Group. In addition, the trainee group has already completed several specially designed seminars.

Due to the great success achieved in the previous year, a **scholarship for female technical staff** was also awarded in autumn 2018. The scholars not only receive financial support, but can also complete internships at Energie AG or write their master's thesis drawing on their experiences with the company, potentially fostering strong ties between the company and these scholars from an early stage. In the 2018/2019 fiscal year, three new scholarships were awarded to female scholars (previous year: four).

In January 2019, the company started implementing a digital job platform: digiTalent, which was the winning project in our "Neuland" internal digitalisation initiative. The needs of applicants today have changed considerably from those in the past. The younger generation, in particular, expects to be able to apply simply and quickly via an online job platform. By providing such a platform, Energie AG will cement its place as a modern employer, as well as increase internal process efficiency.

Energie AG participates in various programmes for school pupils and students in higher education, such as the IAESTE programme (International Association for the Exchange of Students for Technical Experience). IAESTE finds placements in over 80 member states for trainees studying technical and scientific subjects. These traineeships are based on a one-for-one exchange, which also enables Austrian students to train abroad. Energie AG offers summer internship places to two students each year.

Since 2014, Energie AG has been providing material and intellectual support to gifted and socially engaged pupils of immigrant origin through the START scholarship program, laying the foundations for these scholars to pursue academic study. This support covers the costs for PC equipment (one-time), educational materials, seminar attendance, annual meetings, and regional events and workshops.

I WORKPLACE 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. Energie AG's company health management policy was awarded the **"Betriebliche Gesundheitsförderung" (Workplace Health Promotion) seal of approval** (except for the Czech Republic and Waste Management segments), which is valid in its current form until 2019. The Group will be reapplying for this classification next year, which if approved would extend until 2022.

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 at a number of work sites also promote health awareness. The range of occupational healthcare services includes extensive contact during consultation hours and vaccination campaigns. A **"Mental Health at Work Service Line"** is also available to all employees in Austria in order to provide support in the event of personal problems or conflicts.

Energie AG ensures that the specifications of the Employee Protection Act and the associated regulations are consistently observed throughout the Group, and that appropriate preventative measures are implemented. In the 2018/2019 fiscal year, around 85 announced and unannounced workplace and construction site inspections were carried out by safety experts and occupational health professionals together with those responsible on site and/or Energie AG Group management (previous year: 95). Office workplaces were reviewed to assure ergonomic design and, if necessary, adjusted to keep the number of musculoskeletal conditions among employees as low as possible.

A total of 101 reportable work incidents were registered (previous year: 82), which corresponds to an accident rate of 20.63 accidents per 1,000 employees (previous year: 17.46 per 1,000 employees). The accident severity amounted to an average of 24.37 days of sick leave per work accident (previous year: 24.67). Converted to an international indicator value, this corresponds to an LTIF (Lost Time Injury Frequency) of 11.85 per 1,000,000 working hours (previous year: 10.89). Energie AG is happy to report that again no fatal work accidents occurred in the 2018/2019 fiscal year.

A closer look on the work accidents reveals a picture that varies in national characteristics and, in particular, the different areas of activity within the Energie AG Group. The Waste Management segment had a higher accident rate than the rest of the company's segments, and these figures are somewhat higher than average for this industry.

The number of accidents in the Waste Management segment increased in the 2018/2019 fiscal year while the number of lost days fell. In the 2006/2007 fiscal year, the Waste Management segment's management system was expanded to include certification of occupational health and safety (OHSAS 18001:2007) and will be transitioned to ISO 45001:2018 in the 2019/2020 fiscal year. In addition, a feasibility study was launched in the 2018/2019 fiscal year to improve occupational safety.

A particular challenge was posed by the organisational changes in the year under review 2018/2019. While the merger of the sales forces to form the new Erzeugung GmbH did not present a problem in terms of employee protection, aligning the structures of Energie AG Oberösterreich Kraftwerke GmbH (Kraftwerke GmbH) and Energie AG Oberösterreich Wärme GmbH (Wärme GmbH) was proved challenging. The aim was to create uniform standards for everything from workwear to personal protective equipment (PPE). In addition, the organisational responsibility of the safety representatives had to be redefined.

The legally required training courses regarding hazards, health, safety and risk prevention steps are regularly held throughout the Energie AG Group. The short briefings were extended to include several new topics and are available for employees to access online. Following the successful implementation of fire safety training in an e-learning format in the 2017/2018 fiscal year, the Group has also developed and is now testing other general topics, such as lifting and carrying, using elevating work platforms, working with industrial substances, ladders and steps, computer workstations and preventing falls.

In addition to the briefings, a large number of subject-specific training courses were conducted during the period under review. Employees of contractors in the technical and electrical engineering sectors are also allowed to attend if they required additional training. 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 offered, along with other safety-related topics such as construction work coordination.

New safety representatives, fire safety officers and fire wardens were appointed for the Energy segment in the 2018/2019 fiscal year. Once again, more people were appointed to occupational safety and health and fire safety positions than required by the legal framework. This is a testament to the positive access to occupational safety and health resources available within the Group. In the Energy segment, new appointments are made to all these positions every four years.

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
- Minimising/Avoiding 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
- Implementing 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.

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 everyone and contains essential rules concerning respectful conduct and open communication. All managers and employees throughout the Group have been and will continue to be informed about the in-house Code of Conduct. New employees receive the relevant compliance documents upon joining the company.

