

Report on non-financial information 2019/2020 for Energie AG Oberösterreich

LETTER BY THE MANAGEMENT BOARD

This is now the third 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 increasingly gained strategic importance in light of the intensifying discussions about the security of supply and waste management as well as climate protection, making it imperative for Energie AG to employ a clear and uniform approach.

The second half of the past fiscal year was a very challenging and demanding time for all of us. The novel "SARS-CoV-2" virus triggered a global pandemic that entailed far-reaching and disruptive consequences. Not only did all of us have to deal with changes to our daily lives, many have also been affected at the core of their existence and had to overcome severe strokes of fate. In light of the circumstances we are facing, Energie AG understands the special duty of care that the Company as an operator of critical infrastructure owes to its customers, employees and the society at large.

The highest priority in all of this must be afforded to warranting the security and quality of supply for our customers. We have firmly committed ourselves to this responsibility with the objective of laying the foundations for economic growth, secure jobs and a high quality of life. The Group lives up to this responsibility by permanently investing in the expansion of our grid and sustainably optimising their reliability and quality.

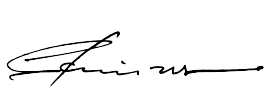
The targets set by the Austrian Federal Government and the European Commission with regard to climate neutrality reinforce the strategy pursued by Energie AG for many years. In the year under review, the importance of energy efficiency and resource preservation is once again reflected in the analysis of the greenhouse gases emitted by the Group. These emissions declined by more than 10% from the previous year, and are representative of the course charted for achieving the Group's strategic objective of decarbonising its business operations.

Another focus of Energie AG is the promotion of diversity in general and gender diversity in particular. The year under review once again saw the implementation of specific measures in the form of scholarships awarded to female technicians and a recently concluded trainee programme that focused on our female colleagues. We are confident that these measures will have a positive effect on our corporate culture and ultimately contribute to the Group's economic success.

In these challenging times, we are once again reminded that employees are a company's most valuable resource. By holding competitions for the best ideas and establishing a platform for suggestions for improvements, we seek to encourage every single one of our colleagues to contribute to our goals, harness their full potential and jointly support their personal development and the development of our company.

Energie AG consistently seeks 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.

The Management Board of Energie AG Oberösterreich



Chief Executive Officer

DDr. Werner Steinecker MBA

Chairman of the Management Board
CEO



Dr. Andreas Kolar

Member of the Management Board
CFO



Dipl.Ing. Stefan Stallinger MBA

Member of the Management Board
COO

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 third 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 (UGB).

This report is published on an annual basis together with the Group Annual Report. The legal requirements pertaining to the Non-Financial Report were taken into account 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** www.energieag.at.

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

This Non-Financial Report presents information about Energie AG's activities, the activities of the consolidated Group companies and the activities of the associated companies. It is broken down into the sections Economy, Environment, Social affairs, Employees and Compliance (with the latter including human rights and the fight against corruption). Disclosures about topics of lesser relevance have not been provided. 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 Company works to deliver the highest levels of quality and reliability in its products, processes and services.

As a competent, responsible and competitive Group, Energie AG aspires to offer its customers products and services that generate additional value, represent fair value and are regionally available. This helps to ensure a general spirit of partnership when interacting with customers, employees, suppliers and the general public.

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

The [Grid Segment › page 28](#) comprises the construction and operation of the electricity and natural gas grid as the backbone of Upper Austria's supply with electricity and natural gas by Netz Oberösterreich GmbH (Netz ÖÖ), a fully owned subsidiary of Energie AG.

The [Waste Management Segment › page 31](#) offers integrated waste management and custom-designed waste management solutions in Austria and Northern Italy. This includes the collection, acceptance, storage, sorting, management and incineration (including slag processing) of domestic and commercial waste, as well as recovery and reuse of recycling materials in this area.

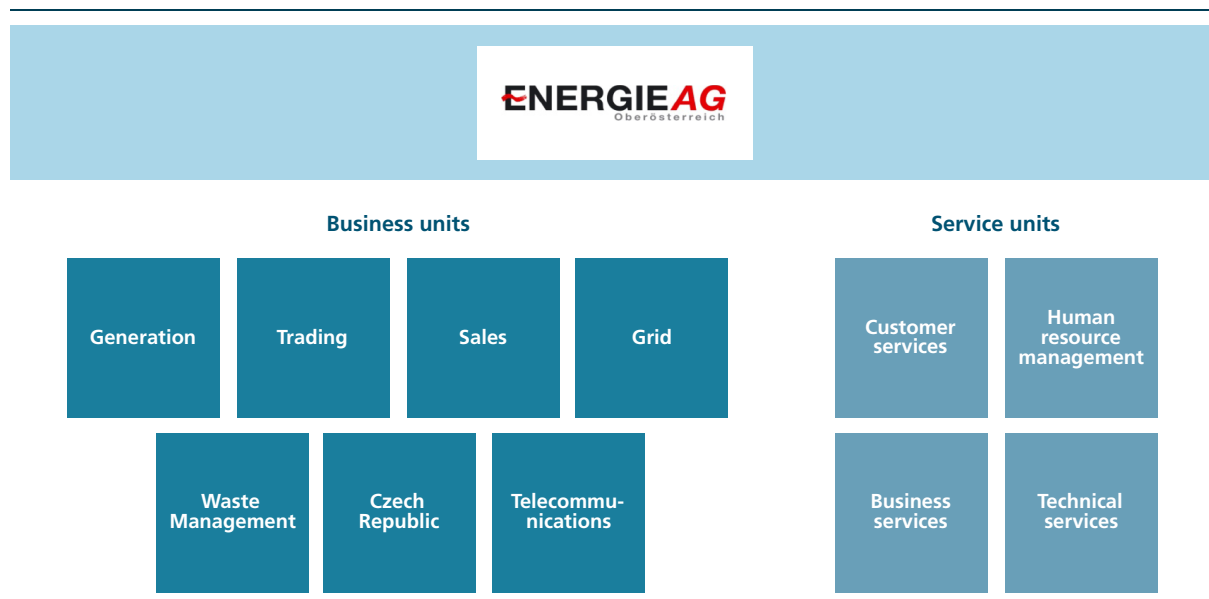
The [Czech Republic segment › page 34](#) offers comprehensive drinking water supply and wastewater management services in the Czech Republic. The business models include concession, operator and service contracts; specialised water, waste water and heating services; and construction and installations. 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 36](#) comprises the Telecommunications and Metering Services business area, commercial and technical services and some subsidiaries consolidated at equity that are not assigned to other segments. The commercial and technical service companies provide services for the entire Group.

Disclosures about changes under corporate law during the 2019/2020 fiscal year are provided in the [Group Management Report › page 9](#).

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

GROUP STRUCTURE



ENERGIE AG STRATEGY 2030

Strategy development process

A structured annual strategy process is a prerequisite for consistent control over the Energie AG Group's long-term business development. Analyses of market developments (risks and opportunities) are used to derive strategies and measures that sustainably warrant cost efficiency and profitability.

The strategic course of Energie AG was charted in the Group strategy conferences held in virtual space in April and July of 2020. The economic effects of the COVID-19 crisis and the different scenarios for an economic recovery were analysed and the strategic key areas of the business and service units were determined.

Reliability in supply and waste management services

The COVID-19 pandemic presents Energie AG with enormous challenges in securing the uninterrupted operation of critical infrastructure (power plants, electricity and gas grids, telecommunication, water supply and waste water management). The very high level of **security and quality of supply** was successfully maintained, last but not least thanks to the stringent implementation of the strategy pursued by 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 a high-performance grid infrastructure, the security of supply also depends on a secure and flexible energy output. 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 subsidiaries support the high degree of flexibility. In the future, the development and application of new technologies and intelligent system solutions for the integration of volatile decentralised electricity generation systems (solar, wind) and flexible consumer systems (battery storage, e-mobility, heat storage) will also be of particular importance.

The **Waste Management Segment** › [page 31](#) 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.

Energie AG has succeeded in establishing itself as a reliable drinking water, waste water management, space heating and hot water supply company in the **Czech Republic Segment** › [page 34](#). The Group intends to deepen its partnerships with municipalities while simultaneously boosting efficiency and competitiveness by making targeted investments in its own water, waste water and heating infrastructure as well as making constant upgrades to the Group's equipment and vehicle fleet.

Energie AG installs and operates a modern **telecommunication infrastructure** in Upper Austria and has been investing in the extension of future-proof fibre-optic technologies for around two decades. The Company's goal is to advance the digitalisation and increase the attractiveness of Upper Austria for businesses and residents alike. The majority of public buildings in Upper Austria as well as many companies and private households are already connected to the Group's fibre-optic network.

The most significant advantage of the fibre-optic technology is the elimination of bandwidth sharing (as is required for the 5G network) and the virtually limitless extension of up- and download data capacities. Under the Group's 5G strategy, own investments in the 5G technology are replaced by providing infrastructure to the mobile phone companies, which further contributes to the extension of broadband capacities in Upper Austria.

“Secure digital services”

Digitalisation is one of the greatest challenges for Energie AG. On the one hand, the competitive environment is changing at an enormous speed; on the other, innovative, digital approaches are now available that Energie AG Group intends to use for efficient processes and for new business models. True to the motto of “secure digital services”, Energie AG is actively shaping Upper Austria's digital future in collaboration with its customers and partners. Therefore key topics and objectives, and a corresponding roadmap have been developed and consistently implemented.

Enabler of the energy transition and the circular economy

The national **energy and climate targets for 2030** as well as the **decarbonisation path to be pursued up to 2040** are a very challenging step towards the future energy supply in Austria. From the perspective of Energie AG, it is relevant to take a holistic, integrated look at the entire energy system, taking into account the electricity and heat and mobility sectors (“sector coupling”).

In the area of **electricity procurement**, Energie AG has used its own 43 hydropower plants and corresponding rights to procure electricity generated from renewable energy sources.

Energie AG Group also operates 71 large solar power plants (of which 53 solar contracting plants have been installed at customers) and holds interests in four wind farms across Austria.

Energie AG supports the current government's programme for 2020-2024 by making **sustainable strategic decisions**. This includes plans for the implementation of a number of power plant projects in the areas of hydroelectric power, solar and wind power that, by the year 2030, will increase the electricity generated by renewable sources by around 20 percent. These efforts made by Energie AG are an important contribution to achieving climate neutrality and security of supply in the future.

The expansion projects pursued by Energie AG provide economic impetus with a high **local value creation** that is especially welcome during the recession brought about by the COVID-19 pandemic. For each million Euro invested, Energie AG generates an additional gross value of around EUR 0.5 million and approximately six jobs.

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

Energie AG is committed to a **responsible and sustainable treatment of the environment** and conducts its activities with the aim of supporting the following three dimensions: security of supply, climate protection/sustainability and competitiveness/performance in the energy policy triangle. Further information on the fundamental political and regulatory framework can be found in the [Group Management Report, Energy and climate politics › page 10](#) and [Fundamental legal and regulatory framework in the Grid Segment › page 28](#).

Most Energie AG Group projects pursue the objective of advancing the use of renewable energy and improving energy efficiency on the one hand, while on the other hand reducing the consumption of resources and production of waste both within the Group as well as at the customer with the aim of sustainably supporting the energy and climate goals.

Regional focus

As the energy supplier for Upper Austria, Energie AG has positioned itself as a **strong regional partner** for its customers and is an important economic factor for the state. A high degree of regional value creation is achieved by the generation of energy in our home state, extensive investments in infrastructure projects across the state (expansion of electricity generation systems, fibre-optic network etc.) and the associated creation of jobs.

The digitalisation provides an important impetus for the region. Energie AG advances the developments in the area of pioneering technologies and uses them to increase the quality of its customers' lives in their direct environment – e.g. by providing the means for a more efficient use of energy and fibre-optic internet connections that enable residents of lesser developed areas to find attractive home office jobs.

Similar to Austria, the water and heat markets in the **Czech Republic** are distinguished by a very regional structure. All services provided by Energie AG in the Czech Republic are rendered by seven regional and local water utility companies, five heat utility companies and one mixed water and heat utility company.

