

Corporate governance report

EVN is an Austrian public limited company listed on the Vienna Stock Exchange. Thus, in addition to Austrian regulations, in particular stock corporation and capital market laws, legal regulations applying to the right of co-determination on the workplace and the company by-laws, the corporate governance results out of the Austrian Corporate Governance Code under www.corporate-governance.at and the rules of internal procedure of the company's corporate bodies.

Commitment to the Austrian Corporate Governance Code

Preface

The Executive Board and the Supervisory Board of EVN are committed to abide by the principles of good corporate governance, thus fulfilling the expectations of domestic and international investors who demand the management and control of EVN to be carried out in a responsible, transparent and sustainable manner. Effective June 1st, 2006, EVN fully complied with the Austrian Corporate Governance Code in accordance with the valid and binding version published in January 2006. As of January 1st, 2008, EVN agreed to adhere to the updated version dated June 2007, the version of January 2009 applied to EVN effective October 1st, 2009, whereas EVN has been complying with the stipulations of the January 2010 version since March 1st, 2010.

The standards specified in the Austrian Corporate Governance Code are divided into three categories. The first category of rules (Legal Requirements) based on binding regulations, is to be observed by all Austrian listed companies, and is also adhered to unconditionally and without qualification by EVN. In regards to the C-rules (Comply or Explain), listed companies are required to publish regular statements disclosing the extent of their compliance. EVN provides a detailed explanation of any deviations from these rules online at www.investor.evn.at/Corporate_Governance. In contrast, R-rules represent recommendations, allowing deviations to occur without providing explanations.

The EVN Executive Board and Supervisory Board formally declare their commitment to fully observe and abide by all L-rules and C-rules of the Austrian Corporate Governance Code, with the exception of the following deviations and explanations. Only a small number of deviations from the R-rules exist.

Deviations from C-rules

Due to the distinctive characteristics of the Austrian energy industry and specific conditions applying to EVN, the company does not adhere to the following C-rules stipulated in the Austrian Corporate Governance Code:

Rule 16: Given the fact that the Executive Board consists of three members, there can be no tied vote in adopting a resolution. For this reason, appointing a Chairman to make the final decision and cast the tie-breaking vote, is not necessary. The spokesman of the Executive Board is responsible for directing meetings and representing the Executive Board to other target groups, and also to the Supervisory Board (Rule 37).

Rule 31: EVN disclose the remuneration only for the entire Executive Board. Disclosure of the individual remuneration without knowledge of all the factors taken into account by the remuneration (personnel) committee would give a distorted impression and would result in misinterpretations. Thus, EVN does not publish a detailed breakdown.

Corporate bodies

Executive board

Effective January 20th, 2011 the composition of the Executive Board of EVN was modified. Burkhard Hofer resigned from the Executive Board at this date, Stefan Szyszkowitz was appointed to the Executive Board and Peter Layr was named to serve as the new Spokesman of the Executive Board. Within the contexts of these personnel changes the Supervisory Board also amended the Internal Rules of Procedure for the Executive Board. Since January 20th, 2011, Peter Layr is not only responsible for the networks in Austria but also for EVN's power plants. In addition to his managing EVN's energy business, Stefan Szyszkowitz was given responsibility for the business and financial aspects of the business. Herbert Pötttschacher is head of EVN's entire environmental services business.

Peter Layr

Spokesman of the Executive Board and CEO since January 20th, 2011

Born 1953. Doctor of Technical Sciences. Joined EVN in 1978. Member of the EVN Executive Board since October 1999. Named Spokesman of the EVN Executive Board in January 2011. His term of office expires on September 30th, 2014. Peter Layr has executive responsibility for the Generation and Network Infrastructure Austria segments, as well as for Group functions data processing, procurement and purchasing. One Supervisory Board mandate in other domestic companies not included in the consolidated financial statements of the EVN Group pursuant to C-rule 16 of the Austrian Corporate Governance Code.¹⁾



