

Energie
vernünftig
nutzen

EVN

Sustainability Report
2003/04



**EVN Group employees
Always at your service**

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EVN corporate policy statement

The company

We are an energy and infrastructure services group based in the federal province of Lower Austria. We co-operate with both national and international partners and also carry out assignments via affiliated companies.

We intend to fulfil customer expectations and needs through our range of products and services in the energy, water, waste incineration and infrastructure services areas. As a result, we also contribute to the general quality of life.

We compete in the market as a quality supplier.

Our customers

Customer satisfaction is our top priority. Therefore, we deliver high-quality products and prompt service in a customer-friendly manner.

Our business range primarily involves the supply of electricity, natural gas, heat and water, as well as the treatment of wastewater and waste. Apart from these activities, we also provide numerous related services.

Our competence and infrastructure furnish us with opportunities for the expansion of our range of activities into additional, related areas of business and the supply of our services in new markets.

Together with our customers, we realise the basic principle of "Using energy wisely". Consequently, we offer extensive consulting and customised solutions.

Our shareholders

We have an obligation to provide our shareholders with sustained corporate success.

This not only includes the generation of adequate earnings and the payment of appropriate dividends, but also the focused further development of our business.

We aim for an open and long-term relationship with both our Austrian and international shareholders. To this end, we endeavour to achieve transparency through a comprehensive flow of information.

Our employees

Our claim with regard to the excellent quality of our products and services requires responsible, well informed and highly qualified employees, who are prepared to provide outstanding performance even under demanding circumstances.

High levels of personal initiative, mutual respect and team spirit contribute to sustained corporate success. Employee health care, safety, training and further training represent a company priority.

Our conduct and commitment play a major role in shaping the company's public image.

Our responsibilities

We are answerable to our customers, shareholders and employees. Therefore, economic prudence and sustainability constitute the business principles governing every aspect of company activity.

We have a responsibility to society. The intelligent use of energy and renewable energy sources, as well as a careful approach to nature, represent the benchmarks for our activities. The highest possible energy efficiency and innovative environmental protection systems are our goal.

We have a responsibility towards the general public. Accordingly, we feel obliged to pursue a policy of transparency, open communications and active corporate governance.

EVN meets its social responsibilities by opposing every form of discrimination in the workplace and day-to-day business.

We contribute to the sciences, arts and culture in a manner appropriate to our company.

Through the implementation of this corporate policy, we fulfil our claim to competence, "Using energy wisely."

EVN environmental policy statement

Minimisation of environmental impact

EVN seeks to minimise the environmental impact of its activities and strives to make an important contribution to the general ecological balance.

Sustainable development

We feel an obligation to the principle of sustainability and adopt a responsible approach to the resources entrusted to us. Our aim is to secure the quality of the environment for future generations. We endeavour to balance ecological, economic and social objectives.

Improved environmental performance

EVN ensures compliance with all statutory requirements through the use of the very latest technology.

In addition, the company is committed to constant improvements in the standard of its environmental performance. Accordingly, plants causing emissions are accredited according to EMAS and ISO 14001 and subjected to annual, external audits.

State-of-the-art environmental engineering

All of EVN's energy generation plants are of state-of-the-art design. In this connection, the environmental upgrading of existing capacity and installation of new plants at established locations are of special importance. At the same time, the company endeavours to husband resources through the highest possible efficiency levels and further the development of innovative, environmental protection technologies.

Resource conservation and climate protection

EVN employs a flexible generation mix comprised of energy from water, heat and renewable sources. Resource conservation constitutes a yardstick for our activities and therefore, the use of renewable fuels is an established feature in our strategies. Through increased efficiency, the utilisation of alternative energy sources and waste treatment, we make a valuable contribution to the climate protection targets of the EU, the Austrian Republic and the federal province of Lower Austria.

Landscape conservation

In the course of its energy transmission activities, EVN pays close attention to landscape conservation. Local network cabling projects and optimum line routing are two examples of this policy.

Waste management

The flows of material within our company are carefully monitored and controlled, facilitating waste prevention, recycling and correct disposal, in that order. The company also applies ecological criteria when selecting its material and equipment suppliers, and waste disposal contractors.

Energy consulting

Efficient, customer-oriented energy consulting is a matter of key importance to EVN. In addition to economic considerations, this also involves ecological aspects. Energy saving is one of the core principles of EVN consulting.

Work force motivation

The comprehensive range of tasks for an ecologically oriented company is so wide, that only well-informed and motivated employees can accomplish it. Therefore, EVN regards staff training and identification with the company's ecological policy as a major priority.

Highlights 2003/04

- EVN occupies top positions in sustainability rankings.
- New and innovative environmental services in the water and waste sectors.
- An active dialogue with stakeholders, great interest in EVN's information range.
- Systematic plant optimisation as a contribution to climate protection.
- Korneuburg soon to become the last EVN thermal power station to obtain accreditation.
- TÜV "Certificate of Origin" accreditation for EVN electricity.
- Preparations for emissions trading from 2005 onwards.
- Ongoing increase in the share of renewable energy sources in power generation.
- Numerous small-scale, hydropower plants and biomass plants.
- Initiatives in the area of landscape, flora and fauna conservation, including special biotopes for rare species of birds.
- New EVN health guidelines.
- Expansion of the EVN school service.
- New sustainability homepage: www.responsibility.evn.at

Key indicators 2003/04

		2003/04	+/- %
Economy			
Sales revenues	EUR m	1,207.3	+ 11.6
Operating result (EBIT)	EUR m	114.6	+ 11.8
Net result	EUR m	117.4	+ 14.5
Ecology			
Electricity production in wind power plants	GWh	63.3	+ 69.7
Electricity production in small-scale hydropower plants	GWh	165.7	+ 17.0
Heat generation using biomass	GWh	157.7	+ 22.5
Society			
Employees	Number	2,608	+ 12.6
Sales revenues/employee	TEUR	462.9	- 0.9
Days lost due to working accidents	Number	766	- 20.5

EVN – a leading energy, water and infrastructure services group

EVN is a leading, listed Austrian energy and services group with headquarters in Lower Austria, the nation's largest federal province. The Group provides its customers with electricity, gas, heating, water, waste incineration and related services on a one-stop shop basis by means of highly modern infrastructure.

As a growth-oriented company, EVN is endeavouring to share in the dynamic growth potential offered by the CEE states. By obtaining majority holdings in two regional electricity supply companies in south-eastern Bulgaria, EVN successfully participated in the privatisation of the country's electricity industry.

Via a network of fully-owned subsidiaries, EVN is also active in the areas of water and waste incineration within Austria and eleven other CEE states.

As a result of the realisation of synergy effects between the various business areas within the Group, sustainable value is to be created in the interests of EVN's shareholders, customers and employees.

Comprehensive responsibility in an increasingly connected world

Dear Reader,

For EVN, responsibility to shareholders, the environment and society is not a catchphrase, but rather the company's daily business approach during more than 80 years. Many aspects of EVN's activities are very much in the public eye, whether they involve the economic use of energy and resources, climate protection, the securing of a clean water supply and the environmentally compatible treatment of wastewater and waste, or concrete questions relating to the future of energy and infrastructure supplies. Against this backdrop, our objective is the reliable fulfilment of our extensive social responsibilities in an increasingly connected world. Accordingly, we continue to seek to examine and raise our already high standards in the environmental and social sectors.

With our attractive and comprehensive range of infrastructural and environmental services, today EVN acts as a competent partner to both local government and individual customers. This successful transition from being purely a supplier to the status of a comprehensive services utility, which has been accompanied by the steady reorientation of all Group activities towards sustainability, mirrors the central strategy employed by our company during the past 15 years.

This report is intended to document our comprehensive understanding of sustainability-oriented company management. As in the past two years, the content is divided into the three areas of Economy, Ecology and Society and offers an overview of the various EVN Group initiatives in these sectors. Extensive coverage is given to issues such as corporate governance, dialogue with stakeholders, climate protection and emissions trading. Moreover our supplier relations, the safeguarding of the landscape, flora and fauna, as well as our commitment concerning social matters within our corporate environment, also represent important topics. Naturally, as bearers of special EVN Group know-how, our employees constitute a major factor in sustained, successful company development. Our initiatives in their interest are therefore also described in detail.

Parallel to this report, under www.responsibility.evn.at we have established a sustainability homepage. On the one hand, this meets the increased need for a faster and more interactive exchange of information and, on the other, contributes to transparency and the raising of levels of awareness both internally and externally. While the new homepage is primarily intended to serve the documentation of general principles and the longer term development of EVN in the corporate social responsibility area, this report spotlights the concrete measures of the past financial year.

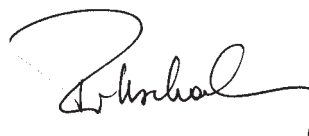
EVN activities and services are part of modern industrial society and its natural backbone. The scope and weight of our responsibilities are thus clearly delineated. Living up to this claim is the most important premise for our activities. However, the benchmark for our success is not comprised primarily by the current list of activities, but rather a long-term responsibility to future generations.



Rudolf Gruber



Peter Layr



Herbert Pöttschacher



Dürnrohr, Lower Austria



"A cycle...

... is great, but not when it comes to waste incineration! It is difficult to imagine what we find in the household refuse that arrives for incineration, e.g. fridges, not to mention bicycles. Luckily everything is carefully inspected and sorted. We then convert the approximately 300,000 t of waste that come every year, which add up to virtually all of Lower Austria's garbage, into electricity and heat."

Gernot Alfons, plant manager, AVN waste incineration plant, Dürnrohr

EVN Group employees
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Economy

A responsible approach towards shareholders and customers

Sustainable economic success is the only means of securing value creation for shareholders. At the same time, long-term service excellence is essential to a company's ability to attain a strong market position through attractive and competitive products. EVN therefore has the declared aim of offering equally positive business performance to shareholders, customers and society in general. This credo also applies to the ecological sector, as sustained performance represents the basis for investments in environmental protection. The optimisation of our capital structure, ongoing growth, sustained increases in cost efficiency and a related improvement in operative development all contribute to the achievement of this objective. EVN also feels obliged to apply economic, ecological and social principles to its purchasing policy.

For an energy and infrastructure services company like EVN, security of supply is a vital element in sustainability-oriented management. In the past, the electricity supply field was dominated by technological considerations. Today, however, the major priority is to ensure the best possible guarantees of supply in a liberalised market.

In order to make EVN's customer performance as attractive and individual as possible, the company relies on quality products and services in combination with professional customer support. First class standards are secured by the most modern technologies and infrastructure along with EVN's extensive consulting and services portfolio.

EVN also sees its research and development activities as a contribution to successful future development. In particular, the company has long been one of the international leaders in the field of power station technology and is constantly involved in research projects, which are funded partially by the EU. An important factor in this regard is formed by ongoing increases in efficiency and reductions in generation plant emissions.

Economic standing of the EVN Group



In the course of the systematic implementation of its multi-service utility concept, during recent years EVN has completed the transition from being purely an energy supplier to a customer-oriented, public services enterprise. As a result, apart from the integrated supply of electricity, gas and heating, water, waste incineration and infrastructure have been added as complementary business areas and possess dynamic growth perspectives. Through horizontal and vertical integration in the areas of electricity, gas, heating and water, where the EVN Group covers the entire value added chain from generation to the supply of end customers, EVN attains cost advantages and provides its customers with all types of energy, water and infrastructure services on a one-stop shop basis.