With its activities, the Energie AG Group makes a material contribution to the sustainable development of the quality of life and the economy in the regions in which it operates.

The focus on the customer

The Energie AG Group stands for **high-quality, reliable products and services**, which it continuously and consistently adapts to customers' needs. New innovative solutions aim at generating additional value for the consumer, e.g. by creating special incentives for the purchase of environmentally friendly products or by digitally supporting the consumers' decision-making processes.

Energie AG ascertains the needs of its customers by approaching them pro-actively, involving them in decision-making progresses, and creating a transparent and open communication that forms the basis for a similarly trusting and valued exchange with them.

In its business environment, Energie AG stands for **sustainable and fair solutions**, which it can guarantee on the basis of permanent process optimisation efforts. This enables Energie AG to continue to offer 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.

Customers have particularly high expectations for Energie AG Group when it comes to measures aimed at protecting the environment and the Company's involvement in social causes. In the case of environmental protection, the company meets these expectations by investing in renewable energies and the establishment of a sustainable circular economy. Turning to social responsibility, Energie AG contributes to the public welfare by providing ongoing support in the areas of health, education, sport, arts and culture as well as charitable and not-for-profit activities. The Group has clearly articulated its solidarity when it actively supported customers that were severely affected by the COVID-19 pandemic.

Safeguarding the legitimate interests of its customers is a top priority for Energie AG. This not only applies with respect to an ethically exemplary treatment of customers in accordance with the Group's Code of Conduct, but also when it comes to the handling of personal data. Internal controls have been implemented to assure the Group's compliance with the relevant regulations. An awareness campaign in the autumn months of 2019 focused on raising our employees' awareness for the prudent handling of customer data and potential risks (cyber crime etc.).

Financial stability

Energie AG's financial goal is to achieve attractive returns, to sustainably secure 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 management of risks and opportunities. It empowers the Group management to identify challenges 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.

Employees

Without **motivated and committed employees**, strategic goals are unachievable. The employees working at Energie AG are the Group's most important resource. Energie AG prevails in the competition for talent by implementing a strategically coordinated recruiting process and succession management. The Group has also taken measures to further improve its reputation as a preferred employer.

The Group's successful **apprenticeship programmes** train the specialists needed by the Group's business segments and include measures in the area of **diversity** that send an important socio-political signal.

I MAJOR SUSTAINABILITY ISSUES

As part of the strategy development process, Energie AG's major sustainability issues are 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 the Company's projects, representatives from political and administrative systems, banks, insurance companies and non-governmental organisations (NGOs)). Sustainability topics were rated in a materiality matrix from "important" to "highly important". The quantitative and qualitative key performance indicators to be measured were set based on this evaluation matrix. The matrix was adapted according to the results of the 2019/2020 strategy process and updated in July 2020.

The major sustainability issues for the Energie AG Group are described in the following sections:

Economy › page 59 and Group Management Report › page 9

- Partnership with equity investors and outside creditors
- Business models fit for the future – innovation

Social affairs › page 76

- Security and quality of supply
- Customer orientation and satisfaction
- Regional responsibility and social commitment

Environment › page 61

- Climate protection
- Resource conservation

Employees › page 87

- Acting as a responsible employer
- Workplace health and safety

Compliance (incl. Respect for human rights) › page 94

- Legal compliance and prevention of corruption

Stakeholder dialogue

Energie AG utilises **the pro-active stakeholder dialogue** as a valuable strategic instrument and has defined it as an essential pillar for initiatives in the field of sustainability.

Among the Group's many stakeholders, Energie AG affords special attention to its customers and employees. The intense exchange with internal and external stakeholders is mainly used to satisfy the needs of customers in the best possible way.

The newly established **customer forum** is a place where current sales projects are subjected to a critical and constructive dialogue, see [Social affairs, customer focus › page 79](#).

Under the remit of the Group's socio-political responsibility, Energie AG is seeking to engage in a direct **contact with its stakeholders** on regional and interregional events and at the occasion of the regional sales roadshow. These contacts serve the purpose of informing customers about practical solutions for a responsible consumption of natural energy sources.

Transparent information and communication is important to the Energie AG Group, in particular in the case of infrastructure projects that interfere with sensitive habitats and biospheres. In order to arrive at the greatest possible consensus and understanding for the measures, the affected stakeholders are already provided with information about the projects during the early planning phase and are directly involved in selected procedural steps.

A prime example of sustainable cooperation is the **citizen participation** model that was implemented for the waste incineration plant in Wels. The project has been running 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. Thanks to open and honest communication that went hand in hand with assuring a proper process, this approach has created and sustainably fostered an atmosphere of mutual understanding and trust.

The model was extended by [Energie AG's principles on democratic politics](#), which articulate the Group's voluntary commitment to considering the interests of stakeholders affected by construction projects and approval proceedings in particular beyond the scope prescribed by law.

The ["Guidelines for planning processes for new high-voltage routes"](#) developed in March 2017 serve the purpose of preventing conflicts in grid construction/extension projects, and especially with regard to the planned routes for 110-kV high voltage lines. Emulating the proven route planning process in civil engineering, these guidelines assure that the objectively best possible route is identified from a broad interdisciplinary perspective on the basis of established fundamental principles.

The state of Upper Austria applied these guidelines for the first time at the occasion of the **Mühlviertel Electricity Supply** project (110-kV project Rohrbach – Bad Leonfelden – Rainbach, a joint project between Netz OÖ and LINZ NETZ GmbH) and discussed the advantages and disadvantages of potential routes with all interested stakeholders. The detail planning also took place in close consultation and direct dialogue with the property owners.

To optimise internal processes and procedures, Energie AG Group is holding internal competitions for the best ideas that will allow the Group to harness the **wealth of practical experience** and **creative potential of its employees** (projects "Neuland", "Loominati").

The winning projects are determined in a multi-stage selection process and implemented without any further delay. This opportunity to become directly involved in shaping the Company's fortunes affords special appreciation to the project team members, while the optimised processes benefit the Group as well as the employees and customers affected by them. Also see [Economy, innovation › page 59](#).

Energie AG acknowledges that the Company's success depends on the commitment of its employees and therefore seeks to solidify its reputation as an attractive employer and to offer a work environment that not only offers interesting development opportunities, but also accommodates the individual needs of its employees.

Further information and initiatives pursued by Energie AG Group with the aim of satisfying the needs and giving consideration to the interests of this important group of stakeholders can be found in section [Employees – responsible employer › page 87](#).

The foundation for the implementation of our stakeholder management is the [Code of Conduct](#) of the Energie AG Group titled [“This is how we think, this is how we act”](#). The Code defines the principles that underpin fair, transparent and sustainable business practices. Every single employee endorses and commits to these principles.

Media analysis

The non-financial information of Energie AG is supplemented by reports in relevant media in Upper Austria and across Austria on topics that touch on the affairs of the Group.

In the reporting period, the media landscape was to the largest extent dominated by reports connected to the COVID-19 pandemic. The media reported in a positive light about the public presence of Energie AG as a reliable supplier of system-critical infrastructure and services who supported the in parts extremely anxious population during the statewide COVID-19 lockdown with its intense efforts to warrant the uninterrupted supply with energy and infrastructure.

The media also mentioned current infrastructure projects (construction of routes, power plant projects to expand and secure the electricity supply etc.), ecological measures (e.g. fish ladders) and topics in the area of environmental and climate protection connected with the Federal Government's ambitious goals and requirements related to the energy transition.

SUSTAINABILITY OBJECTIVES



ECONOMY

- Ensuring sustainable **financial stability**
- **Securing the company value**
- Implementing **innovative business models that are fit for the future**



ENVIRONMENT

- Enabling the energy transition by **increasing the share of renewable energy**
- **Resource conservation**
- Warranting an environmentally friendly and legally compliant **circular economy**



SOCIAL AFFAIRS

- **Reliability in supply and waste management services**
- Positioning ourselves as a **responsible company**
- Building and maintaining sustainable **client relationships**



EMPLOYEES

- Further development of **employer branding** with a special focus on promoting **diversity** and women in technical professions
- **Personnel and management development**, as well as high-quality apprenticeship programmes
- Ensuring access to **qualified personnel** in the long term, in particular by positioning the Company as a **family-friendly employer**



COMPLIANCE

- Ensuring a value-conscious **compliance culture**
- **Preventing** property damage and reputational damage
- Ensuring **fair competition** by compliance with the law and regulations

SUSTAINABILITY OPPORTUNITIES AND RISK MANAGEMENT

Alongside all other players in the industry, Energie AG is exposed to numerous risks – the early identification of these developments as well as the ascertainment and active management of the emerging opportunities and risks is the responsibility of the Group-wide risk management system. Opportunities and risks are events outside of the “ordinary” business activities that entail potential negative or positive consequences. For details on the Group-wide risk management and a description of Energie AG's opportunities and risks, please see the [Group Management Report › page 17](#) and the [Notes to the Consolidated Financial Statements › page 183](#).

Due to the rising importance of sustainability issues on commercial decisions, environmental, social and governance (ESG) aspects are becoming increasingly important factors in the risk management process.

The focus in the 2019/2020 fiscal year was on further developing the ESG risk management and to advance the integration of the ESG risks in the Group-wide risk management system.

Based on international standards, the most significant effects of Energie AG's activities on the issues resulting from the Austrian Sustainability and Diversity Improvement Act (NaDiVeG) were evaluated in an interactive process conducted together with the relevant business units. This provided the foundation for identifying potential risks and opportunities, which were then subjected to a qualitative assessment on the basis of Group-wide uniform evaluation criteria. Relevant mitigation measures were discussed and determined, and the net risks were ascertained.

This process also included an “outside-in” evaluation of the issues that resulted in the inclusion of previously omitted risks | opportunities in the risk inventory of Energy AG Group. These will be dealt with accordingly and are given due consideration within the strategy.

The following table shows the most important risks and opportunities that may arise from Energie AG's activities in relation to the NaDiVeG, as well as the concepts and associated mitigation measures:

Significant opportunities (+) | risks (-)⁴⁾ and measures**| ENVIRONMENT****CLIMATE PROTECTION | RESOURCE CONSERVATION****Concepts**

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

Opportunities and risks**Opportunities:**

- Efficient and environmentally friendly energy supply for society and the economy
- Resource preservation empowered by modern and sustainable technologies
- Contribution to achieving climate neutrality

Risks:

- Regional ecological impacts on habitats, hydromorphology and biodiversity from the construction and operation of facilities
- Local and global environmental impacts from increased emissions (greenhouse gas emissions in particular)

Measures

- "Quality, Safety and Environmental (QSE) Management" Group Policy
- "Strategy Development Process" Group Policy
- "Company Cars and Their Private Use" 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
- Use of modern and sustainable technologies
- Rights management database
- Management of official decisions
- Ensuring that all legally required staff appointments are made
- Ideas management

4) Risks | opportunities are defined as events outside of the "ordinary" business activities that entail potential negative | positive consequences With regard to Energie AG's risks | opportunities resulting from the NaDiVeG, please see "Significant Opportunities (+) | Risks (-) and Measures" in the [Notes to the Consolidated Financial Statements](#) · page 184

| SOCIAL AFFAIRS

SECURITY AND QUALITY OF SUPPLY |
CUSTOMER ORIENTATION AND SATISFACTION |
REGIONAL RESPONSIBILITY | SOCIAL COMMITMENT

Concepts

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

Opportunities and risks

Opportunities:

- High reliability in supply and waste management services
- Regional value-creation with infrastructure projects and capital investments in infrastructure
- Support for social, cultural and sporting activities
- New innovative products and sales channels for customers
- Raising the awareness of children and adolescents for an environmentally conscious consumption of resources, electricity and water, as well as for the proper management and separate collection of waste

Risks:

- Potential negative effects on the society, economy and environment caused by malfunctioning critical infrastructure (power plants, grid, telecommunication, waste and water/waste water management facilities)
- Potential negative effects from outages of critical infrastructure on information security, cyber security and data protection
- Regional consequences for the local population resulting from the construction and operation of facilities