Herbert Pötttschacher

Member of the Executive Board

Born 1949. Degree in Surveying, Regional and Environmental Planning. Member of the EVN Supervisory Board from 1991 to 1995, and of the EVN Executive Board since July 1995. His term of office expires on June 30th, 2013. Herbert Pötttschacher has executive responsibility for the Environmental Services segment, as well as for Group functions internal auditing, administration and construction. One Supervisory Board mandate in another domestic company not included in the consolidated financial statements of the EVN Group pursuant to C-rule 16 of the Austrian Corporate Governance Code.²⁾



Stefan Szyszkowitz

Member of the Executive Board and CFO since January 20th, 2011

Born 1964. Doctor of Law. Joined EVN in 1993. Member of the EVN Executive Board since January 2011. His term of office expires on January 19th, 2016. Stefan Szyszkowitz has executive responsibility for Energy Trade and Supply and Energy Supply South East Europe segments, as well as for Group functions controlling, customer relations, finance, Group accounting (incl. investor relations), general administration and corporate affairs, information and communication and human resources. One Supervisory Board mandate in other domestic companies not included in the consolidated financial statements of the EVN Group pursuant to C-rule 16 of the Austrian Corporate Governance Code.³⁾



Burkhard Hofer

Spokesman of the Executive Board until January 20th, 2011

Born 1944. Doctor of Law. Joined EVN in 1980. Member and Spokesman of the EVN Executive Board since March 2005. Named Chairman of the Executive Board in May 2008. Burkhard Hofer has executive responsibility for the Environmental Services segment and Energy Trade and Supply segment, as well as for Group functions procurement and purchasing, controlling, customer relations, finance, Group accounting (incl. investor relations), general administration and corporate affairs, information and communications and human resources. Burkhard Hofer retired from the Executive Board of EVN AG on January 20th, 2011.

1) VERBUND AG, member of Supervisory Board
2) SERVICE MENSCH GmbH, member of the Supervisory Board
3) EVN-Pensionskasse Aktiengesellschaft, Chairman of the Supervisory Board