Strengthening of competitive positions through partnerships, electricity supplies from hydropower secured

Against the background of the liberalisation of the European electricity and gas markets, for a number of years EVN has been endeavouring to enhance its competitiveness through the systematic pursuit of partnerships with other Austrian regional utilities and the traditional upstream suppliers, Verbund Group and the national oil and gas company, OMV. Following the successful start of operations of EconGas as a joint venture for gas trading and large customer sales in 2003, during the past financial year, further important steps have been made with the European Competition Commission's approval for the "Austrian electricity solution". This not only strengthens EVN's competitive position in Europe's liberalised energy market but, above all, secures electricity customer access to certificated, Austrian hydropower.

An efficient network

One important factor in the secure supply of customers is EVN's efficient transmission and distribution network. All in all, the electricity supply line network consists of more than 46,000 km of high-, medium- and low-voltage lines. These are supplemented by around 10,000 km of gas pipelines, 3,000 km of optic cables for data communication and 1,410 km of water pipes.



A flexible energy generation mix

Another central aspect of a reliable supply of electricity, gas and heating is EVN's flexible generation mix. Above all, security of supply is ensured through the variety of EVN's generating capacity. The storage power stations in Ottenstein, Dobra, Thurnberg/Wegscheid, Wienerbruck and Erlaufboden, together with the thermal power stations in Theiss, Dürnrrohr and Korneuburg, furnish Lower Austria with its basic electricity supply. In addition, 62 small-scale hydropower plants provide environment-friendly power from a renewable source. A flexible generation mix is supplemented by three wind power farms in Gänserndorf, Neusiedl/Zaya and Prellenkirchen.



High levels of dynamism in the new business areas, environmental services in the water and waste sectors

Apart from ongoing expansion in the core energy sector, EVN has been able to considerably strengthen its position in the business areas of water and waste incineration. As a consequence, with its attractive and comprehensive range of infrastructural and environmental services, today EVN acts as a competent partner to local government and individual customers. Together with its partners and customers, through these activities EVN makes a significant contribution to sustainable development in the energy and infrastructure sector and at the same time creates sustained value for its shareholders.

The take-over of the WTE Group at the beginning of the past financial year, means that EVN is now able to offer comprehensive supplies and services in the drinking water and wastewater treatment sector both in Austria and internationally. In addition, the ecological and economic success of the waste incineration plant adjacent to the Dürnrrohr power station, has put EVN in a position where it can use the resulting know-how, technological expertise and sophisticated logistics concept for new projects in the waste treatment sector.

EVN development in the 2003/04 financial year

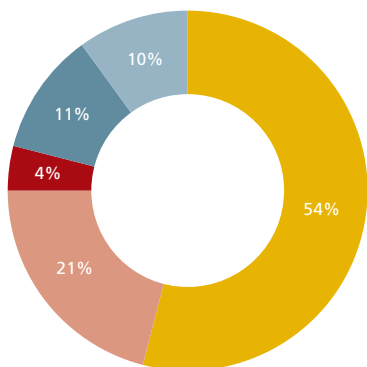
The following description of EVN business development in the 2003/04 financial year does not replace the detailed economic and financial presentation provided in the Management Report. This can be read in the EVN Annual Report 2003/04.

For EVN, the 2003/04 financial year was highly successful, a fact that was not only mirrored by the good financial numbers. Indeed, with the purchase of the German water services supplier WTE, the successful start of waste incineration and the resulting internationalisation of water and waste incineration business, participation in the privatisation of two Bulgarian electricity suppliers and the consolidation of the Austrian electricity and gas markets, during the period under review, decisive steps were taken towards the securing of further, profitable Group growth.

Sales revenues up on the preceding year

In spite of relatively unfavourable general conditions, during the period under review EVN again succeeded in surpassing the good figures of the previous year. On the platform of increased sales in virtually all areas, with the exception of gas, where a fall occurred due to the transfer of trading and large customer business to EconGas, energy revenues were higher than in 2002/03. Sales in the supplementary environmental services area, which comprises water and waste incineration and has been considerably enlarged, rose sharply.

Sales revenues by business area



The inclusion of WTE also meant that for the first time the EVN Group attained earnings outside Lower Austria. All in all, EVN Group sales revenues for the 2003/04 financial year amounted to EUR 1,207.3 m, which was 11.6% up on the preceding year.

Results markedly higher

In line with this sales trend, the operating result (EBIT) for the 2003/04 financial year was 11.8% higher than the EUR 102.5 m of the preceding year at EUR 114.6m. Consequently, the negative influence derived from high energy prices, which prevailed throughout the period under review, was largely counteracted by expansion in the water and waste incineration business areas.

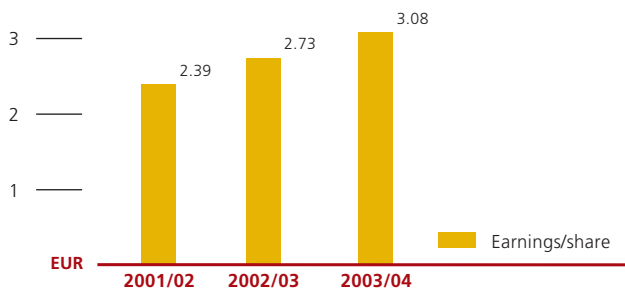
Suppliers

During 2003/04, EVN spent EUR 662.3 m on purchases of energy and services, which was 1.9% more than in the preceding year. This was largely due to the steep rise in the market prices for electricity and primary energy, although energy purchases in the gas sector largely ceased due to the transfer of key account and trading activities to EconGas.

Employees

While the average size of the EVN Group work force rose by 12.6% during the 2003/04 financial year, due mainly to the acquisition of the WTE Group, personnel costs only increased by 5.5% to EUR 200.5 m. This disproportionately small increase can be traced to a fall in the expenditure for severance payments and pensions. During the period under review, personnel costs accounted for around 16.6% of sales and the EBIT per employee stood at about TEUR 43.9, which despite the considerable increase in the work force, was comparable with the figure of the preceding year. This means that EVN occupies the top ranking among Austria's integrated energy suppliers.

Earnings per share



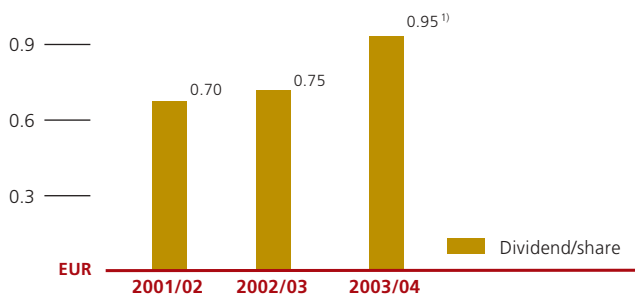
Net result

The Group net result improved by 14.5% to EUR 117.4 m.

Society

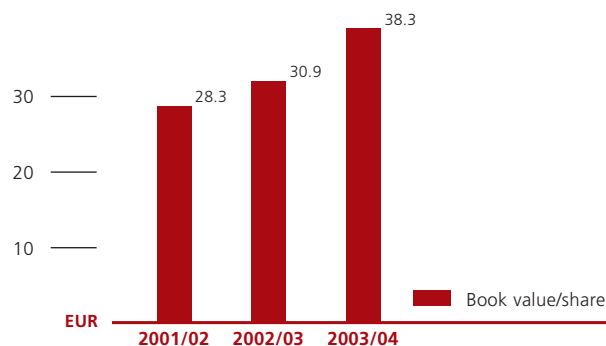
EVN paid a total of EUR 18.0 m in taxes on profit for the 2003/04 financial year. In addition to numerous activities within its social environment, this represented a contribution to the company's public assignment in the interests of Austrian society.

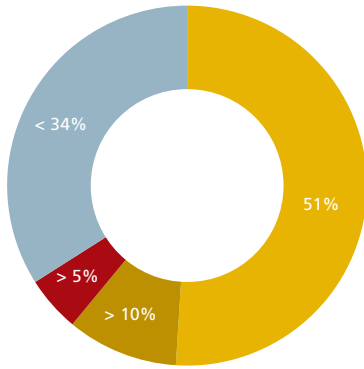
Dividend per share



¹⁾ As proposed to the AGM.

Book value per share





- Province of Lower Austria
- EnBW
- Raiffeisenlandesbank Oberösterreich
- Free float

Base: filings according to Austrian stock exchange regulations and representation at the AGM

Shareholders

Following an increase in dividends of 7.1% in the preceding year, the Executive Board proposes a further rise for the 2003/04 financial year of 26.7% to EUR 0.95. This corresponds with a payout ratio of 33.1%.

EVN dividend policy is targeted on sustainable, gradual development. It accounts for long-term growth perspectives and the future investment and financing requirements of the Group, as well as appropriate returns for shareholders.

Solid balance sheet, capital increase enhances EVN's financial strength

EVN activities continue to be based on a very solid balance sheet structure. All in all, as compared to the last balance sheet date, the consolidated balance sheet total of the EVN Group increased by EUR 738.2 m to EUR 3,732.0. At the end of September 2004, the equity ratio stood at 41.7%, which was up on the 38.8% of the previous year. This clearly illustrates a stable and healthy balance sheet structure.

EVN completed an important capital measure in July 2004. Within the scope of a capital increase, a total of 3.3 million new shares, or around 8.8% of share capital, were placed with existing and new investors. The issue was clearly oversubscribed and provided proceeds of EUR 133.7 m. Apart from the creation of a solid capital basis for the further expansion of EVN, these measures increased both the liquidity and attractiveness of the EVN share.

The EVN share, an investment in sustainability

During the past three years, EVN has systematically positioned its share as an investment in sustainability, thus gaining access to the steadily growing number of investors in this segment. Indeed, in the capital increase completed during the summer of 2004, part of the EVN shares issued were taken up by sustainability funds.

Although currently at a low level, the market for sustainable investments demonstrates ongoing expansion and for a listed company, represents an attractive supplement to the conventional capital market. Since the beginning of 2004, the purchases made by sustainability-oriented public funds on behalf of institutional and private investors in the German-speaking region have risen by 5.5% to approximately EUR 4.5 bn. This increase reflects the recognition on the part of many investors that companies with a sustainability orientation offer higher, long-term earnings potential due to the minimisation of environmental and social risks.

Confirmation in FTSE4Good and Ethibel

EVN's efforts in line with sustainability-oriented corporate management have been underpinned on several occasions by acceptance into related, special indices. For example, EVN's membership in the FTSE4Good has been renewed in March 2004. EVN is therefore listed on both the FTSE4Good Europe Index and the FTSE4Good Global Index. The FTSE4Good offers sustainability-oriented investors the possibility for targeted investments in companies, which meet globally recognised standards in connection with responsibilities pertaining to the environment and stakeholders. The companies listed in the Index are subjected to ongoing comprehensive audits. The EVN share is also represented in the Ethibel Sustainability Index Group (ESI), which is formed by the ESI Global and ESI Europe.