Measures

- "QSE Management" Group Policy
- "Sponsoring and Giving" Group Policy
- Overhaul and maintenance work to ensure security (of supply)
- Crisis and emergency plans
- Complaint management
- Customer forum
- Proactive inclusion of stakeholders
- Project-related communication with stakeholders
- Consideration of the interests of affected citizens beyond the scope prescribed by law
- "Guidelines for planning processes for new high-voltage routes"
- Support for social, cultural and sporting activities
- Educational programme "Energie AG at School"

- › www.wir-denken-an-morgen.at
- also see measures in Compliance

| EMPLOYEES

ACTING AS A RESPONSIBLE EMPLOYER |
WORKPLACE HEALTH AND SAFETY

Concepts

- 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

Opportunities and risks

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 thanks to a focus on employee health
- Family-friendly employer

Risks:

- Health and safety risks for company staff and temporary employees

Measures

- "Human Resource Management" Group Policy
- "Management by Objectives" Group Policy
- "Management Academy" Group Policy
- "berufundfamilie" audit for work-life balance
- "Workplace Health Promotion until 2019" seal of approval
- In-house health management project energy@work
- Apprenticeship | trainee programmes
- Safety training courses for internal and external employees

| COMPLIANCE

LEGAL COMPLIANCE AND PREVENTION OF CORRUPTION

Concepts

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

Opportunities and risks

Opportunities:

- Fair and transparent contract award processes
- Transparency and reliability for customers

Risks:

- Risks to fair competition caused by corruption and violations of antitrust law
- Risks to claims by customers and employees under data protection law

Measures

- "Compliance Management System" Group Policy
- "Anti-corruption" Group Policy
- "Handling of Insider Information" Group Policy
- "Information Security Management" Group policy
- "Data Protection Management System" Group Policy
- "Data Protection Compliance Policy" Group Policy
- "Internal Control System (ICS)" Group Policy
- In-person training and e-learning courses

| RESPECT FOR HUMAN RIGHTS

Concepts

- Code of conduct
- Also see [Employees › page 87](#), [Social affairs › page 76](#), [Compliance › page 94](#)

Opportunities and risks

- potentially relevant issues are covered under [Employees › page 87](#) and [Compliance › page 94](#)

Measures

- "Compliance Management System" Group Policy
- Works council
- Training courses

I QUALITY, SAFETY AND ENVIRONMENTAL MANAGEMENT

An integrated quality, safety and environmental management system (QSE) with a focus on sustainability and maximum efficiency is an integrated component of the management systems used by Energie AG Group. As part of the Company's due diligence measures, the **ISO 9001 standard for quality management systems** is applied as a Group-wide standard that contributes towards effective and efficient design, continuous improvement and transparent presentation of operational processes and procedures.

In the 2019/2020 fiscal year, the software tool "Avedos" already used in data protection management was also implemented for QSE management: The first step consisted of mapping the processes of the Group companies (with the exception of the Czech Republic Segment) and their success factors in this enterprise management system. Starting with the next fiscal year, the internal audits will also be handled and documented in Avedos. The employees will also soon be able to review their tasks and responsibilities in the respective processes directly via the iGrafx user interface.

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 entities are supported by **environmental management standards ISO 14001 and EMAS** (Eco Management and Audit Scheme) and the **occupational safety management standard ISO 45001**.

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 by independent external and accredited certification bodies guarantees top product and service quality, as well as the best possible processes for customers and partners. The high quality of the QSE management system was also confirmed when the system gained recertification by TÜV Süd in the early summer months of 2020.

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 entities certified in accordance with quality management standard ISO 9001:2015. Around 30% of the Austrian and Italian workforce is employed at entities validated in accordance with the Eco-management and Audit Scheme (EMAS) or certified under environmental management standard ISO 14001:2015. Almost one-third of the Company's Austrian employees are at entities certified as compliant with the safety management standard ISO 45001:2018.

The Grid Segment, which employs 553 staff (previous year: 556), has achieved certification under ÖVGW QS GNB 200 (quality standards for gas grid operators).

The Waste Management Segment is certified to the following standards: ISO 9001:2015 (quality management), ISO 45001:2018 (occupational health and 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 entities in the Czech Republic employ 1,944 people (previous year: 1,940) and are not subject to the Energie AG Oberösterreich Group QSE management system. In accordance with the requirements of the respective subsidiary in the Czech Republic Segment, two Czech entities are certified in accordance with the international standards ISO 9001, ISO 14001 and ISO 45001. This means that around two thirds of the employees in the Czech Republic work in entities that are certified under quality, environmental and occupational safety standards.

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

ECONOMY

Energie AG's economic goals are:

- Ensuring sustainable financial stability
- Securing the company value
- Implementing innovative business models that are fit for the future

Positioning ourselves as a reliable and stable partner for equity investors and outside creditors is an important goal of Energie AG, which we are pursuing in a consistent and sustained manner.

| BUSINESS MODELS FIT FOR THE FUTURE – INNOVATION

On 1 October 2019, **Wertstatt 8 GmbH** as an independent **innovation company** started its activities aimed at exploring the potential of different subject areas for future business models and placing an even stronger focus on the advancement of innovation-related activities. Based on the customers' requirements, the Company's objective is to develop digital solutions and innovative business models in the fields of energy and the environment that generate sustainable additional value for both the customers and the Group.

In October 2019, the jury of the innovation award "Digitalos" nominated one of the services developed by Wertstatt 8 GmbH for the final round in the category "artificial intelligence/digital projects": with the help of independent online heating consultant "HEINZI" (www.heinzi.com), customers are provided with heating recommendations tailored to their individual property and requirements, the option to easily compare the proposed systems, and also to receive suggestions for regional specialist companies that can support them in the practical implementation.

Another tool developed by Wertstatt 8 GmbH has already established itself on the market: the "**PV calculator**" can be used to design an individual PV power system in a few simple steps. This tool allows the customers of Energie AG to gain a quick overview of available options and receive suitable offers, such as Energie AG's PV SuperDeal (**a photovoltaic power system at a monthly fixed price including comprehensive insurance**).

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 optimisation of operational processes and the ongoing development of the Group by sharing their ideas and expertise.

I SUGGESTIONS FOR IMPROVEMENTS

	Unit	2019/2020	2018/2019	2017/2018
Ideas submitted	Number	121	173	135

In the 2019/2020 fiscal year, this translated to 121 suggestions for improvement submitted by employees from all units within the Energie AG Group (previous year: 173). The decline is attributable to the COVID-19 lockdown restrictions (no local presence with the "thinktank", a mobile information and service booth, at events).

The regularly conducted **digitalisation initiative "Neuland"** is one of the measures taken to implement Energie AG's digital strategy. In fiscal year 2019/2020, once again a large number of ideas were submitted by employees and advanced intensively in a multi-stage selection process. The project ideas ranged from process automation to digital assistants in customer communications and innovative solutions for complex customer applications.

A tailored framework programme with manifold participation and professional development opportunities for the employees allowed them to increase their digital know-how and improve their identification with the digitalisation objectives.

I NEW TECHNOLOGIES

Energie AG harnesses new technologies for increasing the efficiency of internal processes and developing new products and services for its customers. These include, inter alia, algorithms for an intelligent peak management, omni-channel solutions for customer service, the automation and expedited performance of routine activities by robotic process automation, an Internet-of-Things (IoT) solution for monitoring water consumption, and the use of data goggles during maintenance works. The job application process was improved by implementing a modern "one-click" technique via a digital platform. Matching algorithms support customers in making decisions and in questions concerning the intelligent use of renewable energies (online heating consultant "HEINZi", online PV calculator).

For more information, see the [Research, development and innovation › page 9](#) section in the [Group Management Report › page 18](#).

I ECONOMIC POSITION

Information about the economic position of Energie AG Group and on the important subject of the partnership with equity investors and outside creditors can be found in the [Group Management Report › page 9](#), in [section Business development › page 12](#) and in the [Consolidated Financial Statements › page 99](#).

ENVIRONMENT

Energie AG pursues the following environmental objectives:

- Enabling the energy transition by increasing the share of renewable energy
- Resource conservation
- Warranting an environmentally friendly and legally compliant circular economy

Energie AG's major sustainability issues in the environmental realm are **climate protection and the responsible, careful consumption of natural energy resources**. They are covered in the section Environment, broken down according to the segments [Energy › page 22](#), [Grid › page 28](#), [Waste Management › page 31](#), [Czech Republic › page 34](#), and [Holding & Services › page 36](#).

Regular internal and external audits are carried out as part of due diligence measures to help to ensure the necessary compliance with the environmentally-relevant statutory requirements. 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 \(Erzeugung GmbH\)](#).

I CLIMATE PROTECTION & RESOURCE CONSERVATION

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

The emissions in the 2019/2020 fiscal year are broken down as follows: the total emissions (Scope 1) amounted to 1,350 kt of CO₂ (previous year: 1,500 kt); of these total emissions, 1,036 kt are attributable to fossil fuel sources (previous year: 1,191 kt) and 313 kt to biogenic energy sources (previous year: 308 kt). Energie AG Group accounted for 62 kt of indirect (Scope 2) CO₂ emissions (previous year: 71 kt).

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.

Calculation of CO₂ emissions takes into account the Greenhouse Gas (GHG) Protocol Corporate Standards and the Global Reporting Initiative (GRI 305) Standards.

I CO₂ EMISSIONS IN TONNES PER YEAR

Total direct CO₂ emissions (Scope 1)

	2019/2020	2018/2019	2017/2018
Total	1,349,389	1,500,338	1,306,317

Direct CO₂ emissions, fossil (Scope 1)

Business unit	2019/2020	2018/2019	2017/2018
Erzeugung GmbH	491,328	639,406	450,669
Waste Management Segment	483,828	485,526	499,195
Czech Republic Segment	32,062	35,254	35,791
Vertrieb GmbH	23,966	26,444	25,579
Netz OÖ	3,395	3,325	3,865 ¹⁾
Business Services GmbH	1,714	1,986	2,045 ²⁾
Total	1,036,292	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	2019/2020	2018/2019	2017/2018
Erzeugung GmbH	138,406	145,859	145,313
Waste Management Segment	166,952	155,096	136,576
Czech Republic Segment	7,652	7,348	7,225
Vertrieb GmbH	86	93	60
Netz OÖ	0	0	0
Business Services GmbH	0	0	0
Total	313,097	308,396	289,174

1) The emission 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	2019/2020	2018/2019	2017/2018
Erzeugung GmbH	4,566	4,587	5,581
Waste Management Segment	11,927	14,766	15,106
Czech Republic Segment	10,199	11,880	12,045 ¹⁾
Vertrieb GmbH	6,490	4,402	4,486
Netz OÖ	28,739	35,465	36,565
Business Services GmbH	0	0	0
Total	61,922	71,100	73,783
Total Scope 1 + 2 (in tCO₂eq) ²⁾	1,411,311	1,571,438	1,380,099

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

2) The values for the fiscal year 2019/2020 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 ÖÖ 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 waste incineration (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 2019 and 2018. For availability reasons, the data for the Czech Republic Segment is from the fiscal years 2018/2019 and 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 in Timelkam is owned by Gas und Dampfkraftwerk Timelkam GmbH, in which Energie AG and Groupe E (CH) each hold an interest of 50%. The CO₂ emissions are included at 100% nonetheless.

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 the Company's 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 (141.57 g CO₂/kWh, previous year: 170.26 g CO₂/kWh). As the majority of locations are within the service area, this represents a hybrid form of location-based and market-based calculation.

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 electricity 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)).

I CO₂ EMISSIONS FROM ELECTRICITY PRODUCTION

The **CO₂ emissions from electricity production** ⁵⁾ totalled 34.17 g/kWh in the 2018/2019 fiscal year (2017/2018 fiscal year: 54.33 g/kWh. While CO₂ emissions amounted to 54.33 g/kWh in fiscal year 2017/2018, the increased use of environmentally friendly energy sources in fiscal year 2018/2019 reduced them significantly to 34.17 g/kWh. This will lead to climate neutrality for the entire electricity procurement in fiscal year 2019/2020, which means that the CO₂ emissions will amount to 0 g/kWh.