Supervisory Board

Members of the Supervisory Board

Name (Year of birth)	Date of initial appointment	Function in listed companies and other important function	Independence	
			Rule 53 ¹⁾	Rule 54 ²⁾
Shareholder representatives				
President and Chairman Rudolf Gruber (1933)	January 19 th , 2005 until January 20 th , 2011	Member of the Supervisory Board of several non-listed companies	yes	yes
President and Chairman Burkhard Hofer (1944)	January 20 th , 2011	Member of the Supervisory Board of Flughafen Wien Aktiengesellschaft	no	yes
Stefan Schenker Vice-Chairman 1 (1946)	December 12 th , 1996	Independent forestry engineer	yes	yes
Gerhard Posset Vice-Chairman 2 (1949)	December 12 th , 1995 until January 20 th , 2011		yes	yes
Willi Stiwicek Vice-Chairman 2 (1956)	January 15 th , 2009	Head of the Presidential Department of the Magistrate of Provincial Capital St. Pölten	yes	yes
Norbert Griesmayr (1957)	January 12 th , 2001	Chairman of the Executive Board of VAV Versicherungs-Aktiengesellschaft	yes	yes
Gottfried Holzer (1946)	June 22 nd , 1987 until January 20 th , 2011		yes	yes
Dieter Lutz (1954)	January 12 th , 2006	Shareholder and Managing Director of the BENDA LUTZ- WERKE GmbH, Chairman of the management board of the Benda-Lutz Corporation, USA, Vice-President of the Lower Austrian Chamber of Commerce and of the associa- tion of Österreichische Industrie, Group Lower Austria	yes	yes
Reinhard Meißl (1959)	January 12 th , 2006	Head of the Finance department, Provincial Government of Lower Austria, CEO of the NÖ Holding GmbH and the NÖ Landes-Beteiligungsholding GmbH	yes	yes
Bernhard Müller (1973)	January 12 th , 2006	Mayor of statutory city Wiener Neustadt, Member of the Executive Board of the housing cooperative Gemein- nützigen Bau- und Wohnungsgenossenschaft „Wien-Süd“	yes	yes
Wolfgang Peterl (1955)	January 12 th , 2001 until January 20 th , 2011	Vice-Chairman of the Gemeinnützigen Wohnungs- und Siedlungsgenossenschaft Neunkirchen registrierte Genossenschaft mit beschränkter Haftung	yes	yes
Edwin Rambossek (1943)	January 20 th , 2011	Corporate consultant	yes	yes
Martin Schuster (1967)	January 12 th , 2006 until January 20 th , 2011	Member of the Lower Austrian Parliament, Mayor of Perchtoldsdorf	yes	yes
Michaela Steinacker (1962)	January 12 th , 2001	Member of the Executive Board of the RAIFFEISEN- HOLDING NIEDERÖSTERREICH-WIEN reg.Gen.m.b.H.	yes	yes
Hans-Peter Villis (1958)	January 17 th , 2008	CEO of the EnBW Energie Baden-Württemberg AG, Mem- ber of the Supervisory Board Pražská energetika a.s., Prague	yes	no
Employee representatives				
Franz Hemm (1955)	May 3 rd , 1994	Chairman of the Central Works Council of the EVN Netz GmbH, Vice-President of the Lower Austrian Chamber of Labour		
Manfred Weinrichter (1961)	January 1 st , 2001	Vice-Chairman of the Central Works Council of the EVN Netz GmbH		
Paul Hofer (1960)	April 1 st , 2007	Chairman of the Central Works Council of the EVN AG		
Leopold Buchner (1953)	January 19 th , 2009	Vice-Chairman of the Central Works Council of the EVN AG		
Friedrich Bußlehner (1962)	from January 1 st , 2011 until January 20 th , 2011	Member of the Works Council		
Otto Mayer (1959)	May 12 th , 2005	Member of the Works Council		
Helmut Peter (1957)	January 1 st , 2009 until January 20 th , 2011	Member of the Works Council		
Franz Ziegelwagner (1952)	March 22 nd , 2004 until December 31 st , 2010	Member of the Works Council		

The terms of office of all Supervisory Board members expire at the end of the Annual General Meeting resolving on matters pertaining to the 2014/15 financial year.

1) Rule 53 of the Austrian Corporate Governance Code: Independence of EVN Executive Board

2) Rule 54 of the Austrian Corporate Governance Code: no representatives of shareholders with a shareholding exceeding 10% and pursuant to Rule 53 of the Austrian Corporate Governance Code independent

A list of the Supervisory Board committees can be found on page 15.

Independence of the Supervisory Board

A member of the Supervisory Board shall be deemed as independent if said member does not have any business or personal relations with the company or its management board that constitute a material conflict of interests likely to influence the behaviour of the member. Should such a conflict of interest arise, multi-year transition periods are foreseen at EVN in accordance with the Austrian Corporate Governance Code.

The guidelines to determine the independence of the elected members of the Supervisory Board stipulate that the member

- shall not have any business or personal relation with EVN AG or its Executive Board that constitute a material conflict of interests and is therefore suited to influence its behaviour;
- was not a member of the Executive Board or a top executive of EVN AG or any of the subsidiaries of EVN AG in the previous five year period;
- shall not maintain or did not maintain in the past year any business relations with EVN AG or a subsidiary of EVN AG to an extent of significance for the member of the Supervisory Board. This also applies to business relationships with companies in which the member of the Supervisory Board has a considerable economic interest;
- shall not have acted as auditor of EVN AG or have owned a share in the auditing company or have worked there as an employee in the past three years;
- shall not be a member of the Management Board of another company in which a member of the Executive Board of EVN AG is a Supervisory Board member and
- shall not be closely related (i.e. direct offspring, spouses, life partners, parents, uncles, aunts, sisters, nieces, nephews) to a member of the Executive Board or to persons who hold one of the aforementioned positions.