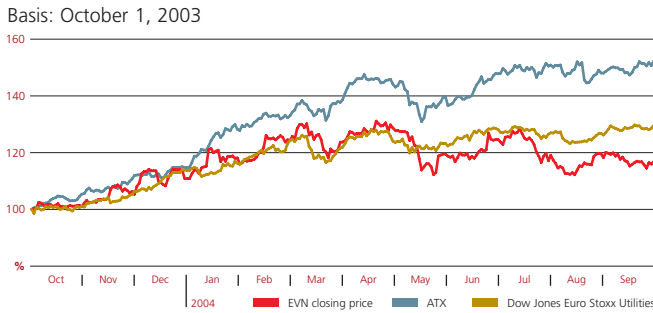


EVN is represented in several sustainability indices and rankings.

Top positions in several sustainability rankings

These initiatives are also reflected by EVN's excellent placings in international, sustainability rankings. EVN occupied rank 6 among the 37 energy suppliers audited worldwide for the sustainability ratings of the German Oekom Research Institute. Moreover, in its international comparison, the Swiss INrate Institute placed EVN among the leading companies and in another study concerning sustainability-oriented corporate management in listed Austrian companies carried out by the Vienna University of Economics, EVN came an excellent fourth in the overall evaluation and second among industrial companies. As a consequence of these positive evaluations, EVN is recommended by leading financial services companies as a worthy investment from an ecological and social viewpoint.

The EVN Share 2003/04



Solid performance 2003/04

During the period under review, the EVN share gained 14.6% in value. From October until the end of April 2004, the price benefitted initially from the good performance of the ATX and during this period rose by around 25%. This was followed by a marked fall in May 2004, which was then fully compensated for by the market's positive reaction to the half-year report published at the end of the same month. Following the capital increase completed in July 2004, which was allocated at a price of EUR 40.50 per share, by the end of the business year, the share price rose further to EUR 41.50.

Security through long-term investment

Investments form a platform for sales and profits in years to come. With total investment of EUR 168.8 m in tangible and intangible assets, during the 2003/04 financial year EVN again invested considerable sums in its future. This funding was used primarily for the enlargement of electricity, gas and heating transport and distribution networks and their adjustment to the needs of the liberalised electricity and gas market. Another focal point was expansion in the biomass and small-scale hydropower plant areas.

The backdrop to these investments is largely furnished by a marked increase in demand. For example, since 1998, electricity demand in Austria has risen by an average of 2.4% annually and there is a growing need for electrical power throughout Europe. In 2000, Austria became a net importer of electricity, importing more than it exports. This means that additional power station capacity will be required for the future.

In this situation, one of the most important prerequisites for the energy and water industries is a reliable, long-term framework. This is based on the premise that the political will and the necessary economic decisions relating to infrastructure maintenance and expansion are all given. This is vital due to the fact that the periods involved in such a process are extremely long. On average seven years are required from the investment decision to plant availability and a further thirty years are needed for power station amortisation.

Detailed information concerning business development within the EVN Group is provided in the 2003/04 Annual Report, which is published at the same time as this Sustainability Report. Should you not already have a copy, the current Annual Report is available on-line at www.investor.evn.at. For questions relating to EVN business development or the company share, please send an e-mail to: investor.relations@evn.at.

Corporate Governance

Good corporate governance is part of EVN's corporate approach and in September 2003 the company introduced its own separate code. As a result, for the first time stakeholders have access to a manual, which offers a clearly structured and easily understandable presentation of the management and control procedures in place at EVN.

EVN regards corporate governance as being the sum of all the basic principles concerning shareholder interests, which focus on transparency and a balanced relationship between management and control, while preserving the ability of the uppermost levels of company management to take decisions and act efficiently. In line with the Austrian Corporate Governance Code, EVN has combined those principles, which are best suited to the optimisation of a responsible corporate management and control system that is geared to the creation of a long-term rise in value.

The EVN AG Corporate Governance Code as well as additional information on this topic are available on the EVN investor relations homepage at www.investor.evn.at/CorporateGovernance.

An emphasis on compliance, extensive measures prevent insider information misuse

EVN attaches great value to the careful handling of information in connection with business operations, as well as the supply of immediate and transparent information to all capital market participants.

In the capital market sector, the obligations to confidentiality in Austria have been tightened up by special mandatory regulations (Stock Exchange Act, Issuer Compliance Directive). EVN had already introduced these rules internally several years ago by means of its own organisational directive ("Measures for the prevention of the misuse of insider information"). This has secured the orderly communication of information, which is capable of exerting a considerable influence on the price of the EVN share or other securities issued by EVN. The communication of such sensitive information is regulated in line with fairness and the objective of providing information symmetry for all market participants. The aim within the company is an appropriate awareness of this problem, while externally, the regulated handling of information relevant to the share price, is intended to create sustained confidence among investors.

In order to guarantee correct procedures with information of relevance to the share price within the company, EVN currently has 18 constant "areas of confidentiality", which on certain occasions are supplemented by so-called "ad hoc areas of confidentiality". Within such areas of confidentiality, the communication of such insider relevant facts is generally permitted, while the transfer of such information from one area of confidentiality to another may only occur for important, internal company reasons. The involvement of persons from outside the company is subject to stringent regulation.

Another measure aimed at the prevention of the misuse of insider information is the appointment of a compliance manager, who reports directly to the Executive Board. In particular, the compliance manager is responsible for the consulting and support of the executive management, as well as reporting, the administration of general information and the training of employees, mandatory employee representatives, as well as other persons in the company with regard to the correct handling of information of relevance to the share price. The compliance manager maintains a compliance register and completes checks in the form of sampling.

Dialogue with stakeholders

EVN endeavours to seek an active dialogue with all its stakeholders. It also offers the general public possibilities to gather information concerning the company at first hand, e.g. at the Visitor Centres at the Theiss thermal power station, the storage power station in Ottenstein, the recently opened AVN waste incineration plant, and the Wind Power Information Centre in Prellenkirchen. An ongoing dialogue with the local authorities in the supply region, as well as with non-governmental organisations (NGOs), forms part of the company's activities.



Open day at the Dürnrohr waste incineration plant

The AVN waste incineration plant in Zwentendorf/Dürnrohr went into operation punctually at the beginning of 2004. Roughly six months later, on June 20, 2004, an open day was held to allow the public a detailed insight into Austria's largest and most modern waste incineration plant.



Initially, the visitors received an overview of the plant's functions by means of a 3D presentation video. Subsequently, a tour was provided along a secured route in order to furnish the guests with a "live" impression of the plant. En route through the plant, the waste bunkers with their cranes and the waste boiler were viewed and the flap on the waste bunker in the truck unloading hall was opened in order to give an unusual view. Finally, the tour led to the automated crane for the unloading of containers, the railway sidings for waste delivery and the slag hall. From here, the guests were able to gain an impression of the boiler and the flue gas cleaning installation.

The open day at the new waste incineration plant in Dürnrohr attracted great interest among both adults and children. At the end of the sightseeing tour, an Austrian Railways exhibition train and the opportunity to take a ride on a "garbage locomotive" awaited the visitors.

Electricity adventure day

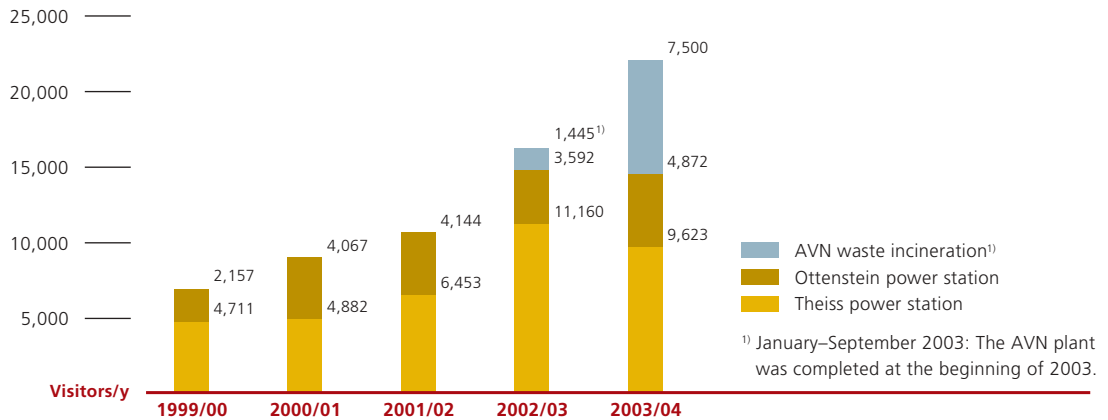
EVN also opens up its power generation plants to the general public on a periodic basis. Apart from tours organised within the scope of the EVN Visitor Centres, open days are also held at regular intervals. For example, in the period under review, as part of a national open day organised by the Austrian power industry, both the Theiss heating power station and the Prellenkirchen wind farm were available for sightseeing throughout June 5, 2004. Apart from an opportunity to visit the plants, EVN also provided a varied programme for the entire family.

At the Theiss power station an adventure trail with valuable information concerning electrical power awaited the visitors. For the daredevils among the guests, there was also a chance to do some "house running". In Prellenkirchen, the visitors to the multimedia Wind Power Information Centre were able to gather information about environment-friendly power generation using wind.



An exciting information day at EVN's Theiss power station.

Number of visitors in the EVN Group Visitor Centres



Our customers

In the highly competitive energy market, a durable and positive relationship with satisfied customers is precisely the basis required for continued corporate success and, therefore, represents EVN's top priority. The realisation of this claim is served by the competent, individual service offered by 26 Customer Centres, ongoing quality management, ongoing improvements in the services and consulting range, as well as an around-the-clock emergency service. EVN regularly commissions independent opinion surveys, in order to remain informed about the needs of its customers on an up-to-date basis.

A competent partner with extensive environmental services

EVN regards itself not as a supplier, but rather a competent partner to its customers with a long-term orientation. One especially important factor in this regard is teamwork with local authorities, for which EVN offers a wealth of special services tailored to the municipal area. For example, in the water and wastewater sector, EVN is able to provide customised solutions on the basis of its extensive, modular designed services know-how.



Joint environmental protection measures with customers

As an environmentally conscious energy services company, EVN sees its responsibilities as not only including the provision of efficient economic solutions, but also the minimisation of any negative environmental impact in co-operation with customers. Therefore, apart from supplying electricity, natural gas, heat, and water, EVN offers a wide range of consulting and other services, which promote a balanced combination of economic and environmental objectives. In addition to an initial, free advisory meeting with EVN experts, these services mainly consist of the preparation of individual energy concepts, construction and energy engineering consulting, and advice in connection with environmental grants and boiler exchange promotions.

In general, the services can be summed up under the heading "demand side management", in which the careful use of energy and the preparation of low-cost, efficient and environmentally compatible solutions predominate. The services offered by EVN consulting are in great demand from private households, commercial and industrial companies, and local authorities.

"Well informed" through EVN energy consulting

EVN's energy consulting specialists support customers with a number of interesting services under the heading, **"Well informed! Advisory packages for private house building and renovation."** In addition, EVN also provides attractive advice packages to local authorities.