	Unit	2018/2019	2017/2018	2016/2017
CO ₂ emissions from electricity production	g/kWh	34.17	54.33	58.30

I VEHICLE FLEET

Energie AG emphasises its role as a paragon and pioneer in the area of resource preservation by enthusiastically endorsing electric mobility and alternative engine power. The share of electric vehicles in the fleet of company cars was increased significantly in the 2019/2020 fiscal year.

I ENERGY AUDIT

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. The most recent energy audit was concluded in November 2019. The energy audit examines a key energy consumption area in the relevant sites' "processes", which is analysed in detail and subsequently audited. These processes encompass operational processes and industrial facilities (e.g. electric drives and systems, hot

⁵⁾ Fuel mix disclosure figures of Energie AG Oberösterreich excl. Businesskunden GmbH and Enamo Ökostrom GmbH; the data for the CO₂ emissions for the electricity production in the 2019/2020 fiscal year was not available at the time the report for 2019/2020 was prepared.

water systems used in industrial activities). The “Processes” business unit accounted for 95.1% of Energie AG’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%).

Due to the continuous **efficiency gains** in the production processes, the energy audit only identified a few areas with major potential for improvement. The top-rated measures include increasing the district heat extraction at the waste incineration plant in Wels, which is currently in the detail planning phase, and the planned installation of a 50 kWp PV power plant in Attnang/Redlham in spring/summer of 2021. Additional measures such as an upgrade of the lighting systems and pipe insulation are being implemented gradually. Measures taken in addition to those from the energy audit include, inter alia, the commissioning of four electric car charging stations powered by a 400 kWp PV power plant in Ötztal in the 2019/2020 fiscal year.

| ENERGY SEGMENT

Generation

Energie AG’s **generation unit** is responsible for developing, building, operating and maintaining electricity and heat generation facilities and heat distribution systems.

Energie AG is committed to using renewable energy sources in an environmentally friendly manner and is building and operating hydropower plants, thermal power plants and heat supply facilities, including with the use of biomass fuels. The Company is also committed to the expansion of wind power and photovoltaic power plants. Energie AG furthermore supports research into alternative electricity generation.

Generation plants

	Unit	2019/2020	2018/2019	2017/2018
Hydropower plants	Number	43	43	44
Total output	MW	280	280	280
Standard production capacity	GWh	1,150	1,150	1,160
Procurement rights from hydroelectric power	MW	380	380	380
Procurement rights from hydroelectric power, standard production capacity	GWh	1,410	1,390	1,390
Thermal power plants (locations)	Number	7	7	7
Electricity output	MWe	400	400	400
Standard production capacity	GWh	2,260	2,260	2,260
District heating grid Austria	Number	12	11	11
Heat contracting plants	Number	598	589	582
Wind power facilities ¹⁾	Number	13	12	12
Output	MW	15	13	13
Standard production capacity	GWh	36	35	31
PV systems	Number	71	58	46
Output	MW	12	10	8
Standard production capacity	GWh	13	11	8

1) The data for wind power facilities in the 2018/2019 fiscal year was adjusted.

Steady expansion of renewable energy

The further expansion of the existing generation portfolio from renewable sources – especially hydroelectric power, wind and photovoltaics – is a strategic development area. Various attractive projects are currently being developed to decision-making maturity. By using biomass, geothermal energy and industrial waste heat, Energie AG has for many years pursued a decarbonisation strategy in the area of heat supply and thus plays a pioneering role as a sustainable utility in its market sectors.

Hydroelectric power

Hydroelectric power is the most important pillar of Austria's electricity supply. The nation has set itself the target of generating an additional 5 TWh from this energy source by the year 2030. The largest part of the electricity procurement in Energie AG's power plant portfolio is also generated by hydroelectric power plants. Upper Austria has already reached a very high degree of resource utilisation of more than 90% in this area.

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: 1,150 GWh). In addition, the Group holds procurement rights to hydropower plants with a capacity of around 380 MW and around 1,410 GWh of standard production capacity (previous year: 1,390 GWh). The increased standard production capacity results from the new determination made by Verbund Hydro Power GmbH for the Danube power plants on the basis of historic actual data.

With its hydropower plants, Energie AG is an active player on the electricity market and also delivers important grid services, particularly including the supply of balancing energy.

Photovoltaics

Energie AG Group is operating 71 **PV power plants** (previous year: 58) with an output of approximately 12 MW (previous year: 10 MW) and a standard production capacity of 13 GWh (previous year: 11 GWh).

Over the last couple of years, the expansion of photovoltaic power has been pushed forward intensively across all of Austria. Energie AG has extensive experience in this field and constructed the first research and demonstration plants several decades ago. An important milestone was the 1 MW solar park in Eberstallzell commissioned in the year 2010.

Wind power

Wind power facilities in Austria are predominantly installed in the more windy states of Lower Austria (NÖ) and Burgenland. In addition to the facilities in Munderfing, Upper Austria, Energie AG is also invested in wind power facilities located in the municipalities of Trautmannsdorf (NÖ) and Scharndorf (NÖ). Together with local partners, the Energie AG Group owns interest stakes in 13 **wind power facilities** via subsidiaries and thereby makes an active contribution to achieving the climate targets. The wind power facilities have a proportional output of 15 MW (previous year: 13 MW) and a standard production capacity of around 36 GWh (previous year: 31 GWh). The increase from the previous year is attributable to the wind power facility in the municipality of Scharndorf, which has a proportional output of 2 MW and a standard production capacity of 4 GWh.

Proprietary electricity procurement

	2019/2020		2018/2019		2017/2018	
	GWh	%	GWh	%	GWh	%
Natural gas power plants	688	19.9	1,001	26.2	580	17.9
Waste incineration	128	3.7	114	3.0	132	4.1
Hydroelectric power	2,433	70.4	2,518	66.0	2,345	72.3
Biomass and biogenic waste	156	4.5	139	3.6	150	4.6
Wind power	37	1.1	35	0.9	31	1.0
Photovoltaic	12	0.3	9	0.2	7	0.2
Total proprietary procurement	3,454		3,816		3,245	
Share of renewable energies		76.4		70.8		78.1

The presentation of the proprietary electricity procurement in the 2019/2020 fiscal year was extended to include all forms of production.

In the 2019/2020 fiscal year, 76.4% of Energie AG's proprietary electricity procurement came from renewable sources (previous year: 70.8%), with around 70.4% of this coming from hydroelectric power (previous year: 66.0%) and the remainder from PV systems, wind power, biomass and biogenic waste.

For more information about energy generation, see the [Key performance indicators](#)
 › [page 20](#) section of the Group Management Report as well as the [Energy Segment](#).
 › [page 22](#)

Thermal power plants & district heating

Energie AG has seven locations ⁶⁾ for **thermal power plants** with an output of around 400 MW_e and a standard production capacity of up to 2,260 GWh ⁷⁾. The power plant with the highest output in Upper Austria is the **CCGT (combined-cycle gas turbine) power plant in Timelkam** with an output of 405 MW_e ⁸⁾. It warrants the necessary flexibility and a highly efficient partial load operation that allows for a congestion management that can stabilise the electricity grid. 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 security of supply.

The last of the coal was burnt up at the Riedersbach power plant in 2016. Since then, only natural gas and biomass have been used to generate electricity and district heating at the 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.

Energie AG operates 12 **district heating distribution networks** (previous year: 11) and manages 598 **heating systems under service contracts** on behalf of customers (previous year: 589). A large share of the district heating is generated from highly efficient CHP (combined heat and power) plants and biomass power plants. As well as operating geothermal plants, the use of industrial waste heat is also increasing in importance.

All thermal electricity 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 these 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 combined heat and power (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 ongoing management efforts. The Group is continuing to expand the use of heat.

In 2019, contracts to increase heat sales volumes were concluded for the Cogeneration-Kraftwerke Management Oberösterreich GmbH location. A **district heating network** was constructed in **Gmunden**. The waste heat from an established industrial cement company is used to supply district heating to the region. There is also a **research project** conducted by Energie AG, the Technical University of Vienna, the Energy Institute at the Johannes Kepler University in Linz (JKU) and other industry partners that investigates the extraction of high temperatures incl. heat transportation to industrial customers for the supply of process

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

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

8) Timelkam CCGT plant (100%)

energy. For more information on this project, please see the Group Management Report in section [Research, development and innovation › page 18](#).

Energie AG regularly obtains expert opinions to verify that its larger facilities are operating with high efficiency.

In terms of ensuring security of supply, Energie AG's fleet of thermal power stations is playing an important role in the transition to clean and renewable energy. They can balance the volatile feed-in of renewable energy and act as a reserve in the case of grid congestion. Biomass CHP plants also make an important contribution to the use of renewable energy.

"Decarbonising fuel" is a long-term goal for society.

This can be achieved through increased use of biomass and by "greening the gas" (blending natural gas with renewable gas, such as using methanation or hydrogen produced from renewables). Energie AG's portfolio of power plants and district heat generation facilities provide a solid foundation for further developments in this area.

Biodiversity

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.

Energie AG is also implementing measures to improve ecological conditions and reduce the environmental footprint (such as fish ladders).

Fish bypasses have been built at Energie AG's run-of-river power plants and pumped storage power plants in accordance with the Water Framework Directive.

Fish bypasses

	Unit	2019/2020	2018/2019	2017/2018
Dams with fish bypasses	Number	25	24	21
Dams without fish bypasses	Number	20	21	24

With over 20 **fishing rights** in Upper Austria and Salzburg, Energie AG is one of Upper Austria's largest fisheries and not only supports the natural reproduction of the fish stock, but also secures the naturally authentic population density by means of ecological breeding programmes and regular stocking with native fish species.

Sales

The energy savings that result from giving well-founded **energy advice** are a significant contribution to environmental protection and cost reduction efforts. Energy efficiency and advice are among Energie AG's core competencies. Most of the Company's customer advisers in Austria are certified European Energy Managers (EUREM) who can advise their customers on-site, e.g. on trade fairs and in the business customer sector, on the basis of concrete analyses.

As a provider of energy audits in accordance with the Federal Energy Efficiency Act that is registered with the National Energy Efficiency Monitoring Centre, Energie AG Oberösterreich Vertrieb GmbH (Vertrieb GmbH) and its wholly owned subsidiary Ingenieurbüro IfEA Institut für Energieausweis GmbH employ 10 listed energy auditors, making the Company one of the largest providers of this service in Austria.

For the most part, Energie AG supplies its customers with environmentally friendly **hydroelectric power**. The energy mix and product label “hydroelectric power” of Energie AG Oberösterreich Vertrieb GmbH presented in the following relates to the 2018/2019 fiscal year ⁹⁾.