Function and committees of the Supervisory Board

The Supervisory Board convenes as a plenum, inasmuch as individual matters of importance have not been delegated to committees set up by the Supervisory Board which prepare its proceedings and resolutions, monitor the implementation of its decisions and decide upon particular issues delegated by the Supervisory Board. At present, the following committees have been established, each of which is required to include at least three members of the Supervisory Board:

The **Audit committee** handles the following responsibilities:

- the monitoring of the accounting process;
- the monitoring of the effectiveness of the internal control systems, and, if necessary, of the internal auditing and the risk management systems of the company;
- the monitoring of the annual and of the consolidated annual audits;
- the verification and the monitoring of the independence of the auditor conducting the annual audit (auditor of the consolidated annual audit), especially regarding the supplementary services rendered by the company being audited;
- the auditing of the annual accounts and the preparation of the financial statements, the examination of the proposal for the distribution of profits, of the Management report and, if need be, of the Corporate governance report as well as the submission of the report on the results of the audit to the Supervisory Board;
- the examination of the consolidated annual accounts as well as the submission of the report on the results of the audit to the Supervisory Board of the parent company and
- the preparation of the proposal of the Supervisory Board as to the selection of the official annual auditors (auditor of the consolidated annual accounts).

The **Personnel committee** is responsible for all matters involving the relationships between the company and the members of the Executive Board, in cases in which the responsibility of the entire Supervisory Board is not compulsorily foreseen. The Personnel committee nominates replacements for mandates relinquished on the Executive and Supervisory Boards.

Burkhard Hofer, the Spokesman for the Executive Board, reached the age of retirement during the period under review. This caused the appointment of a successor on the Executive Board, whose distribution of responsibilities, as laid down in its Internal Rules of Procedure, was reassigned.

The **Working committee** is responsible for carrying out the specified tasks assigned to it by the entire Supervisory Board. In certain urgent cases, the working committee is authorised to give its consent to specified business transactions on behalf of the Supervisory Board, in accordance with the Supervisory Board's internal rules of procedure.

During the reporting period the Supervisory Board convened six times for plenary meetings, fulfilling the tasks and duties incumbent upon it in accordance with legal regulations and the Articles of Incorporation. One Supervisory Board meeting was held as a retreat, focusing on updating the Group's business strategy. The Audit committee met twice in the 2010/11 financial year. The Working committee held five meetings in the course of the reporting period. The Personnel committee, which simultaneously serves as the remuneration and nomination committee, convened for six meetings in the course of the financial year. Within the context of a retreat the Supervisory Board discussed the "Rights and duties of the Supervisory Board of a public limited company" and "Current developments in the European energy and environmental business".

Average attendance at Supervisory Board meetings amounted to 90%.

Composition of the committees of the Supervisory Board

Working committee

Rudolf Gruber (Chairman until January 20th, 2011)
 Burkhard Hofer (Chairman since January 20th, 2011)
 Stefan Schenker
 Gerhard Posset (until January 20th, 2011)
 Willi Stiwicek (since January 20th, 2011)
 Reinhard Meißl
 Franz Hemm
 Paul Hofer

Personnel committee

Rudolf Gruber (Chairman until January 20th, 2011)
 Burkhard Hofer (Chairman since January 20th, 2011)
 Stefan Schenker
 Gerhard Posset (until January 20th, 2011)
 Willi Stiwicek (since January 20th, 2011)

Audit committee

Stefan Schenker (Chairman)
 Rudolf Gruber (until January 20th, 2011)
 Burkhard Hofer (since January 20th, 2011)
 Gerhard Posset (until January 20th, 2011)
 Willi Stiwicek (since January 20th, 2011)
 Reinhard Meißl
 Bernhard Müller (until January 20th, 2011)
 Franz Hemm
 Manfred Weinrichter (until January 20th, 2011)
 Paul Hofer

Annual General Meeting

The shareholders of EVN shares make use of their legal rights in the annual general meeting, and exercise their voting rights. Each share of EVN AG is granted one vote. There are no preferential shares of EVN stock, or shares with multiple voting rights. The right to make certain important decisions, primarily in regards to the distribution of profits, the discharging of the members of the Executive Board and the Supervisory Board, the selection of the auditors for the financial and consolidated financial statements, and the election of the members of the Supervisory Board, is reserved to the annual general meeting by Austrian law or by the company's statutes. Moreover, the annual general meeting has the right to make decisions pertaining to changes in the company bylaws, and capital raising measures. The results of the 82nd Annual General Meeting of EVN, held on January 20th, 2011, are available on the EVN website.