Household energy services

- Free, initial energy advice
- Construction and energy engineering consulting
- Heat pumps
- Heat recovery ventilation
- Condensing gas furnace technology
- Solar energy-based water heating systems
- District heating from biomass
- Natural gas
- Ice storage cooling units
- Home loans
- Building renovation NEW
- Completion of air leakage measurements
- Thermography

Municipal energy services

- Energy contracting
- Lighting service
- Energy concepts



EVN at the Passive House Conference

Within the scope of its energy consulting services, EVN is intensively involved with the passive use of solar energy. The focal point is the "passive house" topic, which involves the design and completion of low-energy buildings.

Against this background, in April 2004 EVN participated in a specialist exhibition within the scope of the European Passive House Conference in Krems, Lower Austria, and on its stand showed its products and services. The concept, "10 steps to the passive house with EVN" was described in the course of presentations. In addition, visitors were introduced to the function and applications of thermographic cameras. Finally, EVN contributed to the specialist congress with a lecture on the topic of "Quality assurance through thermography".



Comprehensive information on the savings potential provided by passive solar energy use.



EVN know-how for Raiffeisen consultants

In order to put the concept of a careful approach to energy use on the widest possible footing, EVN has also made its comprehensive know-how available to the home service advisors of the Raiffeisen banking group. The background to this initiative is formed by the fact that the advisors are now subject to a marked increase in demands due to amended directives for the allocation of grants for new house building and renovation in Lower Austria. Therefore, in conjunction with the Raiffeisen banks, EVN has drawn up a special training programme, which furnishes the advisors with information on the following topics:

- The basic principles of building physics
- Energy characteristics, energy pass
- Factors influencing energy characteristics and consumption
- Estimates of key energy indicators for new and renovated houses
- EVN consulting offers (energy pass, thermography, air density measurements)

In January and February 2004 around 250 Raiffeisen home service advisors completed this training successfully.

Investments for the future – Research & Development

Particularly in the power generation sector, EVN concentrates its research activities with the aim of launching new technologies for efficient energy conversion and application within its own area. Among other measures, the company undertakes research co-operation with engineering colleges, polytechnics and universities of technology. EVN also participates in numerous EU-funded projects, which are undertaken in teamwork with other enterprises and institutes.

European research at EVN

In order to achieve further optimisation of its power station operations, EVN regularly participates in international research projects. At present, five such undertakings are in progress, four of which will be completed by the end of 2004 and EVN is currently negotiating with the European Union concerning several new projects. These are all concerned with economic-technical questions relating to the Dürnröhr power station, with research into the clean and safe use of hard coal in power stations as the predominant issue. EVN is working together with numerous, international institutions in this context.

Current projects

Project name	Project target	Time scale	EU funding as a % of EVN costs
PRISUB	Use of steam from a waste incineration plant in an existing power station	2000–2004	35%
ABACO	Improvement in the efficiency, the emissions, slagging, etc. in coal-fired power stations through the prior evaluation of the anticipated combustion processes	2002–2004	63%
OAC	Ongoing classification with immediate analysis of the coal being fed to the boiler	2002–2004	60%
ESP	Minimisation of the environmental impact of coal firing through improved exhaust air cleaning (process control)	2002–2004	61%
ADMONI	Improved surveillance for greater efficiency	2003–2006	61%

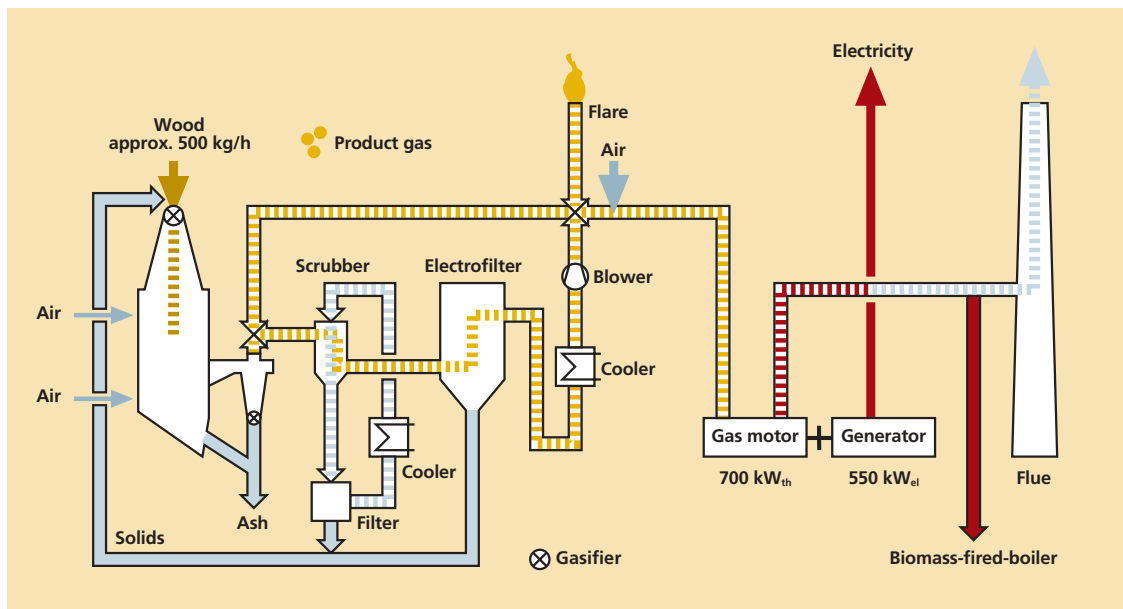
Power generation from biomass research project

During the period under review, EVN continued an interesting research project on the topic of power generation from biomass in the new Wiener Neustadt suburb of Civitas Nova. EVN and its partners from the scientific and engineering industry fields are operating an innovative pilot plant, which generates wood gas from forest chippings, which is then used in a gas engine for electricity and heat production. At full output, the plant supplies around 700 kW of heat and some 500 kW of electricity using approximately 500 kg of forest chippings per hour.

Following the commencement of test operations in 2003, the plant is currently in the optimisation phase. During the period under review a number of modifications were completed, including the redesign of the combustion grate. Test operation has clearly paid off and has demonstrated the functionality of the plant. All in all, the plant has completed 1,600 operational hours to the complete satisfaction of all those involved. In September 2004, the plant underwent a continuous test lasting around 400 hours, which simultaneously demonstrated that unmanned night operations are possible. The research project is to be continued during the coming two years and it can be expected that the technical development of the process will be concluded within this period. However, if the related general and funding conditions do not alter, the commercial application of this technology remains open to question.

The scientific aspects of this project are being administered by the Vienna University of Technology. One of the focal points in this respect is the ongoing monitoring of the tar content of the residues. This has proved to be comparatively low and thus indicates that the wood gasification process has been ideally regulated. Measurements of the clean gas also showed positive values and confirmed the efficiency of the downstream gas cleaning installation.

Electricity generation using biomass



Supplier relations

As a company, which is under the majority ownership of the Lower Austrian government, EVN is subject to both Lower Austrian tender legislation and the 2002 federal law on tendering. Accordingly, its sourcing should take questions of sustainability into the greatest possible account. As a rule, contracts are allocated to efficient and reliable companies at reasonable prices in accordance with the basic provisions of EU legislation, the principles of free and fair competition and equal treatment of all applicants and tenderers. The environmental compatibility of the service involved is also considered during the tender allocation process. In particular, this occurs through the inclusion of ecological aspects in the description of the service, the determination of the technical specifications, or the establishment of definitive award criteria with an ecological connection. Careful attention is also paid to social factors.

Auditing of external suppliers

Ongoing improvements with regard to the health of its employees, work safety, fire and environmental protection are a central EVN concern, which extends beyond the company. As a result, EVN demands adherence to strict quality criteria from its suppliers. For example, since the beginning of 2004, all construction companies are checked prior to working with EVN as to their adherence to current, mandatory requirements relating to employee protection. A special emphasis is placed on the responsibility of contractors for their sub-suppliers. This enables EVN to ensure that the employees of external companies also work according to the EVN Group's high safety standards, thus keeping accidents to a minimum.

Socially-oriented sourcing, orders for the protected workshops in St. Pölten

Apart from employing people with special needs within the company, wherever possible EVN makes every effort during order allocations to give preferential treatment to handicapped persons. Of special importance in this regard is the teamwork with the protected workshops in St. Pölten, which in the spring of this year emerged as the winner in a EU tendering process for a contract for the production and supply of heat transfer stations.

The heat transfer stations, which are to be built by the protected workshops in St. Pölten during the coming two years, transfer heating energy from the district heating network (primary circuit) to the customer system (secondary circuit) and therefore represent the link between EVN's heating networks and the heating and hot water systems of the customers.

The concept of the protected workshops in St. Pölten is based on the employment of a work force, 80% of which have special needs, while still attaining a balanced result. At present, the workshops have 350 well-trained employees. In recent years, EVN has steadily raised its allocation of orders to this tried and trusted partner.



Zagreb, Croatia

“Cloudy, or
not at all...”

... is my motto when it comes to apple juice. However, where water is involved, I apply a completely different set of purity principles. As general manager at the Zagreb wastewater treatment plant, along with my colleagues, I have been responsible for dealing with the wastewater from 1 million people since April 2004. What's more, this volume will increase in 2005, when in a second expansion phase, the plant will start to handle virtually all the wastewater in the Croatian capital.”

Thomas Wolf, general manager, WTE, Zagreb



EVN Group employees
Always at your service

Ecology

A responsible approach towards the environment and natural resources

One central corporate goal of the EVN Group is the minimisation of the environmental impact of all its activities. In this regard, the company goes far further than merely adhering to international and national environmental protection regulations and endeavours to continually improve its environmental performance. In line with the principle of sustainability, care is taken to achieve equilibrium with economic and social objectives.

At a very early stage, EVN also established a comprehensive environmental management, in order to accommodate environmental protection factors in all its managerial decisions.

In its energy business, EVN has taken numerous environmental initiatives, which include the use of renewable energy sources for the generation of electricity and heat, systematic increases in efficiency at its thermal power stations and comprehensive customer consulting concerning every aspect of a conscious and sustainable approach to energy questions.

In the water management sector, EVN's activities are characterised by the studied conservation of the environment and the consideration of future needs. Here, the focus is on the protection of domestic water resources and their responsible and sustainable utilisation. Additional impetus has been created in this sector by the comprehensive services in the wastewater sector provided by WTE Group, which was purchased during the past year.

Moreover, EVN makes an important contribution to a reduction in environmental impact through its waste incineration activities, as evidenced by the start-up of the Group's first incineration plant at the beginning of 2004.

Environmental management and accreditation

Since its inception in 1991, EVN Environmental Controlling has reported directly to the Executive Board and as a result of the anchorage of environmental protection at the highest management level, during the past decade, major steps have been taken in the environmental protection field. These include the refurbishing of Theiss power station with the very latest environmental protection systems, the implementation of an environmental management system in line with ISO 14001 and EMAS, the completion of numerous biomass-fired district heating plants, various initiatives in the field of renewable energies, an involvement in climate conferences, etc.