Fuel mix disclosure

Hydroelectric power	70.03%	
Wind energy	11.24%	
Solid biomass	5.04%	
Biogas	1.04%	
Photovoltaic	2.28%	
Other renewables	0.03%	
Coal	0.00%	
Natural gas	10.34%	
Oil	0.01%	
Others	0.00%	

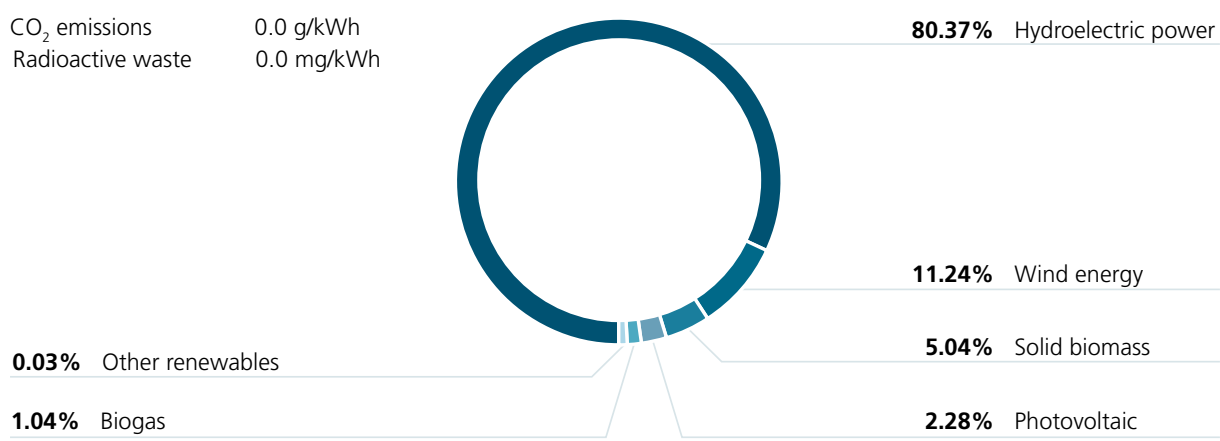
Environmental impact of electricity production:
CO₂ emissions 34.17 g/kWh
Radioactive waste 0.00 mg/kWh

The majority of Energie AG's private and business customers use the product mix “hydroelectric power”:

Product mix for hydroelectric power

Products “Ökostrom Klassik”, “Ökostrom Smart Nachtaktiv”, “Ökostrom Wärme”

CO₂ emissions 0.0 g/kWh
Radioactive waste 0.0 mg/kWh



As of 8 January 2020

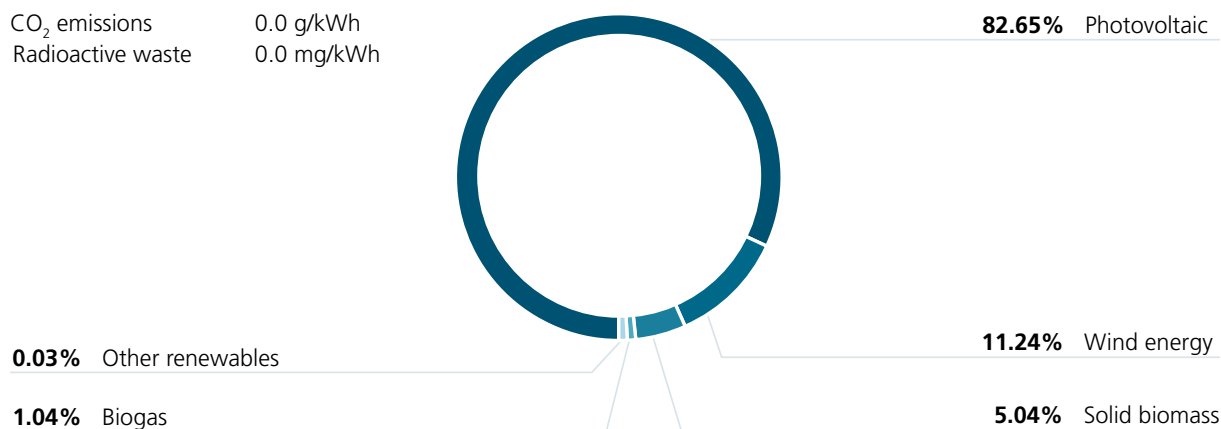
⁹⁾ Fuel mix disclosure figures as defined by the Austrian Electricity Industry and Organisation Act (Elektrizitätswirtschafts- und -organisationsgesetz; **EWOG**, § 78 onwards, were not yet available for the 2019/2020 fiscal year at the time this report was written.

A new product world was introduced on 1 October 2019. With the exception of the compulsory allocation of Austrian green electricity by OeMAG-Abwicklungsstelle für Ökostrom AG (approx. 20%), the products are sourced exclusively from generation facilities in Upper Austria. The product mix for green electricity in Upper Austria presents as follows:

Product mix for green electricity

Product "Ökostrom Plus"

CO₂ emissions 0.0 g/kWh
Radioactive waste 0.0 mg/kWh



As of 8 January 2020

Energy efficiency

The Energie AG Group engages in promotional funding and campaigns to encourage efficient and sustainable energy use. The reporting in the area **"energy efficiency"** differs from the previous year. The values now relate to the last full calendar year available on the reporting date – i.e. in the 2019/2020 fiscal year they relate to calendar year 2019. This allows for comparability with the statutory requirements under the Federal Energy Efficiency Act, which prescribes an analysis on a calendar year basis.

The values presented in the table relate to measures taken by Energie AG Oberösterreich Vertrieb GmbH or the customer. Due to the fact that Energie AG Oberösterreich Vertrieb GmbH has, thanks to its pioneering role, has already met its obligations that result from the Federal Energy Efficiency Act 2015 for many years in advance, the measures in subsequent years may fall short of the required savings.

Energy efficiency at the customer

Compulsory energy saving obligation for Energie AG Oberösterreich Vertrieb GmbH

	Unit	Calendar year 2019	Calendar year 2018
Energy savings at the end user in accordance with the EEEffG	MWh	59,874	63,003

Measures taken by the customer or Energie AG Oberösterreich Vertrieb GmbH

	Unit	Calendar year 2019	Calendar year 2018
Energy savings resulting from measures taken by customers	MWh	11,185	20,329
Natural gas heating	Number	254	259
Total energy savings	MWh	3,102	3,716
Heat pumps	Number	65	244
Total energy savings	MWh	706	4,239
Other measures (e.g. replacement of household appliances, energy saving help package, LED campaigns etc.)	MWh	2,383	5,115
Total reported measures	MWh	17,376	33,399

Energy AG motivates its customers to an efficient use of energy. Energy-saving LED lamps are handed out to customers at the energy saving trade fair and at Energie AG's regional roadshows. With the energy saving help package initiative, Energie AG provides free packages that contain energy saving products (LED lamps, time switches, standby killers, radiator vents, water-saving shower heads etc.) and helpful information on how to save energy to charities, who distribute them to recipients of welfare benefits and other persons in need across Upper Austria. In calendar year 2019, Energie AG's **new household appliance replacement campaign** resulted in the replacement of 310 inefficient household appliances.

Accelerating energy-efficient technologies is an Energie AG priority area. **The installation of efficient heat pumps** is supported through monetary assistance, energy advisory services and demonstration systems. In calendar year 2019, this measure resulted in the installation of 65 heat pumps (previous year: 244) in Energie AG's service area, yielding total energy savings of around 0.7 GWh (previous year: 4.2 GWh). In addition to that, the campaign "moving beyond oil" was launched at the beginning of the 2019/2020 fiscal year.

In **gas sales**, the **"Energy-Saving Package"** was successfully continued with the aim to foster the installation, renewal and conversion of heating systems to condensing boiler technology for household customers. As a result, around 254 heaters were converted to natural gas or replaced (previous year: 259), saving around 3.1 GWh of energy (calculated based on EEffG, previous year: 3.7 GWh) in 2019.

Heat 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 **PV systems**, is becoming increasingly important as well. Energie AG is planning to increasingly harness its extensive expertise and experience in this area. By offering PV contracting solutions, it enables business customers to harness the benefits of environmentally friendly electricity generation using photovoltaic without having to finance the installation of the system or take care of its operation.

Vertrieb GmbH is operating a total of 51 PV contracting systems with an output of around 8.4 MWp on the roofs of companies in Upper Austria. In the 2019/2020 fiscal year, these systems generated a total output of 5.9 GWh.

GRID SEGMENT

Grid losses

	Unit	2019/2020	2018/2019	2017/2018
Electricity grid losses	GWh	203	209	215
Electricity grid losses	%	2.6	2.5	2.5
Natural gas grid losses	m ³	26,533	26,606	53,543
Natural gas grid losses in CO ₂	t	3,395	3,325	3,113

Grid losses are an indicator for the efficiency of energy supply grids and thereby for the preservation of resources during energy transportation. In the 2019/2020 fiscal year, the **losses in the electricity grid** amounted to 2.6% or 203 GWh (previous year 2.5%/209 GWh). The **losses in the gas grid** caused by venting for repairs and maintenance works amounted to 26,533 m³ in the 2019/2020 fiscal year (previous year: 26,606 m³). The natural gas grid losses correspond to 3,395 t of CO₂ (previous year: 3,325 t of CO₂).

The use of low-loss, high-efficiency transformers in grid renovation as well as energy-efficient control, regulation and transportation technology alongside with the replacement of low- and medium-voltage overhead lines by underground cables contribute to the further reduction of grid losses.

WASTE MANAGEMENT SEGMENT

The Waste Management Segment handles a **total waste volume** of around 1.7 million tonnes a year at 24 facilities (previous year: 1.7 million). 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.

Total waste volume in tonnes

	2019/2020	2018/2019	2017/2018
By waste type			
Non-recyclable waste	1,258,058	1,294,464	1,310,050
Paper	204,433	211,340	217,324
Plastics & packaging	46,168	54,686	54,865
Glass	52,853	52,427	49,781
Organic waste	57,446	54,044	55,427
Metals	38,544	32,244	33,274
By hazardous substance			
Hazardous waste	92,622	94,456	114,310
Non-hazardous waste	1,564,880	1,604,747	1,606,410
By waste management method			
Recycling	1,277,011	1,294,614	1,310,512
Thermal processing			
high-caloric	8,587	3,183	1,529
medium-caloric	338,951	351,406	360,102
low-caloric	12,680	10,478	11,252
Landfill	20,274	39,523	37,324

Note to the table: The allocation to a waste management method relates to the waste type adopted from the customer. Additional treatment and waste management steps after the first recycling step are not included in this analysis. Example: the quantities allocated to thermal processing were adopted from the customer and directly attributed to the waste incineration plant. Treatment plants, e.g. for bulky waste, generate additional residual waste materials that also find their way into thermal processing. These waste volumes are allocated to the waste management method recycling. This allocation to a waste management method was chosen with the aim of allowing for comparability with the waste volumes adopted from the customer.

Energie AG's Waste Management Segment is certified with regard to quality (ISO 9001:2015), occupational health and safety (ISO 45001:2018), the environment (ISO 14001:2015) and as a qualified waste management operator (RAEF). In 2013, Umwelt Service GmbH was the first waste management 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 targets of the Waste Management Segment as of 25 June 2020 are stated in the current environmental declaration pursuant to EMAS.

A project for the determination of the CO₂ footprint Scope 1 and 2 by the Federal Environmental Office was implemented in fiscal year 2019/2020. The CO₂ statement includes the resulting greenhouse gas emissions from exported electricity, heat and steam delivered to users outside of the system boundary. The emissions of the energetic input for raw material substitution and recovery as well as for the provisioning of substitute fuels and those from refrigeration appliance demanufacturing are included.

Internal audits guarantee the process control with respect to legal compliance with environmental regulations. 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 that negative impacts of processes on the environment are identified and 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. These raw materials (aluminium, copper, brass and stainless steel) are separated, recycled and returned into the metal processing cycle, which in comparison to primary production also saves CO₂ emissions. The recycling of the metals additionally reduces the use of the landfill in Wels and thereby prevents the need to use other landfills and the associated truck journeys and fuel consumption.

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. Compliance with the efficiency criteria under Directive 2008/98/EC is assessed on an annual basis. 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.

In order to keep the incineration plants up to date with the latest technology and warrant an uninterrupted security of waste management, the incineration plants are regularly inspected with a focus on the replacement of bigger system components. The replacement of the waste crane in the waste incineration plant in Wels was prepared in fiscal year 2019/2020.

The Waste Management Segment also offers **water supply and waste water management services** to cities and municipalities across Austria. Only the pipelines are owned by the segment. There is no noteworthy water loss from the lines, 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 non-revenue water in the distribution grids of the local authorities that are served, as the municipalities who own the infrastructure in these areas have the power to decide on any measures (upgrades, investments, etc.). Energie AG carries out monitoring, measurements and broad-based analysis and formulates proposed measures for decision-makers to reduce non-revenue water.

I CZECH REPUBLIC SEGMENT

The Czech Republic Segment supplies just short of 1 million people with **drinking water** (approx. 48 million m³ of drinking water) and provides **waste water management services** to around 700,000 residents (approx. 44 million m³ of waste water).