Clear-cut separation of corporate management and control responsibilities

Austrian stock corporation law prescribes a dual management system, which stipulates a strict separation between management bodies (i.e. Executive Board) and controlling bodies (i.e. Supervisory Board). It is not permitted to be a member of both.

Management of the company by the Executive Board

The Executive Board of EVN consists of three members. In the case of the Supervisory Board not exercising its right to appoint the Chairman or Spokesman, the Executive Board itself shall elect a Spokesman. The Executive Board has the sole responsibility to manage the company, with the diligence and prudence of a dutiful, conscientious manager, and shall endeavour to promote the well-being of the company by taking into consideration the interests of the shareholders, the employees and the general public. The basis for the work of the Executive Board are the relevant legal regulations as well as the statutes laid down in the company by-laws, and the internal rules of procedure for the Executive Board as stipulated by the Supervisory Board. The Austrian Corporate Governance Code contains important rules of conduct.

Irrespective of the Executive Board's overall responsibility, the Supervisory Board shall take account of the demands placed on the management to determine the composition of the Executive Board as well as the delegation of responsibilities. Specified areas of the business are reserved for joint discussions and decision-making on the part of the entire Executive Board. Moreover, certain business transactions require the express consent of the Supervisory Board as regulated by law, or a previous resolution passed by the Supervisory Board. The company by-laws contain a detailed list of such cases.

Reporting obligation of the Executive Board

In accordance with organisational-legal regulations, the Executive Board is required to report to the Supervisory Board. Reporting standards also apply to Supervisory Board committees. The Executive Board's reporting obligation also encompasses regular information about business developments at the entire Group, and matters of importance relating to Group subsidiaries.

Communications are carried out between the Executive Board and the Supervisory Board at Supervisory Board sessions, at meetings of Supervisory Board committees and on occasions deemed necessary. In addition, the Executive Board maintains regular contact to the Supervisory Board relating to all issues which fall under the jurisdiction of the Supervisory Board. This includes the preparation of meetings.

Supervisory Board

On September 30th, 2011, the Supervisory Board of EVN consists of ten shareholder representatives elected by the Annual General Meeting. The number of employee representatives on the Supervisory Board is five. The Supervisory Board is led by a chairman and two deputy chairmen, who are chosen by the Supervisory Board itself from among its members. In a meeting convened on May 29th, 2006, the Supervisory Board approved a resolution stipulating that the proportion of independent members is to be set at 50%. The independent members of the EVN Supervisory Board, as defined by Rules 53 and 54 of the Austrian Corporate Governance Code, are listed in the chart on page 14. The terms of office of all thirteen Supervisory Board members elected by the Annual General Meeting expired at the end of the 82nd Annual General Meeting on January 20th, 2011. The Annual General Meeting reduced the number of Supervisory Board members subject to election to ten people, and elected ten Supervisory Board members for the longest permissible period in accordance with the Articles of Association of EVN. Thus these ten members will serve on the Supervisory Board until the Annual General Meeting resolving upon the discharge for the 2014/15 financial year.

The Supervisory Board exercises its job according to regulations laid down in stock corporation law, as well as in the company's statutes. Additional guidelines regulating the behaviour of the Supervisory Board are stipulated in the internal rules of procedure for the Supervisory Board as well as in the Austrian Corporate Governance Code.