In 1995, Theiss became the first thermal power station in Central Europe to receive ISO 14001 accreditation and was followed in 1996 by the Dürnrrohr power station and during 1998/99 by EVN's entire district heating plants. These included the first biomass-fired, district heating plants in Austria to have an accredited environmental management system.

In the meantime, the four accredited EVN locations and location groups have adapted to the ever-stricter requirements of the new EMAS II regulations.

Ongoing optimisation

The continuous improvement process demanded by EMAS and ISO 14001 represents both the nucleus of, and the guarantee for, the ongoing optimisation of EVN's environmental protection performance.

The existing EVN environmental management system offers an excellent platform for the mastery of future challenges, including those relating to sustainability questions. Accordingly, at present, work is continuing on the expansion of the system to include those aspects of sustainability that are currently missing with the objective of establishing comprehensive sustainability management.

Successful implementation of the 2003 environmental programme

In its 2002/03 Sustainability Report, EVN presented some of the highlights of its current environmental programme. Most of these projects were completed as scheduled during the past financial year. However, due to the ambitious timescale one or two were left unfinished, which necessitated an extension to the implementation period.

The following are examples from last year's environmental programme:

- **Reduction in noise emissions at the Allentsteig district heating plant by 20–30%**

Measures. Installation of silencers in the area of the oil-fired boiler flue and the oil and bio-boiler air vents.

Implementation. In order to provide the local population and the environment with optimum protection against the noise generated by the Allentsteig district heating plant, during the planning approval process, the authorities demanded a very strict noise emission level of 75 decibels in the stack area and 60 decibels around the air vents. Noise emission measurements taken after the completion of the plant demonstrated that, with the exception of the oil-fired boiler flue, the prescribed limits were being maintained throughout the facility. Therefore, noise filters were retrofitted with the result that noise emissions were cut to 72 decibels in the flue area and to 51 decibels around the air vents.

- **Reduction in fire hazards at the St. Veit district heating plant**

Measures. Replacement of the smoke duct between the multi-cyclone and the boiler 1 flue (winter operations).

Implementation. In the course of an external audit of this location, wear was identified in the smoke duct between the multi-cyclone and the boiler 1 flue. The smoke duct located downstream of the cyclone (dust extractor) is subject to mechanical abrasion in this area due to the residual dust content and high speed of the flue gas. A detailed study using a wall thickness measurement device pinpointed the weak spots in the steel duct, which had been in use since 1991, and thus located potential fire hazards. A higher grade of steel was selected for the replacement section, in order to ensure longer service life.

- **Reduction in cleaning agent and fuel consumption at the Theiss power station**

Measures. Installation of an automatic washing unit for the targeted cleaning of the gas turbine compressor.

Implementation. The main components in a gas turbine consist of a compressor, a combustion chamber and a turbine. Due to the fact that during operation the compressor can be clogged by a variety of air-borne particles (dust, pollen, waste gas, etc.), its efficiency may suffer and air throughflow be restricted, which in turn leads to a fall in overall plant efficiency. Therefore, in order to prevent such a scenario, the compressor must be cleaned at regular intervals. In the past, at the Theiss power station these intervals averaged one month (depending on actual plant operation). This required the feeding in of a cleaning agent via a nozzle system and the related shutdown of the plant. However, following the installation of a new, fully automatic system, cleaning can take place during operation and at the respective ideal moment. This ensures gas turbine running throughout the winter, as well as cutting the personnel requirement for filter cleaning. In addition, the efficiency of the condenser has been optimised along with that of the entire gas turbine.

The new washing system for fully automatic cleaning of the condenser at the Theiss power station.



Highlights of the EVN environmental programme 2004

Improvement	Date
Improvement in flue gas dedusting at the St. Veit district heating plant by means of the replacement of the cyclone.	Spring 2005
Combustion optimisation (afterburning, adjustable combustion chamber temperature, reduced slagging) at the Mank district heating plant through the retrofitting of biomass boiler 1 with a flue gas circulation system.	Autumn 2004
A reduction in the dust loads from biomass plant de-ashing systems of around 90% through the partial primary air extraction from ash ducts.	Autumn 2004
Operational optimisation (improvement in the optimisation programme) for greater efficiency at the Dürnröhr power station.	2005
Increase in efficiency in all load areas (fuel savings, emission reductions) through the modification of full load running with block B and the M5 gas turbine in combined operation at Theiss power station.	2004/05
Replacement of electrical and control systems at Theiss power station for increased availability, a reduction in fire hazards and improved monitoring of the two older M1 and M4 gas turbines.	2005/07
Adaptation of the operating and monitoring system at Theiss power station for a reduction in faults and downtimes, improved availability and optimum supervision of the use of fuel in block A.	End of 2004
Optimisation of overall efficiency through the installation of an anti-icing control in the block control system at Theiss power station.	2004/05
Optimisation of overall efficiency levels at the Theiss power station through various modifications to the control systems.	2004/05
Reduction in burner run-up losses and emissions during stand-by operation at the Baden district heating plant through the modification of the boiler to hot water circulation from the main system.	2004/05
Approx. 40% cut in NO _x emissions at the Baden district heating plant through the replacement of the existing burners with low-NO _x alternatives.	Programme over several years

Accreditation initiated for the refurbished Korneuburg power station



The preparations for accreditation in line with EMAS and ISO 14001 at the Korneuburg power station are progressing at speed.

An accreditation process and the appropriate preparations are currently under way at the refurbished Korneuburg power station. This is EVN's last thermal power station to undergo such a process, the start signal for the installation of an environmental management system having been given in the summer of 2004. At present, extensive preparations are being made for the introduction of the system, such as the drawing up of the documentation stipulated under EMAS and ISO 14001, the evaluation of the (environmental) impact of the plant and the precise examination of legal compliance.

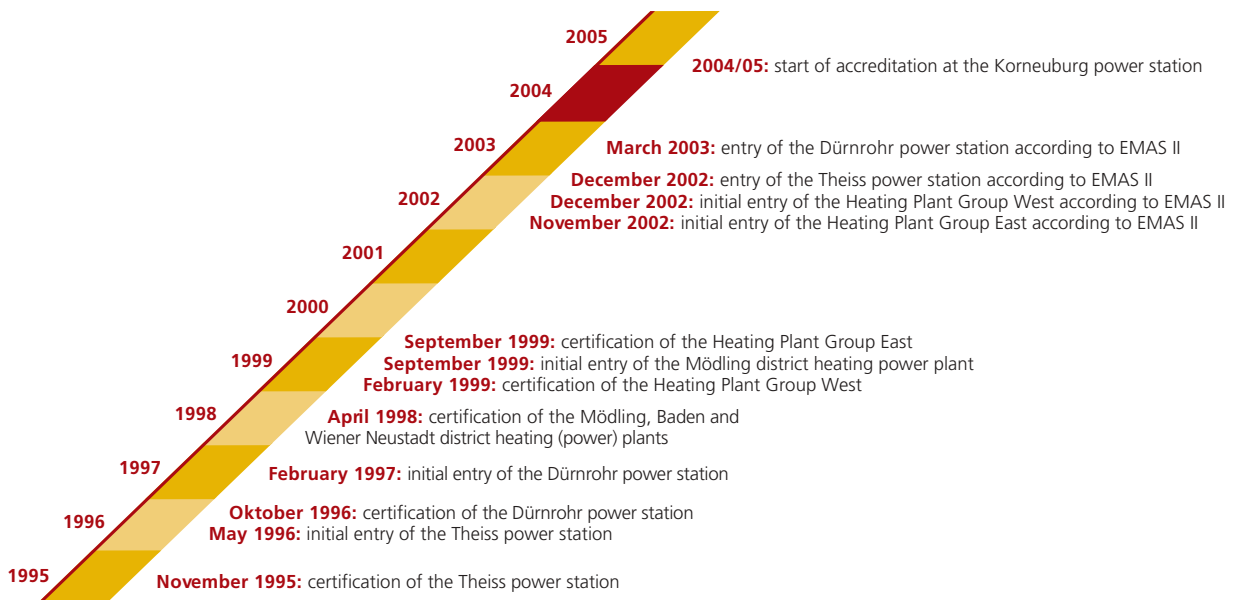
A precondition for accreditation by an independent auditor is the successful completion of an internal audit. This is planned for the early summer of 2005 and external accreditation should follow in the autumn. Subsequently, all of EVN's thermal power stations for the generation of district heating and electricity will possess a validated environmental management system.

Heating plant accreditation according to EMAS and ISO 14001 continues

As a result of the dynamic expansion in EVN heating business, both of the company's heating groups are subject to continual enlargement through the addition of new plants. These are steadily integrated into the existing environmental management system and then subjected to an accreditation process. The initial certification of these "location groups" according to EMAS and ISO 14001 in 1999 involved a total of 19 plants, but in the meantime, this number has risen to 27. Three further plants are planned for inclusion in the next external audit, which is scheduled for the beginning of 2005.

In the meantime, environmental management systems have been integrated into standard managerial procedures at all accredited locations. At present, the focus of further optimisation is on a reduction in administrative expenditure through the introduction of a programme, which simplifies the fulfilment of all mandatory obligations, as well as the proof of adherence. Information concerning the environmental statements for the EMAS locations can be requested from umweltcontrolling@evn.at.

Accreditation of EVN plants



TÜV certification provides EVN electricity with a certificate of origin



The certificate of origin for the electricity supplied by EVN has been approved by TÜV.

Following the liberalisation of the electricity markets and the increase in opportunities for the sourcing of power via international electricity exchanges, customers have become increasingly preoccupied with the origins of the power supplied. In order to allow interested consumers to consciously select or reject a particular type of generation, the Lower Austrian Electricity Designation Directive and an amendment to the Austrian Electricity Industry and Organisation Act, require that all suppliers state the primary energy sources used for the power that they deliver. This takes place by means of a key supplied with the annual electricity invoice.

In order to furnish the prescribed proof of origin of its electricity, during the 2002/03 financial year, EVN submitted its production at the Theiss, Korneuburg and Dürnrohr thermal power stations to initial accreditation according to the criteria defined by the directive mentioned above. This audit was carried out by the TÜV and involved the compilation of production and consumption data for the individual energy sources and the assessment of the quantity statistics as to their plausibility. This fundamental examination extended to both electricity metering and switching schemes, as well as heat and machine engineering plans. Moreover, the information was verified by means of on-site inspections.

The TÜV certificates according to the aforementioned directive for the 2002/03 financial year document the quantities of electricity, which were generated at the listed power stations using natural gas, coal or other fuels. The "miscellaneous" category includes the steam from the AVN waste incineration used at the neighbouring Dürnrohr power station within the framework of the innovative, integrated energy system of the two plants. The TÜV certificates for 2002/03 also form the basis for the certificate of origin in the period under review.

Climate protection

Climate protection is at the very top of EVN's agenda. Accordingly, the Group does everything possible to achieve the highest efficiency levels and minimum emissions at its thermal power stations, the operation of which is naturally linked to CO₂ emissions. At the same time, EVN is endeavouring to use increasing quantities of renewable fuel for the generation of electricity and heat. Apart from the maximum possible employment of hydroelectric power, wind power, biomass and the utilisation of industrial waste heat are all of growing significance. The newly built waste incineration plant adjacent to Dürnröhr power station provides a further contribution to climate protection. Moreover, the "flexible instruments" envisaged under the terms of the Kyoto agreement also offer EVN a number of interesting opportunities.