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. The continuous monitoring, reporting and benchmarking allows for a detailed analysis of the complex developments in the piping networks. 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.

A benchmarking in accordance with the internationally accepted "unit water leakage" method paints a positive overall picture for the 52 supply areas that each have a population of more than 5,000. In calendar year 2017, 92% of the networks were in good condition, 8% in average condition and 0% in poor condition. For calendar year 2019, these values have changed to 92% in good condition, 6% in average condition and 2% (representing a single municipality) in poor condition.

The **business area "Heat"** in the Czech Republic Segment supplies around 50,000 residents with district heat and provides installation services for municipalities and private customers with a focus on energy efficiency and CO₂ reduction. The ongoing investments in generation systems and heat distribution networks deliver an improved security of supply and a better energy efficiency. In the last decade, 16 km of old pipes in the heat network of the Czech Republic were replaced with more efficient, insulated district heat pipes that are equipped with a higher grade heat insulation. In the Czech Republic, the Energie AG Group operates boiler houses with an installed thermal output between 50 kW and 20 MW. Measures aimed at increasing their efficiency and reducing their CO₂ footprint are carried out regularly.

Further information on performance and output data as well as key figures, benchmarking and environmental topics can be found at › www.energieag-bohemia.at and › www.energieag.cz, as well as in the **Group Management Report, Czech Republic Segment › page 34**.

I HOLDING & SERVICES SEGMENT

Energie AG operates an active **building benchmarking** across Austria and for the PowerTower Linz and the facility in Gmunden in particular. The construction design of the Group's headquarters – the PowerTower in Linz – is unrivalled in terms of energy efficiency. According to an annual comparison with similar (including more recent and modern) office buildings, it continues to hold a leading position. The combination of an innovative facade and a heating and cooling system that uses groundwater, soil and solar energy delivers outstanding energy efficiency. Energie AG is aiming at installing modern energy concepts in all its buildings – in the best interest of its employees and the environment.

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

The **company restaurants** and canteens of Energie AG in Linz, Gmunden, Timelkam and Riedersbach prioritise the use of regional and seasonal fresh produce. In the 2019/2020 fiscal year, the kitchens prepared a total of 122,892 fresh servings of food for employees (previous

year: 146,936). In the interest of a balanced diet, the menus also feature vegetarian meal options. Around 25% of all lunches sold are vegetarian.

In **purchasing processes**, some environmentally relevant criteria are set as mandatory requirements in the text of requests for proposal. The supplier assessment in the Group's purchasing manual includes an environmental component. Tenders for transport services are awarded with consideration for the CO₂ emissions.

Energie AG's charging card is the key to Austria's largest charging network, giving customers a convenient way to charge their electric cars. More than 4,500 electric car charging stations across Austria are provided by cooperation partners and can be used with the Energie AG charging card. In Upper Austria, Energie AG has established a dense charging network to provide public and fast charging facilities for electric cars. Energie AG is planning to expand the network of public charging stations with different output levels in the future (in cooperation with municipalities and local partners). These charging stations are available for all electric car drivers to use. The electricity supplied to all charging stations operated by Energie AG is to 100% sourced from hydroelectric power, wind and solar energy. Energie AG also offers charging solutions for densely populated residential buildings and company fleets. These solutions are geared to the charging requirements of the local target groups. For more information, see the [Electric Vehicles section of the Group Management Report › page 27](#).

SOCIAL AFFAIRS

In accordance with its mission statement "We care about tomorrow", Energie AG is firmly committed to its social and socio-political responsibilities. The development, protection and fostering of socially sustainable values for society as a contribution to improving and safeguarding our quality of life is a top priority for the Group. In the area of social affairs, the following fields of work have been defined:

- Reliability in supply and waste management services
- Positioning as a responsible company and guarantor of stability and reliability
- Building and maintaining sustainable client relationships
- Raising the awareness for a considerate treatment of natural energy resources and the objective of a sustainable circular economy

I SECURITY AND QUALITY OF SUPPLY

Security of supply is the fundamental basis for general business growth, job creation and quality of life. Energie AG's services are a major driver of Upper Austria's international competitiveness as a business location. The 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

	2019/2020	2018/2019	2017/2018
Electricity	32,873	32,648	32,365
Natural gas	5,603	5,585	5,549
Fibreglass	6,600	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 security of supply 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 the security and quality of supply, key performance indicators such as grid reliability, grid interruptions and their causes (interruption time >3 minutes) are determined 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 32,873 km of power lines (previous year: 32,648 km), in addition to a 5,603 km **natural gas grid** (previous year: 5,585 km). These reliable and modern grids warrant the secure energy supply for more than 560,000 customers.

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 31.62 min/a in calendar year 2019 (2018: 38.02 min/a). Customer-related system disruption (SAIDI – System Average Interruption Duration Index) stood at 34.47 min/a (2018: 37.26 min/a). The availability of the natural gas grid was 100% in calendar year 2019, as was the case in the previous year.

Supply reliability ¹⁾

	2019	2018	2017
SAIDI (min/a)	34.47	37.26	36.28
ASIDI (min/a)	31.62	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 generation unit, the Group takes a holistic approach to optimise technical availability, starting with the planning and designing phase of power plants as well as by systematically developing maintenance strategies as part of due diligence measures. State-of-the-art, IT-supported operational management systems are used for monitoring and implementation.

In addition to the environmental measures adopted during 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.

Supply reliability Telecommunication

The supply reliability for customer connections in the fibre-optic network is determined by analysing the fault resolution times from the trouble ticket system. In the reporting period, it amounted to 99.99% (previous year: 99.96%). The fault resolution time designates the timespan between receipt of the fault report and the resolution of the fault. At the end of the reporting period, the Group's own fibre-optic network comprised around 6,600 km (previous year: 6,100 km).

Supply reliability customer connections

	2019/2020	2018/2019	2017/2018
Supply reliability customer connections (in %)	99.99	99.96	99.96

The supply reliability is calculated using the following formula: availability = observation period less (-) total fault resolution times divided (/) by observation period multiplied (x) by 100%.

Supply reliability Czech Republic

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 regions affected by climate changed-caused drought and increasing scarcity of water, Energie AG secures the supply by subsidiaries that supply drinking water via tankers and cisterns. One measure to improve security of supply 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. Energie AG's subsidiaries also support their contractual partners in projects aimed at securing resources with extensive know-how in the area of water management.

Waste management reliability

In order to warrant the safe and reliable collection and management of all types of waste during the COVID-19 pandemic, the spring months of 2020 saw the adjustment of the operational processes of Umwelt Service GmbH in Wels and the construction of employee accommodation premises. The premises were earmarked to provide board and accommodation to the incineration plant's employees in the case of a quarantine order with the objective of warranting the uninterrupted operation of the thermal processing plant.

I POSITIONING AS A RESPONSIBLE COMPANY

The values of continuity, reliability, safety and solidarity are of great importance for the customers and all other stakeholders of Energie AG and therefore an inseparable component of the corporate strategy. In light of unpredictable crisis events – such as the COVID-19 pandemic that has been raging since the spring of 2020 – these values have become even more important.

Energie AG takes its function as a role model in terms of solidarity and social responsibility very seriously and fulfills this role by pro-actively taking initiative and supporting charitable organisations.

The Group considers the raising of an awareness for a sensible and considerate treatment of energy resources and the value of a sustainable circular economy to be one of its most

important responsibilities in the area of social affairs. The educational programme “Energie AG at School” is intended to gently introduce even the youngest members of society to a constructive and critical engagement with these issues.

Energie AG contributes its solid know-how to the scientific discourse about the creation of a sustainable energy future, as well as in the form of feasible and realistic approaches to solutions that contribute to bringing the energy transition 2030 to life.

Social engagement during the 2020 COVID-19 pandemic

Energie AG has proven itself as a strong and reliable partner for its stakeholders during the COVID-19 pandemic. With its public involvement under the campaign motto “100% for Upper Austria”, the Group instilled continuity and security and contributed to calming the in parts very anxious population of Upper Austria. The positive image of the members of the Energie AG sports family was harnessed for motivating the population to comply with the COVID-19-related protective measures imposed by the government.

In order to further fulfil its supply and waste management mandate and at the same time protect the health of its customers and employees, an internal task force with experienced members of the crisis management team was formed in February 2020. This task force continuously monitored the current situation in all detail with the aim of deriving any necessary measures and coordinating their controlled implementation across the Group. In March 2020, around 1,450 employees in Austria were ordered to switch to working from home for the sake of their own safety. For the same reason, specific shift and work time models were developed for those employees whose presence on-site was absolutely necessary.

Employees involved in team work that does not allow for the prescribed minimum distance between two persons were provided with adequate personal protective equipment and clothing.

Customers who were facing difficulties due to the pandemic were offered special arrangements, e.g. a moratorium on electricity disconnections and the option to defer due payments.

Vacant Energie AG premises were made available to the Red Cross for the telephone hotline information service during the pandemic.

The COVID-19 safety measures in the Czech Republic complicated the works related to the supply of customers with water and heat. In the spring months of 2020, the COVID-19 pandemic resulted in the postponement of a number of projects.

Timely, comprehensive precautions aimed at managing the pandemic in the autumn and winter months of 2020 were implemented across the entire Energie AG Group.

I CUSTOMER ORIENTATION AND SATISFACTION

Fostering the intense dialogue with its customers is a cornerstone of the Energie AG Group's activities in Austria. A **customer forum** that serves the purpose of developing a better understanding for the customers' perspective and integrating that perspective into the development of products and services was launched in November 2019.

Twice a year, 30 customers are invited to discuss current industry developments, ideas and new products with members of the Company's management team. The first two meetings took place at the end of 2019 and at the energy saving trade fair in Wels in March 2020.

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.

Digitalisation: a powerful asset

Energie AG places a strong focus on the **digitalisation of processes and customer interaction** along the entire value chain. The digitalisation measures are intended to provide customers with a flexible, individual and uncomplicated way of getting in touch with the Company.

Subject to the general conditions under data protection law, the key area **Data Analytics** enables quicker and more efficient decision-making processes. The additional insights gained about the needs of customers are utilised to develop and design products and services. The combination of customer data from the electricity, gas, heat and telecommunication sectors allows the Group to offer a better service "from a single source".

The sales and communication channels carried out a harmonisation and redevelopment of the **customer portal**, which in the future will also act as a central hub for business customers to communicate with Energie AG.

Energie AG was one of the first energy suppliers that offered the digital service **Alexa Skills** to its customers. This service is being continuously developed further as part of the product portfolio.

Customer Phone Service

A fundamental criterion for customer satisfaction is the rapid processing of enquiries received over the phone, which Energie AG handles with the help of customer service staff that has received extensive training and boasts strong communication skills. They are supported by "artificial intelligence" deployed for the automated processing of simple enquiries. Additionally, an intelligent "peak management" allows for calls to be rescheduled to a less busy time of the day. This increases the availability for the customers and in turn also their satisfaction with the Company.

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. With a flexible on-call service model for the customer service employees and a suitable infrastructure (remote work), even unpredictable and high call volumes can be managed.

Introduction and Use of New Technologies

Energie AG is actively committed to introducing and using new technologies with a focus on the customer. 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. 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%. More information on smart metering can be found in the [Group Management Report, Grid Segment › page 28](#).

Energie AG uses the new smart meter technology for developing new business models. Smart electricity meters are the key component for turning a house 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 delivers cost savings, lower consumption and greater comfort for the customer.

The Czech water investments have been using smart **digital water meters** for several years at this point. The “Water Under Control” service was launched on the Czech market in the 2018/2019 fiscal year and has shown highly positive signs. Also see the [Group Management Report, Czech Republic Segment › page 34](#).

Customer satisfaction surveys

Contact with customers and partners is important for Energie AG to learn about their needs, concerns and ideas and to use these insights for the development of solutions for specific problems and the optimisation of 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. This includes the cooperation with social services for debt prevention and mitigation of debt-related problems by means of the energy solidarity budget and providing advice on how to reduce energy costs.