It is the particular responsibility of the Supervisory Board to supervise the work of the Executive Board, from whom they are authorised to demand a report at any time concerning all relevant aspects of business development at the company. The scope of business transactions requiring the formal consent of the Supervisory Board, as stipulated in the Austrian Stock Corporation Act (§ 95 Section 5), can be extended by a resolution of the Supervisory Board itself. The internal rules of procedure for the Executive Board and the Supervisory Board contain a detailed list of such business transactions and measures.

Remuneration report

Remuneration for top executives (Rule 28a): In the light of the requirements contained in the latest version (January 2010) of the Austrian Corporate Governance Code, the current variable remuneration system for top executives was adjusted starting on October 1st, 2010. However, the ratio of the variable performance-based remuneration to the fixed salaries will remain the same.

The adjustment sets the following priorities:

Indicators to illustrate the economic situation of the company: At the present time, the performance-based remuneration is calculated on the quantitative indicators "EBIT" and "operating ROCE". The following quantitative indicators will be used in the future on the basis of the experience gain in the past and for the purpose of further developing the per-

formance indicators in accordance with the strategic and operational priorities of the EVN Group: Increase of Economic Value Added (EVA®), Average Cash Flow contribution.

Sustainability: One of the primary objectives of the stipulations contained in the current version of the Austrian Corporate Governance Code is to increasingly orient the behaviour of the Executive Board and top executives to sustainability and a long-term approach. Irrespective of the fact that the EVN remuneration system has not involved false or inappropriate short-term performance-based incentives or an overly high willingness to take risks, the setting up of a bonus reserve will further enhance the solidity and stability of the variable remuneration system.

The bonus reserve is defined as a payment mechanism which is converted into an annual pro-rata bonus if the quantitative targets are achieved in a given period. In the future, 50% of the bonus reserve is to be paid out after the achievement of objectives has been assessed. The remaining amount will be carried forward to the subsequent year. The introduction of a bonus reserve is designed to achieve two main goals. On the one hand, it serves to focus on a multi-annual approach, linking subsequent years to each other by carrying forward the unpaid bonus components from the initial reserve to later periods. On the other hand, this scheme aims to cushion and smooth over the "autonomous" fluctuations in the economic performance of the company.

Multi-annual approach: At the present time, the approved annual budgets comprise the basis for the variable remuneration system. In the future, the quantitative objectives will be defined in advance for a period of three years. This is designed to separate the annual corporate planning process from the variable remuneration scheme as well as to promote business operations which are even more strongly oriented to a medium-term approach along with the adopted strategic development path and the identified potentialities. In addition to the available internal data and information, determining the extent to which the objectives have been achieved will be based on external sources, e.g. benchmarks, peer group analysis and capital market and rating evaluations. In addition to the general period of three years, the accuracy and validity of the medium-term targets will be evaluated on an annual basis. These objectives will only be revised in exceptional cases, for example in the light of unforeseeable events or changes in the company which have a significant impact on performance.

Share option (Rule 29): No share option programme has been set up for members of the Executive Board or the top management of EVN.

Success sharing bonus programme for the Executive Board (Rule 30): Contractually fixed salaries comprise 75% of the annual income paid to the members of the Executive Board, whereas the remaining 25% represents performance-based pay. 35% of the profit sharing scheme, for which a maximum limit has been predetermined, is based on the results from operating activities, 35% on the return on capital employed (OpROCE) and 30% on individual targets which have been set.

In the light of amendments made to the current Austrian Corporate Governance Code (January 2010 version), the corporate bodies of the company have resolved upon an adjustment of the existing variable remuneration system starting in the 2010/11 financial year. The ratio of the variable performance-based remuneration to the fixed salaries will remain the same.