Emissions trading using CO₂ certificates about to commence

The implementation of the climate protection targets contained in the Kyoto agreement has entered a decisive phase in Austria. If up to now, international approval of the agreement appeared to be anything but certain due to the failure of the USA and Russia to sign, at the end of October 2004, the situation changed due to Moscow's decision to ratify. As a consequence, it is probable that Kyoto will come into effect in February 2005. Under the terms of the agreement, the EU undertook to cut its greenhouse gas emissions by 8%, Austria even concurring to a reduction of 13% by 2008/12 within the framework of "EU burden sharing".

One measure of central importance to a reduction in greenhouse gases is so-called emissions trading, which will commence in the EU on January 1, 2005. In line with the related EU directive, every member state will establish an upper CO₂ limit for certain industrial plants covering the years 2005–2007. One tonne of CO₂ is equal to one CO₂ certificate. Certificates will be allocated free of charge to the affected plants up to the prescribed limit. Should a company cause higher emissions than those covered by the certificate allocation, then additional certificates must be obtained from other companies with emissions below the prescribed levels. The aim of the trading system is to encourage investments in climate protection where, in ratio to the result obtained, the costs are lowest.

Tight implementation timeframe

Apart from emission trading in line with the Kyoto protocol, which is due to commence on January 1, 2008, a parallel emission trading system has been installed in Europe. This is scheduled to commence operation on January 1, 2005. The ambitious European timeframe has resulted in the fact that in the majority of member states, numerous regulations and authorisations for the launch of emission trading are still lacking. Above all, these include the definitive allocation of CO₂ certificates, or urgently required preconditions for the supervision and registration of yearly CO₂ emissions, or for the preparation and auditing of the required annual reports.

Despite these limitations, EVN is working at speed on the implementation of the emission trading system and the realisation of the necessary measures. Based on the assumption that mandatory regulations will be introduced, the affected EVN plants will thus be appropriately prepared at the beginning of 2005.

Milestones on the road to the implementation of emission certificates

April 25, 2002	Decision of the European Council of Ministers to ratify the Kyoto protocol (including the sharing of burdens among the member states).
October 13, 2003	EU directive concerning trading with greenhouse gas emissions.
January 29, 2004	EU guidelines concerning CO ₂ monitoring and reporting.
March 31, 2004	Date for the submission of national distribution plans to the EU Commission.
April 15, 2004	Submission of the Austrian distribution plan to the EU Commission (apart from Austria, only four other EU member states had submitted plans by this date).
May 1, 2004	Coming into effect of the Austrian Emission Certificates Act.
July 7, 2004	Approval of the Austrian distribution plan by the EU Commission.
July 31, 2004	Closing date for the registration of the plants affected in Austria for the approval of CO ₂ emissions (all EVN plants of relevance were reported punctually).
Requirements until January 1, 2005	<ul style="list-style-type: none">• Preparation of the Austrian directives needed for the implementation of emission trading.• Allocation of CO₂ certificates to the affected plants.• Approval of CO₂ emissions from the affected plants.• Installation of emission monitoring, reporting and trading systems in the affected plants.
January 1, 2005	Start of the initial trading period in the EU (up to 2007).
January 1, 2008	Start of the second emission trading period in the EU and at the same time start of emission trading in line with the Kyoto protocol (up to 2012).

New turbine at the Korneuburg power station contributes to climate protection



Turbine start at the Korneuburg power station in November 2003 with the Korneuburg mayor, Wolfgang Peterl, Mrs. Peterl, and EVN CEO Rudolf Gruber.

During the period under review, EVN implemented an important improvement measure in the climate protection area with the installation of a new gas turbine in block B at the Korneuburg power station. This investment was necessary following a machine defect in the existing turbine. After start-up and test operations during the autumn of 2003, the new turbine was ready for power generation in the peak load range in December 2003. The new turbine offers around 20% more output than its predecessor, while nitrogen oxide emissions have been cut by about a third.

Apart from economic considerations, project realisation was focused on an increase in efficiency and further emission prevention. Additional modifications and optimisation work is to be completed on the boiler and steam turbine by the middle of 2005, with the result that an overall increase in efficiency of approximately two percentage points will be attained by the end of the project. It should be noted that when block B went into initial operation in 1980, it had already numbered among the world's most efficient, thermal power generation plants with an efficiency level of 46.6%. Moreover, the possibilities for the bleeding of process steam for district heating processes are currently being examined.

Modifications to the Theiss power station increase both output and efficiency levels



Additional output and efficiency optimisation at Theiss power station during full load operation.

During the period under review, a further increase was achieved in the efficiency of the Theiss power station, which was modernised between 1995 and 2000, by means of adjustments to plant behaviour during full load running. Plant operations demonstrated that, in particular, the gas turbine had performance reserves at low ambient temperatures. A study was therefore undertaken in order to establish the measures required for the exploitation of these reserves, which above all, culminated in minor modifications to the waste heat steam generator. These modifications took place within the scope of the scheduled audit in 2004. As a result, both the top performance and the efficiency of the plant were increased, as will be reflected by more effective and thus environmentally protective power station operation in period 2004/05. The related cut in CO₂ emissions represents a further contribution to climate protection by this modern plant.

Natural gas fuelled vehicles offer environment-friendly mobility for the future

A reduction in the environmental pollution from road traffic and the related promotion of natural gas as an alternative to standard fuels have long been EVN priorities. This is due to the fact that of all the fossil fuels, natural gas is the most environmentally compatible. It is used to drive natural gas powered vehicles as CNG (Compressed Natural Gas), which is created by compression of the gas in a compressor and storage in pressurised containers.

EVN and Shell Austria jointly opened Lower Austria's first public, natural gas filling station in 1997. In the meantime, the company operates a further filling station at the Stadtwerke Wiener Neustadt and eight other stations at its Customer Centres. EVN currently runs ten natural gas powered vehicles and in the period since 1997, the company's fleet has covered over 1 million "natural gas kilometres".



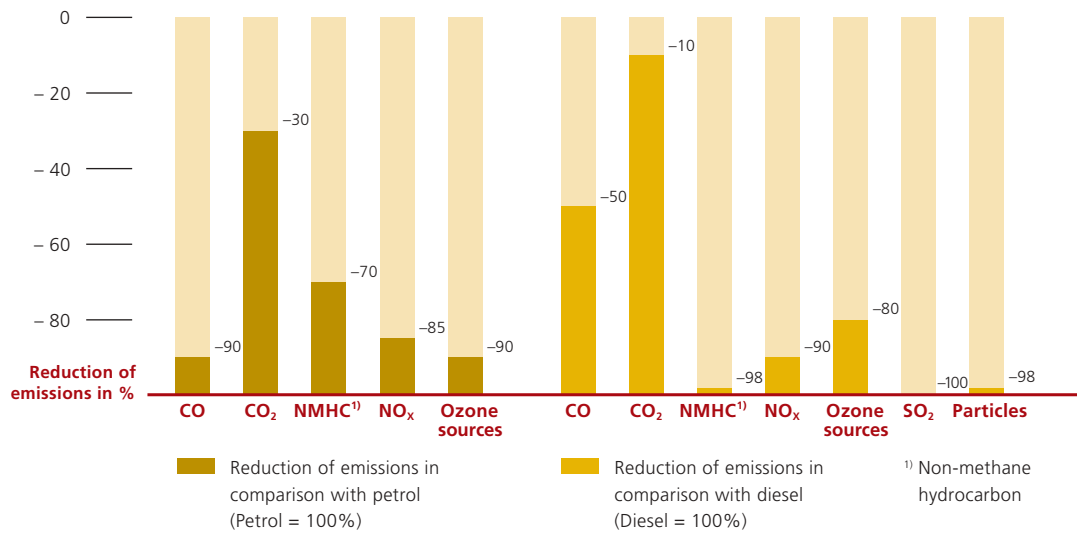
EVN promotes the most extensive use of natural gas fuelled vehicles and thus contributes to a further reduction in emissions.

Within the scope of a filling station offensive launched by the Austrian gas industry, EVN is also contributing to an increase in the number of public gas filling stations in Austria. In concrete terms this number is to be raised from 26 at present to 50 in the next few years. For Lower Austria, EVN plans stations in the Wiener Neustadt, Krems, St. Pölten, Amstetten and Stockerau areas, which means that the supply network will attain a density that will make natural gas powered vehicles far more attractive, particularly in conurbations. The main areas of employment are the local transport of people and goods, e.g. taxis, commuter cars, delivery vans, company buses and municipal vehicle fleets.

At the moment, EVN also sponsors those customers resident in the vicinity of one of its gas filling stations with a fuel bonus and cash grant for natural gas fuelled cars and commercial vehicles. At present, 1 kg of CNG from an EVN filling station costs EUR 0.72 (including duty and taxes). This is markedly below the price of standard fuels, as the energy contained in 1 kg of CNG equals that of around 1.5 l of petrol.

Internet-tip: www.evn.at >> Section "Alternativantriebe"

Comparison of natural gas, petrol and diesel emissions



Source: www.erdgasauto.at (Austrian Association for Gas and Water)

Environmentally compatible generation

EVN is building on renewable energy sources for the environment-friendly generation of electricity and heat. This is achieved by numerous hydroelectric power stations, wind power plants, a large number of biomass-fired heating plants, a pilot plant for the generation of electricity using biomass and several photovoltaic plants.

At the same time, EVN's thermal power generation plays a significant role in securing Lower Austria's power supply. As a result of the range of fuels that can be used (natural gas, coal, oil) and the speed and flexibility with which plants are available, even difficult situations like that in the summer of 2003, with hydropower plants running at only half capacity and total calm at the wind power farms, can be mastered. Moreover, in order to keep their environmental impact to a minimum, EVN's thermal power stations are all equipped with the very latest flue gas cleaning installations and are constantly maintained at the state-of-the-art. The increases in efficiency attained by these measures cut the fossil fuel requirement and thus represent a contribution to the sustainable use of limited resources.



Renewable energy sources

The traditional focus of EVN power generation using renewable fuels is hydropower. Depending on water levels, the share of hydroelectric power in total EVN energy production (including the rights to electricity from three Danube power stations) varies between 18 and 29%. In recent years, EVN has also invested considerably in wind power.

In the heating area, EVN is increasingly using biomass as a renewable fuel. Moreover, in an innovative project, detailed research is taking place into the joint generation of electricity and heat from biomass.

Two new small-scale hydropower plants on the Mürz

As part of its ongoing efforts to expand its generation capacity in the renewable energy field, during the period under review, the fully-owned EVN subsidiary, evn naturkraft, purchased two additional small-scale hydropower plants on the Styrian River Mürz at Trieb and Krieglach. Together, the plants possess an annual generating capacity of 12 GWh.



The festive laying of the foundation stone for the innovative hydropower plant at the Nussdorf weir, a Jugendstil jewel designed by Otto Wagner.