Public opinion research institutes are regularly commissioned to conduct **market studies and customer surveys** among various target groups as a due diligence measure to ensure customer satisfaction. Valuable information for the regular ascertainment of the most important key performance indicators and their development over time was once again collected this way in fiscal year 2019/2020. Current topics of interest are continuously examined and analysed with the aim of optimising the positioning of activities, products and services. In the 2019/2020 fiscal year, this included a survey of trade fair visitors or customers rating the quality of advice provided in the area of telecommunications.

The customers of Vertrieb GmbH (electricity, natural gas and internet) were found to exhibit a predominantly good loyalty: 96.5% of electricity customers, for example, are very satisfied or rather satisfied our sales arm (previous year: 95.3% for electricity). Continually measuring loyalty levels in set categories (e.g. product range, price communication, homepage, regional commitment, ...) have already provided specific focal points that allow the company to start improving services on an ongoing basis.

The customer satisfaction survey conducted by **Netz OÖ** for operators of natural gas grids in autumn of 2019 once again delivered a very good result. As was the case in the previous year, the highest level of satisfaction was expressed for the availability of the gas supply, followed by the satisfaction for keeping with agreed dates, the performance of works, the technical expertise, and the employees' general prowess. Using a 1 to 5 scale based on Austria's school marking system, Netz OÖ's customers gave it excellent ratings for reliability (1.13, previous year 1.16), safety (1.32, previous year 1.21) and quality (1.32, previous year 1.29).

Annual 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 (previous year: 1.4; equivalent to an “A”) also during the reporting period 2019/2020.

Online communication

Energie AG makes target group-specific information available via a number of different channels. This includes the traditional website of the Group › www.energieag.at, the press portal › news.energieag.at, the project websites › www.wir-denken-an-morgen.at for children and adolescents, › www.sportfamilie.at for sport enthusiasts, the blog pages (› blog.energieag.at and › hochspannungsblog.at), the Facebook page **Energie AG – Wir denken an Morgen**, the Instagram account [energie.ag](https://www.instagram.com/energie.ag) and the Instagram ([energieagsportfamilie](https://www.instagram.com/energieagsportfamilie)) and Facebook ([Energie AG-Sportfamilie](https://www.facebook.com/Energie-AG-Sportfamilie)) accounts of the sports family. These services are complemented by additional websites for specific Energie AG products.

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 deal with a number of tasks and issues relating to supply contracts with Energie AG at any time of day.

I REGIONAL RESPONSIBILITY

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.

With the Energy Saving Package campaign, Energie AG takes initiative for socially disadvantaged groups. For further information, see **Environment, Energy Segment, Sales** › [page 68](#).

To express its solidarity with customers facing financial difficulties as a result of the COVID-19 pandemic, the Group offered them special arrangements for financial relief.

Energie AG creates additional value for its customers by being present at trade fairs and other regional events where well-trained energy consultants give personal advice on the environmentally friendly use of energy.

Market partnerships are another way in which Energie AG fulfills its regional responsibilities. The close alliance with relevant specialist companies across Upper Austria assures the availability of expert advice and help with energy-related questions for customers in their respective home towns and villages. Together with these local companies, Energie AG offers its customers various initiatives and attractive incentives to save energy.

Energie AG supports cultural and sport activities on a regional level, including by sponsoring local events, sport promotion programmes (“Energie AG sports family”) and online fitness services.

The high-performance fibre-optic internet connections provided by Energie AG give the residents of rural, less developed regions the opportunity to pursue an occupational activity (working from home).

The Group uses the new digital technologies to create additional value for its customers in their direct living environment. The peer-to-peer app “sharing the sun” (“d'Sun teil'n”), for example, allows the owners of private photovoltaic systems to exchange electricity with interested parties in the nearby regional vicinity. A digital application initiated by Netz OÖ that allows customers to check their electricity consumption on their smartphones in real time and identify energy-inefficient devices in their homes has entered the testing phase in the spring months of 2020.

The continuous training of specialist personnel, the creation and preservation of jobs, ongoing infrastructure investments and a sustainable corporate policy with local electricity production are important contributions to increasing value generation in the regions.

Energie AG supports charitable organisations in their regional and interregional activities. These activities include a cooperation with the company › wasserkarte.info, which created an online platform that shows fire brigades the quickest way to the best suited hydrant that can be used as a source for fire fighting water. This initiative is currently being continued in the Czech Republic under the lead of Energie AG Bohemia. The app "SystemFlorian" was made available to fire brigades in the Kolin district in early 2020.

Orders worth a total of EUR 204 million were placed with 2,213 suppliers in the 2019/2020 fiscal year (previous year: EUR 208 million with 2,177 suppliers). 92.3% of the Company's suppliers were headquartered in Austria (previous year: 84.1%), while 7.6% were based in other European countries (previous year: 15.8%).

Regional procurement

	Unit	2019/2020	2018/2019	2017/2018
Contracted suppliers (approx.)	Number	2,213	2,177	2,212
Of which in Austria	%	92.3	84.1	84.2
Of which in other European countries	%	7.6	15.8	15.7
Others	%	0.1	0.1	0.1
Order volume	EUR mill.	204	208	197
Total		2,213	2,177	2,212

Official hotline of the State of Upper Austria

At its call centre, Energie AG 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. Energie AG is maintaining close contact with the crisis management of the State of Upper Austria during the COVID-19 pandemic and, in the spring of 2020, provided the Red Cross with workstations and adequate technical equipment housed in separate premises.

Cultural and social affairs

Energie AG supports a host of initiatives in the cultural and social realm. On the **cultural scene**, the Company 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.

The Klemens-Brosch Award in cooperation with the State Gallery in Linz, the "Talent Promotion Award" in cooperation with the University of Arts in Linz, and the "Dream Scholarship" in cooperation with OK Friends are additional ways in which the Energie AG Group supports young and talented artists.

In addition, Energie AG has been a long-standing **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 an effort to support rescue organisations with a high level of voluntary commitment.

Timelkam Energy Experience Centre

In the town of Timelkam, Energie AG runs an information centre about electrical energy called the Erlebnisswelt Energie Timelkam ("**Timelkam Energy Experience**"), which in the 2019/2020 fiscal year was visited by almost 1,000 interested children and parents. Annual visitor numbers were around the 5,000 mark in earlier years (without COVID-19 pandemic restrictions). 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 – the "sports family". In the 2019/2020 fiscal year, once again 16 athletes of the Energie AG sports family (previous year: 15) received financial assistance as well as other benefits of relevance for their sport, such as physiotherapy, equipment etc. The focus is on promoting up-and-coming talents in the world of 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) offers kindergartens and schools different classroom handouts for the relevant age groups. These cover topics related to energy, sustainability and 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). In 2019, as one of only eight companies in Austria, the Austrian Federal Ministry for Women, Families and Youth awarded Energie AG the **Familie Digital Kompetent ("Family Digital Skills") seal of approval** for this educational programme and its expansion in particular.

Energie AG takes initiative in strengthening the media competency of children and adolescents in the area of digitalisation and has added relevant materials to the website › www.wir-denken-an-morgen.at and materials used in schools. The objective is to teach children how they can use the new technologies sensibly and responsibly and take a proper and critical approach to the contents of digital media. The platform is complemented by interactive quizzes, videos and instructions for practical exercises and experiments that aim at familiarising young persons with digitalisation in a playful way.

Around 250 children were introduced to the concept of a sustainable circular economy at the occasion of the "ARA4Kids" recycling day organised by Altstoff Recycling Austria (ARA, Waste Recycling Austria) in cooperation with Energie AG in October 2019. Different play exhibits allowed the children to explore the ins and outs of waste collection, separation and incineration.

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 the 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, 330,000 copies of these short books are already in circulation (previous year: 250,000).

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 project was continued in fiscal year 2019/2020, but with some restrictions stemming from the closure of schools due to the pandemic.

Respect for the environment and a commitment to a green and efficient business model are guiding principles that underpin Energie AG’s ethos. The Energie AG Group has supported the Energy Globe environmental award for some 20 years. Since its founding, more than 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 the long-standing partnership with the Energy Institute (Energieinstitut) at Johannes Kepler University in Linz. As a founding member, the Company 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 is a study for the electricity grid master plan project “Mühlviertel Electricity Supply”, for which the Energy Institute developed and analysed consumer scenarios for this region. The study was used to derive future demand forecasts, which were then used to make a decision with regard to the system selection for the 110-kV supply line.

“Vodní Kapky” / 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. Also in the 2019/2020 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. These funds are made available to selected non-government organisations (NGOs) for their projects via the so-called “philanthropy exchange”. 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. The Company’s 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 utilities, 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 point of contact 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.

Energie AG's membership of the **Verein für Ökologie und Umweltforschung (Association for Ecology and Environmental Research; VÖU)** offers it 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 in České Budějovice supported by the State of Upper Austria and the Region of South Bohemia, since 1998. The centre's priority areas are offering support for the implementation of 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.

EMPLOYEES – RESPONSIBLE EMPLOYER

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

- Further development of employer branding with a special focus on promoting diversity and women in technical professions
- Personnel and management development, as well as high-quality apprenticeship programmes
- Ensuring access to qualified personnel in the long term, in particular by positioning the Company as a family-friendly employer

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

As of 30 September 2020, Energie AG had 4,571 (FTE) employees (previous year: 4,599) in three countries (previous year: four) and an average of 179 temporary staff (FTE) for limited-time projects and to balance peak work loads in the 2019/2020 fiscal year (previous year: 295 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 28 countries (previous year: 27) ¹⁰⁾

10) Value in the previous fiscal year 2018/2019 excl. Czech Republic Segment

STAFF LEVELS AND PERSONNEL STRUCTURE

Staff level and structure

	Unit	2019/2020	2018/2019	2017/2018
Staff (number of employees)	Persons	4,997	4,949	4,841
Workplace				
Full-time equivalents (FTE) ¹⁾	Number	4,560	4,506	4,389
In Austria		2,847	2,832	2,700
Female		535	535	586
Male		2,312	2,297	2,114
In the Czech Republic		1,678	1,616	1,630
Female		400	399	480
Male		1,278	1,217	1,150
In other European countries		35	58	59
Female		4	6	7
Male		31	52	52
Part-time	Persons	475	480	451
Female	%	68.0	65.8	66.4
Male	%	32.0	34.2	33.6
Newly hired	Persons	562	584	402
Newly hired	%	11.2	11.8	8.6
Turnover rate (excluding retirements)	%	6.3	8.8	4.9
Demographics				
Average age of workforce	Years	44.4	43.7	43.7

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

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 it to position itself 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 employees in Austria 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 through the summer months of 2020 by providing a varied programme for children between the ages of six and 14 (in the PowerTower in Linz and at an external holiday camp with overnight accommodation). Since July 2020, the cooperation with the Salzkammergut Hospital in Gmunden has been offering employees a year-round kindergarten for their children in addition to the daily bookable summer camp. 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.

A work environment that nurtures innovation

At the PowerTower in Linz, former smoking areas on some floors of the building have been converted into contemporary **common areas** since 2018. Designed, furnished and equipped with a wide range of activities in mind, staff can use the areas to work on individual projects as well as innovative forms of collaboration. Modern technologies support the idea-finding and innovation processes.

Design-thinking experts who were trained for the Energie AG Group at two workshops are supporting employees in advancing innovation processes within their areas of responsibility with the help of modern techniques.

I PERSONNEL AND MANAGEMENT DEVELOPMENT

A key goal 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. For more information, see [Employees, New ways to learn and work](#) › page 90.

Occupational development

	Unit	2019/2020	2018/2019	2017/2018
Training per employee	Hours	8.8	12.9	11.8
Performance review rate	%	74.2	72.8	79.6
Apprentices	Persons	73	72	66
Apprenticeships completed	Persons	16	16	19

Due to the COVID-19 pandemic, many educational and training events had to be cancelled or postponed in the 2019/2020 fiscal year. This negatively impacted the "Training per employee" key figure.

The **learning platform EINSTEIN** offers a comprehensive and attractively presented overview of the educational and training options. Employees can conveniently register with just a few clicks. EINSTEIN also enables employees and managers to review their past educational and training events.