There are different forms of retirement benefits, ranging from a pre-defined remuneration applicable in the final period of the employment contract to a pension fund. Generally speaking, prevailing legal regulations apply in the case of termination of employment. The total remuneration paid to the active members of the Executive Board amounted to TEUR 1,389.2 in the 2010/11 financial year (previous year: TEUR 1,295.3). Moreover, pension commitments to these Executive Board members totalled TEUR 8,362.7 (previous year: TEUR 10,400.0). Each of the Executive Board members is entitled to the contractually stipulated pension benefits at the time of retirement, to which the ASVG social security payments as well as any payments from the pension fund are credited. The increase in the salaries and pension commitments for members of the Executive Board in comparison to the previous financial year primarily resulted from the annual salary adjustments as well as the aforementioned variable profit-sharing scheme. This remuneration includes specified payments in kind.

Two members of the Executive Board assumed a Supervisory Board position in another company during the period under review.

Directors and officers insurance (D & O) (Rule 30): Claims for damages are insured within the framework of the existing D & O insurance in respect to claims filed by the company, shareholders, creditors, competitors and customers against the Executive Board resulting from a violation of their legally stipulated obligation to exercise diligence in their capacity as duly appointed and conscientious managing directors. At present, Group subsidiaries as well as certain affiliated companies are considered to be jointly insured in accordance with the prevailing terms and conditions. The costs of the insurance are borne by the company. The fact that the premium applies to the Group as a whole and is not dependent on the number of insured individuals, extending the insurance to cover the members of the Supervisory Board does not entail an increase in the premium to be paid.

Contracts requiring the approval of the Supervisory Board (Rule 48): No member of the Supervisory Board has concluded contractual agreements with EVN or one of its subsidiaries, which entitles the Supervisory Board member to more than an insignificant payment. Such contracts would be subject to the obligatory approval of the Supervisory Board.

Remuneration for the Supervisory Board (Rule 51): The remuneration paid to members of the Supervisory Board has been set as a fixed salary of TEUR 98. The chairman is granted 15.1% of the amount, whereas 11.0% each is to be paid to the two vice-chairmen, and slightly more than 9.0% to each of the other members. A lump-sum payment is EUR 190.

Measures to promote women (Rule 60): A central principle of EVN is offering the same opportunities to all staff members, be they men or women. Despite this, the percentage of women in EVN's work force amounts to only 22.8%. "Women@EVN" was developed in the 2010/2011 financial year, and resolved upon by the Executive Board. This programme is being undertaken to increase this percentage by improving the opportunities and perspectives offered to women working for the EVN Group in Austria. The programme is designed to create operating conditions enabling women, according to their inclinations and skills, to assume highly qualified positions in specialised areas and on the management level. Four women were appointed to senior positions in the period under review. A further 19 women were commissioned in the Group during the period under review with projects (careers as project managers). Viewed as a whole, a number of young women greater than that of the current percentage of women in the corporate workforce have taken part in a special programme of management development. EVN has long pursued measures ensuring the compatibility of work and careers. These measures include flexible working time models, the provision of individualised support to women returning to their professions after maternity leave, day care during holidays, information events for staff members on parental leave as well as a comprehensive programme of vocational and professional education which is also open to staff members on parental leave. EVN's objective for the medium-term is achieving a percentage of women working for the Group corresponding to the current ones held by women undergoing vocational and professional education in their specific fields.

Austria's Anti-Discrimination Act requires employers whose workforces exceed a predefined number of employees to compile a report every two years analysing the remuneration paid. The Income Report stipulated by § 11a of the Anti-Discrimination Act was compiled for EVN Netz GmbH. As foreseen by the Act, the report was submitted to the Central Works Council and disclosed. Further, the Income Report was compiled on a voluntary basis for EVN AG and then disseminated.

Directors' Dealings (Rule 73): In the 2010/11 financial year, nine transactions involving the purchase of EVN shares by members of EVN's corporate bodies were reported, which were also published on the company's Website at www.evn.at/Investoren/Corporate-Governance/Directors-Dealings.aspx.

No business relationships with a "related party" was concluded in the 2009/10 financial year. A Group and tax sharing agreement exists which was concluded between EVN and NÖ Landes-Beteiligungsholding GmbH on October 13th, 2005.