Both the obsolete generator power plants were built at the beginning of the 20th century without any consideration of the environment. Therefore, they caused considerable ecological imbalance on the Mürz and at the end of the 1980s were converted by their former owner into modern river barrage power plants, which meet all the ecological demands placed on modern, small-scale hydropower stations. Both plants possess fish ladders, which in Krieglach take the form of natural basins, as well as islands, bays, shallows and a large number of fish stones.

Work starts on the Nussdorf small-scale hydropower plant, which is equipped with 12 highly modern matrix turbines

On August 5, 2004, the construction work on a further small-scale hydropower plant started in Nussdorf, with the ceremonial laying of the foundation stone. This plant is a joint project between EVN, Wienstrom and Verbund-Austrian Hydro Power .

Twelve matrix turbines with a bottleneck output of 4.8 MW will be used in the plant and provide average annual output of around 25 GWh for the supply of around 7,000 households. The matrix turbine represents a completely new concept for hydropower generation in existing weirs with low fall heights. The installation of these turbines requires minimum building work and alterations to the existing banks. The total investment involved amounts to around EUR 15 m, of which each of the three operating companies will bear one third. The power plant, which is due to become operational in 2005, is a further example of the successful combination of ecology and architecture with engineering and economy.

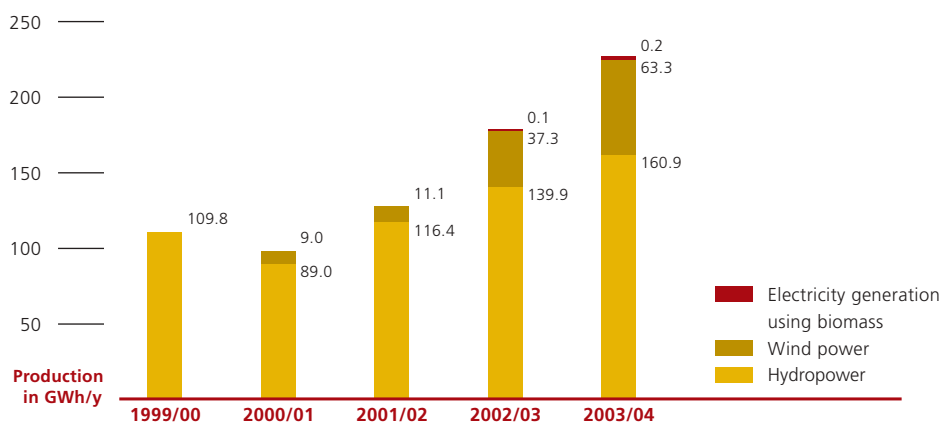
EVN currently operates three wind farms in Lower Austria

evn naturkraft has been using wind power for environment-friendly power generation for many years. In addition to its first wind farm in **Gänserndorf**, which has been delivering wind power since December 2000, during the past two years, the company has put two additional wind farms into operation.

Since June 2003, five windmills at the **Neusiedl/Zaya** wind farm have each been delivering an output of 1.8 MW. The windmills have a rotor diameter of 70 m and a nacelle height of 86 m. The annual production capacity of approximately 19 GWh corresponds with the power requirement of roughly 5,400 Lower Austrian households.

Lower Austria's largest wind farm, which was opened on September 19, 2003, is in **Prellenkirchen** where 17 windmills generate natural power for some 17,000 households. The wind farm is a joint project of three wind power producers, Windpark Prellenkirchen GmbH and evn naturkraft, which both operate eight windmills on the site, and Bürgerwindrad Prellenkirchen GmbH, which is owned by a group of enthusiasts from the region and has one windmill.

evn naturkraft production development

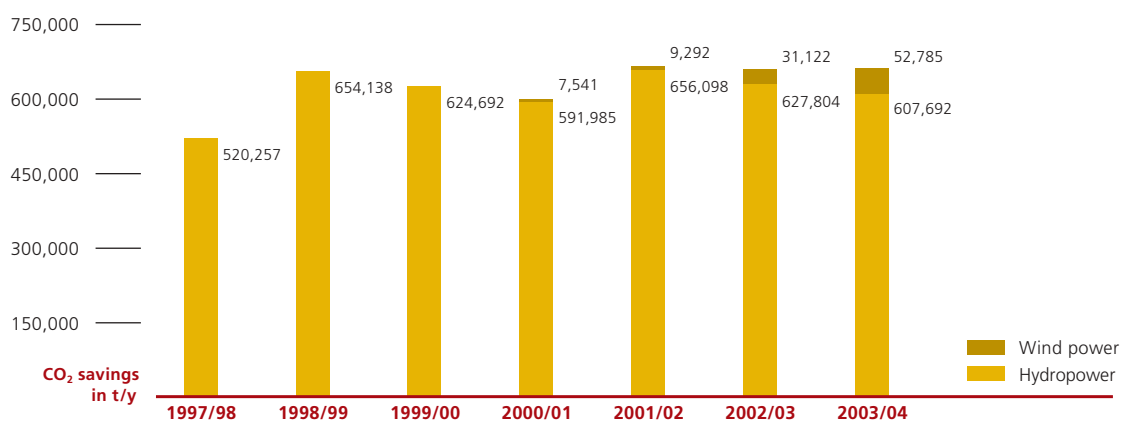


In order to increase the understanding of wind energy, with the support of the Lower Austrian government, the EU and wind power producers, the Prellenkirchen municipality has opened a modern Wind Power Information Centre on the premises of a former wine growing co-operative. Within the scope of a standing exhibition, this environment-friendly form of power generation is presented in multimedia form, in combination with a view of the existing wind farm. One special objective of the information centre is the promotion of the exchange of know-how among decision-makers from the surrounding regions in Lower Austria, Slovakia and Hungary.

Wind power feeding demands special technical systems

The growing levels of electricity generation using wind power have placed a new set of demands on EVN in the network area. For example, in those parts of the distribution network in which generation will partially far exceed local demand, possibilities have to be created for the transport of surplus quantities of power. The prerequisite for this "horizontal network use" is sufficient capacity in the transmission and distribution network, which at present is not available in every case. Depending on the local situation, either the 110 kV lines must be upgraded, newly installed and/or additional links must be added to the transmission network. EVN has prepared a financial concept, which will serve as a basis for the implementation of the necessary construction work.

CO₂ emission savings through hydro- and wind power (electricity generation)¹⁾



¹⁾ In comparison to power generation in a hard coal fired power station

Numerous new biomass plants

In line with its systematic efforts aimed at the use of biomass as an environment-friendly energy source, EVN continually pursues new projects in this sector. In this connection, forestry chippings, sawmill waste and bark are put to good use, thus reducing CO₂ emissions. Recently, numerous projects have either been completed or initiated.

For example in September 2003, two new district heating networks went on line in **Zwettl** and **Waidhofen/Thaya** in time for the start of the heating period in 2003/04. Both the new heating plants will be operated in co-operation with a district heating co-operative, which also secures the supply of biomass. In **Mistelbach**, an initial group of customers was already supplied in the preceding year with heat from biomass. In this project, a private timber company installed a heat plant, which apart from forestry chippings, primarily employs sawmill by-products from the firm's own wood processing operations. EVN takes the heat generated and then, using a company network, supplies commercial enterprises, as well as schools, kindergartens and sports halls. A similar agreement was also concluded with the monastery of **Klosterneuburg**. In a first step, EVN supplies the heat from the monastery's plant to a hospital and local authority offices. In the past heating season, initial customers in **Hainburg/Donau**, including the local hospital, also received natural heat generated from biomass.



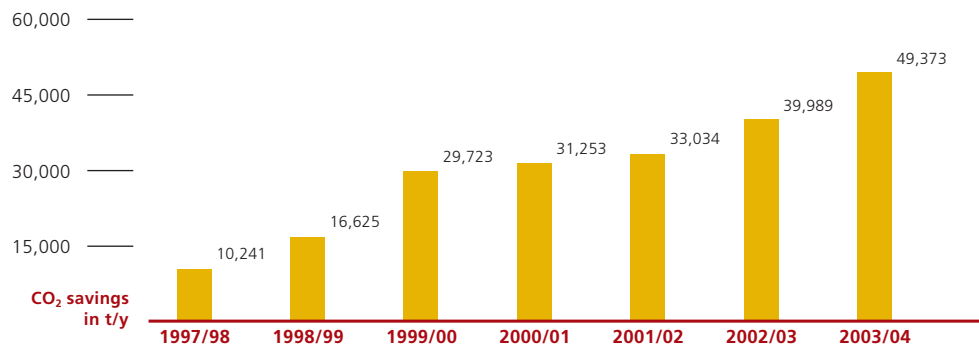
With 37 plants, EVN is currently Austria's largest generator of heat using biomass.

The end of 2004 will see the start of the supply of bio-heat to **Tulln** by EVN and since the beginning of the 2004/05 heating period, **Moorheilbad Harbach**, has also covered its heating requirements with supplies of natural heat from EVN. Here, the supply of forestry chippings from the region is guaranteed by the "ÖkoWärme Moorheilbad Harbach" farming group, which is administering the new biomass heating plant in conjunction with EVN. As opposed to heating using conventional energy sources, the supply of the health spa with heat from biomass provides a reduction in CO₂ emissions of around 600 t/y. During the period under review, a further project was completed in **Bad Vöslau**, where EVN has also built a biomass heating plant in teamwork with a local, agricultural district heating co-operative. The plant has been producing natural heat since the autumn of 2004, using material from the surrounding forestry areas, whereby part of the chippings comes from the municipality's own woods. As a result of the planned use of around 18,000 piled cubic metres of biomass, 3,200 t/y of CO₂ can be saved in Bad Vöslau.

A biomass heating plant is also soon to be built in the climate protection municipality of **Horn**. EVN is to start laying the heat pipelines in this urban district before the end of 2004 and the supply of heat on the basis of forestry chippings from the regional farming community is scheduled to begin in 2005.

The existing EVN heating network can also point to highly satisfactory, ongoing growth. During the past few months, a number of major customers have been added in Wiener Neustadt, including a comprehensive school and a polytechnic, which have both switched to district heating generated from biomass.

Emission savings due to the use of biomass district heating¹⁾



¹⁾ In comparison with the theoretical use of extra light heating oil in households

Wiener Neustadt, Lower Austria

“A gentle breeze...

... is extremely pleasant, but when it comes to power generation from renewable energy sources, I prefer a stiff wind!

This is because with wind and hydropower, we can prevent a sizeable volume of emissions. It also constitutes the reasoning behind evn naturkraft's three wind farms and 62 hydro-power plants, which we use for the production of environment-friendly electricity for 64,000 households.”