Energie AG's **conflict management system** has further expanded its reach. An accompanying seminar programme for groups and team managers is intended to raise the awareness for the topic and the instrument available to them. Workshops allowed the Managing Directors and heads of departments to expand their engagement with the topic. The members of the works councils also attended seminars on this topic. Employees were offered information events that also aimed at sensitising them for the topic.

The **"Leadership Experience Discussion Circle"** for team and group leaders was continued in the 2019/2020 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.

The **competency model** developed in the year 2014, which outlines the (leadership) competencies the Company needs to achieve success, was re-evaluated in the 2019/2020 fiscal year. The feedback meetings on the level of the Management Board/Managing Directors/heads of department conducted on the basis of the defined competencies will be made more efficient in the future. Starting with the 2020/2021 fiscal year, the competency model will distinguish between fundamental strategic competencies that are relevant for all positions and variable, position-specific competencies.

One of the outputs of the Future Lab 2018/2019 (development of management and leadership topics) is the emergence of the project **“Charter of Agile, Cross-Divisional Cooperation in Energie AG”**. This project aims at developing a mutually shared understanding of leadership that is intended to facilitate and strengthen the cooperation between the individual areas within Energie AG. In its initial phase, managers were interviewed briefly with respect to the status-quo of agile work methods and the cooperation within the Group. The results were analysed and refined with the help of instruments from Design Thinking. The identified potentials serve as the foundation for completing the charter.

New ways to learn and work

The COVID-19 pandemic caused a sudden change in the way cooperation takes place within Energie AG (remote work).

While the networking via computer software, video conferencing tools and mobile phone was challenging, it also offered the opportunity of rapidly and intuitively learning to handle new techniques and acquire new skills. Under the heading **“New ways to learn and work”**, different means supported executives and employees in these new learning experiences on the intranet and Microsoft Yammer.

Due to employees increasingly performing their work from home, **new seminar formats** including webinars and online trainings on a diverse range of topics were developed in consultation with the trainers. The new training formats were very well received by the employees. Online trainings are a useful complement to the (indispensable) face-to-face trainings.

The survey “New ways to work from home” conducted within Energie AG in Austria during the “restart phase” returned positive feedback and resulted in the extension of the previous **remote work model**.

Employer branding

The age structure of the employees working in the Group entities and the difficulties in recruiting suitable skilled personnel call on the Energie AG Group to employ a strategically coordinated recruiting and succession management that serves the purpose of making potential employees aware of the Company at an early stage and presenting them with opportunities to apply for jobs. In the course of a workshop, the “Candidate Journey” method was applied to identify all **groups of job applicants** that are relevant for Energie AG. Following a general campaign, the Company began specifically approaching the individual relevant target groups in the summer of 2020.

To promote diversity and women in technical careers

As Energie AG also seeks to promote diversity, it has set itself the goal of attracting more female technical professionals to work at the Group. The trainee program with a focus on female talent that started in October 2018 was successfully concluded in March 2020. The majority of trainees have now assumed different positions within the Group.

Due to the great success achieved in the previous years, **two more scholarships were awarded to female technicians** in autumn 2019. 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 company, potentially fostering strong ties between the company and these scholars from an early stage.

Diversity

	Unit	2019/2020	2018/2019	2017/2018
Women	%	23.1	22.6	22.2
Men	%	76.9	77.4	77.8
Women in management positions ¹⁾	%	15.8	14.6	16.8
Men in management positions	%	84.2	85.4	83.2

1) Definition of "management position": Managing Directors, heads of departments, divisions, facilities, holding companies, corporate units, teams and groups.

To ensure 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).

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 (one-time) PC equipment, educational materials, seminar attendance, annual meetings, and regional events and workshops.

MAINTAINING THE HIGH QUALITY OF APPRENTICESHIP PROGRAMMES

Energie AG's **in-house apprenticeship programme** is an important competitive advantage. Since 1943, 1506 apprentices have successfully completed their training and become top-qualified specialists in their fields. About half of these are still employed in the Company today. In September 2020, 21 young people (previous year: 19), among them two women, began their apprenticeships at Energie AG in the areas of electrical engineering, metals engineering and automotive engineering. An additional three apprentices started their training to become office administrators. 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 its **marketing activities** in this area (media presence, folders, videos, 3D tours of the apprentice workshop etc.), aiming for success over the increased competition to take on the most capable young people as apprentices. In order to become even more attractive as a company that offers apprenticeship programmes to girls, new and modern accommodation for young women was constructed.

Owing to a **cooperation with mandatory-attendance schools** (electrical engineering polytechnic course, Powergirls, Girls Day), in the 2019/2020 fiscal year around 130 school students got to experience Energie AG's apprenticeship workshop and **tried out how it feels to be an apprentice** for a few days (previous year: 150). The training workshop at Energie AG in Gmunden boasts the latest technical equipment and can be visited on a virtual tour using 3D goggles.

The apprenticeship programmes place a special focus on **digitalisation**. Apprentices are introduced to the digital transformation, from basic knowledge of digital technology to CNC (Computerized Numerical Control) technology, PLC (Programmable Logic Controller) programming, 3D printers and smart home digital control on tablet devices. Once apprentices have successfully completed their probationary period, they are provided with their own tablets, which they can use at work as well as privately.

Safety and health are especially important to Energie AG in its apprentice training. The Company 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 training was also documented in the 2019/2020 fiscal year, receiving an outstanding result. Between them, the 16 current graduates (previous year: 14) earned twelve distinction grades in vocational school and eleven good or outstanding results in their final examinations.

The **capacity of the training workshop** for electrical engineering and metals engineering will be expanded to the possible maximum. This will allow a total of 22 apprentices to start their career at Energie AG in September 2021. This means that the Group not only continues to be a reliable apprenticeship workplace for young people in Upper Austria, but also that it will offer top-quality training to even more apprentices than in the years before.

Another achievement in 2018 was the establishment of the **“[ukunft.lehre.österreich](#)” association Future Apprenticeships Austria (ZLÖ)** at Energie AG’s initiative. The association’s objective is to strengthen the image of apprenticeships in Austria. The role of president is currently occupied by its creator, Chief Executive Officer KR Prof. Ing. DDr. Werner Steinecker MBA. 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. Since 2018, we have worked meticulously to design and advertise an Austria-wide **apprenticeship platform** and an apprenticeship-related image campaign aimed at the target group. A package aimed at safeguarding apprenticeship capacities will make financial aid to the tune of EUR 2,000 available for each new apprentice accepted by the Company.

I WORKPLACE HEALTH AND SAFETY

Only healthy and satisfied staff can be successful with their work for a company. 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 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. An employee survey aimed at ascertaining the satisfaction among the workforce is once again planned to take place in the year 2021.

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 2019/2020 fiscal year, the Group (excl. Waste Management Segment and Czech Republic Segment) saw around 52 announced and unannounced **workplace and construction site inspections** carried out by safety experts and occupational health professionals together with those responsible on site and/or Energie AG Group management as part of due diligence measures (previous year: 85) ¹¹⁾. In addition to that, 52 construction sites were inspected with the aim of informing the employees about the Group's measures in relation to the COVID-19 pandemic and offering support to them. 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 80 reportable **work incidents** were registered (previous year: 101), which corresponds to an accident rate of 16.20 accidents per 1,000 employees (previous year: 20.63 per 1,000 employees) ¹²⁾. The accident severity amounted to an average of 32.40 days of sick leave per work accident (previous year: 24.37). Converted to an international indicator value, this corresponds to an LTIF (Lost Time Injury Frequency) of 9.35 per 1,000,000 working hours (previous year: 11.85). The Waste Management Segment had one fatal work accident in Hörsching (previous year: 0).

A closer look at 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 has a much higher accident rate than any other segment. The severity of accidents increased across all segments of the Group.

The legally required **inductions** with respect to 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.

In addition to the briefings, a large number of subject-specific **training courses** were conducted during the reporting period as part of due diligence measures. Employees of third-party contractors in the technical and electrical engineering sectors are also allowed to attend if they require 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.

Naturally, the **safety experts' target** is to bring both the accident rate and severity down to zero. Approaching this number requires employees to receive the best possible training and support in the induction of colleagues. Workplaces and activities must also be subjected to a continuous evaluation and the necessary measures must be adjusted as required.

11) Value in the previous fiscal year 2018/2019 excl. the Waste Management Segment and the Czech Republic Segment

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

COMPLIANCE

Energie AG's compliance goals are:

- Ensuring a value-conscious compliance culture
- Preventing property damage and reputational damage
- Ensuring fair competition by compliance with the law and regulations
- Ensuring compliance with all Group-wide guidelines and standards
- Minimising/Avoiding liability risks and non-material damage
- Raising awareness among all Energie AG employees of compliance with guidelines and the Code of Conduct
- Implementing effective prevention measures
- Improving legal certainty
- Avoiding infringements of legal and in-house standards

CODE OF CONDUCT "THIS IS HOW WE THINK, THIS IS HOW WE ACT"

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, managers and employees.

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.

COMPLIANCE MANAGEMENT SYSTEM

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 staff via e-learning, among other formats. 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.

As part of the Energie AG Group's due diligence measures, 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 (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, 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 the Legal Department's operational activities. The Legal Department acts as one of a number of information channels, notifying the relevant departments and entities of new legal developments. The Group provides legal certainty and ensures 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 individual locations.

For further information about Energie AG's internal control system, see the [Group Management Report, Internal control system › page 16](#).

I ANTI-CORRUPTION

Energie AG's entities and employees are subject to provisions regarding public officials (Amtsträger) within corruption law. Training sessions are held continuously to ensure the Group-wide implementation of the comprehensive compliance standards in force at the Energie AG Group to prevent corruption. The "Anti-Corruption" learning module offered in Austria has so far been completed by 78.8% of the employees in the country (previous year: 67.7%). 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 2019/2020 fiscal year (previous year: 0).

I ANTITRUST COMPLIANCE

Energie AG unconditionally declares its commitment to fair competition with its competitors, business partners and other market participants. For this reason, the existing antitrust manual is being 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 DATA PROTECTION

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 its customers place in the Company. 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. In the year under review, one data protection violation under GDPR Article 33 was reported to

the data protection authorities. The proceedings were discontinued as a result of the steps taken (previous year: three proceedings discontinued).

I PROMOTING A COMPLIANCE-CONSCIOUS CULTURE

Management are responsible for promoting a compliance-conscious culture among staff. Energie AG ensures that its employees know the compliance values and put them into practice. Within the annual definition of targets, the Group Management Board has the opportunity to agree on measurable and adjustable compliance goals that form part of the management performance with the Company's managers and executives. The manager or executive further confirms his or her commitment to the relevant and compulsory compliance requirements of Energie AG in the individual target agreements.

I COMPLIANCE FORUM

The Compliance forum was set up to ensure that compliance questions are handled in a comprehensible 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 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 digitalisation 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.

The cyber risk and fidelity insurance taken out in fiscal year 2018/2019 forms part of the information security management risk assessment 2019/2020. 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.

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 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.

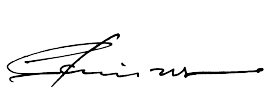
Equal treatment has been identified as a human rights issue that could fall within the Company's direct sphere of influence, although there is no significant risk in this regard. The parties available for employees to contact in the event of possible discrimination are the compliance officer, the Works Council or their respective supervisor. As in the previous year, no incidents of discrimination were reported to compliance staff in the 2019/2020 fiscal year, 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.

The actions of Energie AG always abide by the Group's guiding principle "We care about tomorrow". The Energie AG Group will continue to develop its sustainability management in the 2020/2021 fiscal year on the basis of environmental and social aspects.

Linz, 02 December 2020

The Management Board of Energie AG Oberösterreich



Chief Executive Officer

DDr. Werner Steinecker MBA

Chairman of the Management Board
CEO



Dr. Andreas Kolar

Member of the Management Board
CFO



Dipl.-Ing. Stefan Stallinger MBA

Member of the Management Board
COO