Auditing fees: The auditing of the consolidated financial statements of EVN for the 2010/11 financial year is carried out by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna. Total auditing and consulting costs amounted to EUR 2.5m (previous year: EUR 2.0m). 68.0% of the fees paid were for auditing and audit-related services (previous year: 55.5%), 27.0% for tax consulting services (previous year: 40.0%) and 5.0% for other consulting services (previous year: 4.5%).

Internal control and risk management at EVN

Internal Audit

EVN's Internal Audit Department reports directly to the Executive Board, and to the Audit committee of the Supervisory Board. It is responsible for overseeing auditing and controlling for processes and business units throughout the EVN Group. Separate auditing departments were set up at EVN's two subsidiaries in Bulgaria and Macedonia. Any problem areas discovered by the internal technical and financial audits were reported to the audited business units, and improvement measures were proposed. The implementation of the measures approved by EVN's management was evaluated within the context of the so-called "follow up process". Serious deficiencies which could threaten the strategy and objectives of the Group were not identified.

Risk management of EVN

The objective of the risk management system of EVN as an internationally operating company is to safeguard its current and future earnings potential. Centrally managed, two-stage risk controlling is the basis for recording and analysing risks. This provides the responsible employees of the EVN Group with methods and tools to identify and evaluate risks. The respective operative business units, which are also responsible for risk management, communicate their risk positions to the central risk controlling team, which in turn classifies, analyzes and evaluates risks in a cross-functional manner. Moreover, measures to minimise corporate risks are also registered and their implementation is monitored. The multi-stage process of risk controlling is supported by unified, Group-wide guidelines and carried out throughout the Group on an ongoing basis. The resulting risk analysis are conveyed to the Executive Board and the respective managing directors at regular intervals by the Group risk committee. A detailed presentation of EVN's risk situation can be found in the Management report of the 2010/11 financial year.

Issuer's compliance

In fulfilling the regulations stipulated in the Austrian Stock Corporation Act and the Stock Exchange Act, the Austrian Compliance Code for the issuers of securities and the Directive of the European Parliament on insider dealing and market manipulation, EVN has developed a comprehensive set of rules designed to prevent the misuse of insider information. 18 permanent and two ad-hoc areas of EVN's business have been designated as strictly confidential. The affected employees are continually given extensive training. In line with the Austrian Stock Exchange Act, compliance and confidentiality are monitored and evaluated by a specially-designated compliance officer, reporting directly to the Executive Board. In the 2010/11 financial year, the ongoing monitoring carried out by the compliance officer did not reveal any deficiencies.

EVN Code of Conduct

EVN attaches the greatest importance to the integrity and law-abiding behaviour of all its employees as well as its business partners. As an internationally operating energy and environmental services company, the management and employees of EVN have a far-reaching responsibility and role model function both in Austria and abroad. For this reason, the EVN Code of Conduct was developed to define and summarise the principles and guidelines underlying responsible action for people of integrity. The EVN Code of Conduct was developed within the context of a Group-wide process which took place in the 2008/09 financial year by integrating EVN's CSR organisation. This process was supported by external experts. Following the approval of the Central Works Council, it was formally passed by the company's corporate bodies in July 2009. It is available on the EVN Intranet at www.evn.at/code-of-conduct.aspx. The structure of this code of conduct is oriented to EVN's different stakeholder groups. It is designed to assist all employees to implement EVN's values in their day-to-day business activities.

Evaluation by KPMG Austria regarding the compliance of EVN with the Austrian Corporate Governance Code

The report regarding the evaluation of the declaration of the Executive and Supervisory Boards of EVN AG, Maria Enzersdorf, concerning compliance with the Austrian Corporate Governance Code is available at www.investor.evn.at.

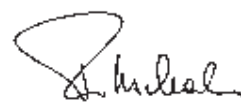
Maria Enzersdorf, November 15th, 2011



Peter Layr
Spokesman of the Executive Board



Stefan Szyszkowitz
Member of the Executive Board



Herbert Pöttschacher
Member of the Executive Board