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. Information on compliance is provided to our staff in an e-learning format. Employees can decide for themselves when they want to use this interactive tool, allowing them to fit the sessions into their work routine in a way that best suits their needs.

No compliance incidents were reported in the 2018/2019 fiscal year.

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.

The conduct of Netz OÖ's management and employees in relation to lobbying activities is based on its own **Code of Conduct** in accordance with § 7 of the Austrian Lobbying Act (Lobbying- und Interessenvertretungs-Transparenz-Gesetz; LobbyG). Netz OÖ has created an equal treatment

programme and appointed an equal treatment officer based on its legal obligations as an electricity and gas distribution grid operator.

The Group refers to legal databases, the latest codes, a range of legal commentaries, newsletters and legal registers from external providers to ensure that up-to-date versions of the relevant requirements are always used in our Legal Department's operational activities. The Legal Department acts as one of a number of information channels, notifying the relevant departments and companies of new legal developments. The Group provides legal certainty and ensure compliance with the applicable requirements by attending seminars, specialist conferences, participating in various committees, keeping up to date with the latest legal developments and legislative plans, and scheduling visits to our individual locations.

I COMPLIANCE FORUM

The Compliance Forum was set up to ensure that compliance questions are handled in a consistent manner. 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.

I PROMOTING A COMPLIANCE-CONSCIOUS CULTURE

Management are responsible for promoting a compliance-conscious culture among staff. Energie AG ensures that our employees know the compliance values and put them into practice. The Group Management Board agreed measurable and adjustable compliance goals with management staff also during the 2018/2019 fiscal year.

I 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, the Group treats security, integrity and trust as a top priority when handling personal data in day-to-day operations.

The data protection processes the Group has implemented log and process valid complaints regarding breaches of customer data protection, resulting in corrective action if necessary. The data protection management system underwent further development and operational implementation in the 2018/2019 fiscal year. In the year under review, three data protection violations under GDPR Article 33 were reported to the data protection authorities. As a result of the steps taken, the proceedings were discontinued.

I 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.

In the 2018/2019 fiscal year, the Group issued and subsequently concluded an EU-wide invitation to tender for the provision of cyber risk and fidelity insurance. Key areas of activity are ISO 27001-certified and are regularly reviewed. The requirements stemming from the Austrian Network and Information System Security Act (Netz- und Informationssystemssicherheitsgesetz; NISG), which aim to ensure a high degree of security for networks and information systems, will be gradually implemented in the relevant areas. Staff users undergo annual (electronic) training programmes and are proactively notified of any particular threats. For instance, an email phishing attack was simulated and users' security awareness strengthened.

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.

I INTERNAL CONTROL SYSTEM

Our corporate governance provides a framework of rules for the management and supervision of Energie AG, with the aim of sustainably safeguarding the company's value for the long term. The Austrian Company Law Amendment Act of 2008 (URÄG) enshrined the obligation for corporations to establish an appropriate internal control system (ICS) in the Austrian Stock Corporation Act (AktG) and the Austrian Limited Liability Companies Act (GmbHG). The effectiveness of an established ICS, risk management and audit system must be monitored by the Audit Committee.

Energie AG's governance is structured in line with the "three lines of defence" model.

Our business processes and the appropriate organisational form are based on Energie AG's activities and objectives as a company. The business process framework maintained in the QSE system forms the basis for describing and evaluating the ICS control measures, which are adapted to address the risks inherent in the process. These control measures are regularly tested by means of operational audits, with the control design's effectiveness and the control measures' implementation reviewed on a cyclical basis in the Group audit. The data pool developed from these activities is documented throughout the Group in an audit-compliant manner and used to create targeted reports for the Management Board and supervisory bodies.

For further information about Energie AG's internal control system, see the [Internal control system chapter](#) › [page 18](#) of the Management Report.

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 67.7% of our employees in the country (previous year: 72.0%). The deviation from the previous year is due to changes in personnel.

There were no incidents of corruption in the Energie AG Group in the 2018/2019 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.

Since the 2018/2019 fiscal year, a Group-wide learning module has been available on the subject of antitrust law/competition law to ensure that all members of staff (in particular, new employees) demonstrably have access to a well-prepared treatment of the topic. The primary target groups for graduating this module are all sales and sales-related units as well as procurement staff.

I RESPECT FOR HUMAN RIGHTS

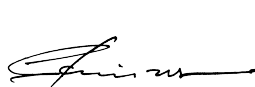
Respect for human rights is a natural part of life for the Energie AG Group. Energie AG expects all business partners to adhere to the statutory framework, along with the applicable laws and standards on human rights. In terms of respect for human rights, the Group cannot discern any material risks for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

Equal treatment has been identified as a human rights issue that could fall within our direct sphere of influence, although there is no significant risk in this regard. The parties available for employees to contact in the event of possible discrimination are the compliance officer, the Works Council or their respective supervisor. In the 2018/2019 fiscal year, no incidents of discrimination were reported to compliance staff, nor were any legal proceedings underway.

Energie AG does not tolerate any discriminatory conduct or any 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. Energie AG respects 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, 3 December 2019

The Management Board of Energie AG Oberösterreich



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



KommR. Mag. Dr.
Andreas Kolar
Member of the Management Board



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