Johann Scherz, operations manager, evn naturkraft hydro- and wind power plants



EVN Group employees
Always at your service

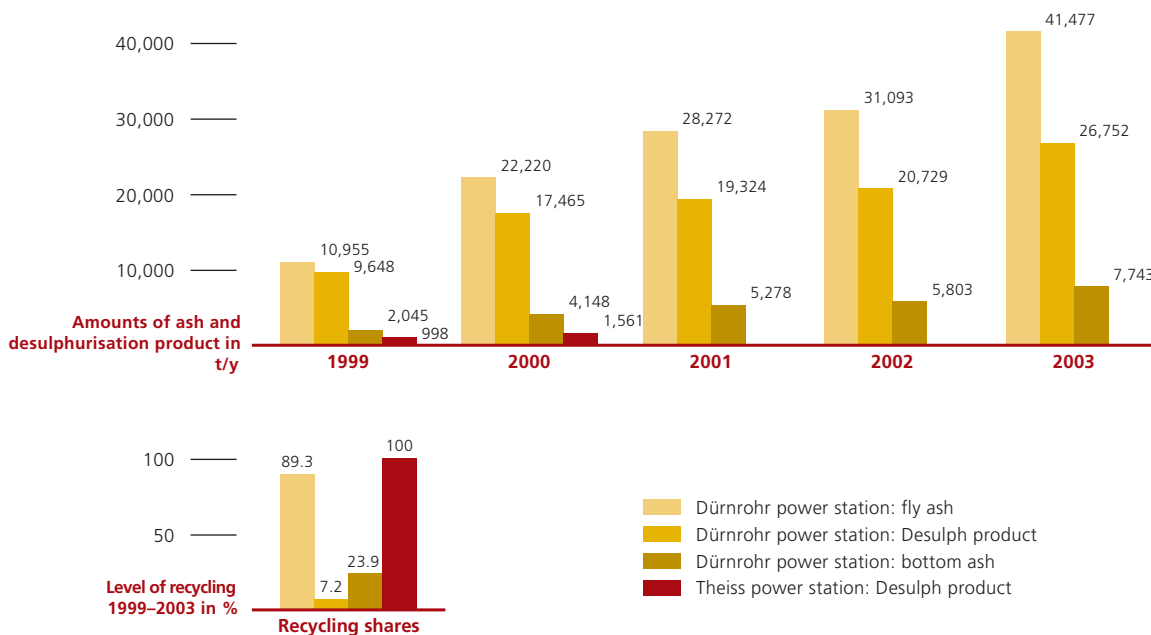
Conventional energy generation

In spite of all the efforts aimed at sustainable power generation, from an economic viewpoint, the use of conventional power stations is necessary, because even in future, production from renewable energy sources will be insufficient to meet electricity demand. Due to the fact that electricity imports, which largely derive from nuclear power stations, do not represent a desirable solution for Austria, the efficient use of fossil fuels in the domestic power supply is of major significance. In line with the objective of the maximum conservation of limited resources, the main EVN goal is the optimisation of the efficiency of its plants and the minimisation of pollutant emissions.

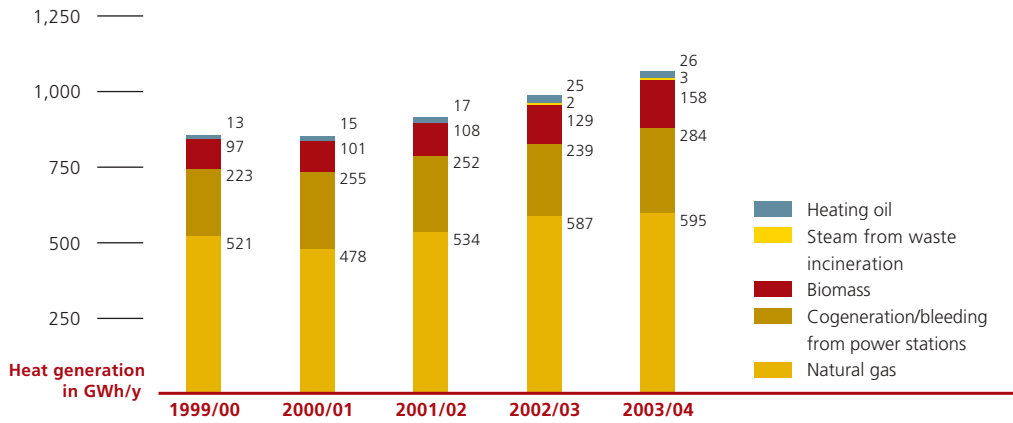
A prime example of the EVN initiatives in this direction is the combined cycle block at the Theiss power station, which with an efficiency level of well over 50% occupies a top international rating. In addition, district heating is bled from both the Dürnrrohr and Theiss power stations, in particular for the town of Krems. This not only raises the degree of annual plant utilisation, but also simultaneously reduces emissions through the use of numerous, small furnaces.

Apart from efficiency optimisation and the most extensive use of waste heat possible through the bleeding of district heating, EVN makes every effort to reduce the atmospheric emissions from its plants. To this end, the company employs the very latest flue gas cleaning installations and all of EVN's oil- and coal-fired power stations are equipped with DeNO_x, desulphurisation and dedusting systems. In turn, the gas-fired power stations are either fitted with DeNO_x systems or low NO_x burners.

Sustainable handling of by-products from flue gas cleaning



EVN heat generation



Emission patterns

The comprehensive EVN services portfolio naturally leads to a diverse range of influences on the environment, although these are kept to the absolute minimum. The main factors with regard to environmental impact are:

- The type and quality of the fuels employed.
- The type of plant used.
- General, operational plant management.

The most significant effects on the environment derived from the operation of combustion plants relate to pollutant atmospheric emissions. The differing use of plants also partially results in major fluctuations in yearly emission volumes. However, a study of specific plant emissions can nevertheless provide an evaluation of their environmental performance irrespective of the operational period.

Specific emissions from EVN's thermal power stations and heating plants

(annual average)

		1999/00	2000/01	2001/02	2002/03	2003/04
CO₂	t/MWh	0.470	0.444	0.508	0.517	0.516
CO	kg/MWh	0.045	0.052	0.039	0.046	0.044
NO_x	kg/MWh	0.289	0.288	0.348	0.338	0.392
SO₂	kg/MWh	0.167	0.090	0.107	0.123	0.129
Dust	kg/MWh	0.025	0.020	0.021	0.023	0.047

As shown in the preceding table, specific dust emissions doubled during the period under review. This was due to a change in the operational mode of the electrical dust filter at the Dürnrrohr power station, which at the same time led to a reduction in the electricity requirement of the filter and thus the overall own power needs of the plant. Consequently, other emissions from the power station were cut.

The rise in specific NO_x emissions can be traced to technical factors in connection with the denitrification installation at the Dürnrrohr power station, although these did not affect the correct operation of the power station. In the meantime, an inspection has been completed.

The other listed specific emissions were virtually unchanged over the preceding year. Moreover, EVN thermal power stations and heating plants met the strict Austrian parameters virtually without exception and in general, these were considerably undercut. Short-term, limit breaches occurred only rarely and the causes were corrected immediately.

Successful conclusion of air quality measurements at Theiss



Measuring station near the Theiss power station.

In the course of the modernisation of the Theiss heating power station, EVN agreed to an air quality measurement programme extending over several years with the authorities and the responsible experts. The aim of the measurements was to assess the impact of the power station on the sensitive wooded areas to the south of the Danube. The lengthy measurement programme commenced in the autumn of 1996, three years prior to the start-up of the updated power station, in order to assess the effect on the local atmosphere both before and after modernisation.

In the course of the period of observation, around 1.7 million measurements were compiled and evaluated. In addition, some 3,600 wet chemical analyses were completed in the laboratory. The measurement programme finally came to an end in September 2003, roughly four years after the start-up of the refurbished power station. In the meantime, the final report of the independent measurement institute has been published and its thoroughly satisfactory findings confirm EVN's expectations:

- A direct link between the emissions from the power station and immission peaks at the measurement stations was only recognisable in isolated cases. However, even these occurrences did not involve breaches of the immission limits.
- Following modernisation and the transition of power station operations, in terms of annual mean values both measurement stations indicated a sharp fall in SO₂ emissions.
- Throughout the entire measurement period, the quantities of virtually all pollutant emissions showed a downward trend, which without doubt was due to the high environmental standards in Austria and ongoing improvements among Austria's north-eastern neighbours.
- In summary, the power station was given a positive assessment.

Accordingly, the EVN concept of not merely using the modernisation of the power station to meet technical expectations, but also to achieve a high level of acceptance for the plant among the local population has been fully vindicated. Moreover, although the official monitoring process has been concluded, forestry- and agriculture-related checks will continue on a voluntary basis.

Protection of the landscape, flora and fauna

Within the scope of its regional activities, EVN attaches great importance to all aspects of landscape conservation. This takes the form of both the conscious design of the surroundings of its hydroelectric power stations as leisure areas for people and a natural habitat for the indigenous fauna and flora, and the planning and realisation of minimum impact network construction.

The Dorfmühle small-scale hydropower plant opens

Following a temporary shutdown due to flooding, in September 2003, evn naturkraft, the EVN Group's ecological power generation company, was able to put a modern, small-scale hydropower plant into operation at the historical site of Dorfmühle on the River Ybbs. Two Kaplan turbines are now generating ecological electricity for more than 3,500 households in the region.

During the construction of the new plant, special attention was paid to the environmentally compatible design of its surroundings. Apart from various "eco-zones" in blind river branches, EVN has also created a modern fish ladder and a passage for the natural freight of the river. As in good weather, the banks of the Ybbs are a popular bathing area for the local inhabitants, together with the municipalities of Kematen and Allhartsberg, two natural pools were created, which opened to the public during the 2004 swimming season. EVN has therefore not only made a decisive contribution to the retention of these natural facilities, but also to the design of the "Ybbs Nature Park", the attraction of which extends beyond the immediate locality. The initial scepticism confronting the project has now changed into thoroughly positive acceptance and the extensive use of the new leisure possibilities. The complete complex was officially opened in mid-June with a festive event for the local population.



The natural swimming pools in the vicinity of the new Dorfmühle power station already have enthusiastic fans.





Creation of ecological, compensatory areas during power line construction

As part of the scheme for a new substation in Horn, EVN has implemented an extensive project aimed at the creation of ecological, compensatory areas. The flood disaster in the summer of 2002 had necessitated that the Rosenberg substation be abandoned and that a new installation be built in a location safe from flooding and outside the residential area. Mühlfeld, a district of the town of Horn, was selected as the new site. In the course of building the replacement substation, all the 110 kV lines, which led to the Rosenberg substation, had to be re-laid to the new location.

The realisation of the new line was accompanied by comprehensive, ecological planning of the landscape. Initially, the route area was carefully mapped with an eye to minimising environmental impact. In the course of this survey, all habitats and land areas of ecological relevance were registered. Subsequently, an appropriate general plan was drawn up, protective areas in the vicinity of the line were established, access roads were predetermined in agreement with ecologists, and suitable areas were designated as counterweights to the negative, ecological effects of the new line. The removal of part of the existing concrete mast line was also included as a counterbalancing measure in the supplementary planning.

The design of the ecological compensatory areas took place subsequent to actual line construction, which was completed in the period from May–August 2004. In line with instructions from the ecologists, stony excavation material from line construction was piled up to form low hills, with the result that selected tree species, suited to the vicinity (Scots pine, birch, bird cherry, English oak) could be planted in the following October. The dry woodland thus created along with small areas of grass form an ideal habitat for local species of fauna such as partridge, quail, hares, stonechats, barred warblers and European shrikes.

Crossing of a conservation area with a gas pipeline

During the past financial year, EVN completed an exemplary project in the hydro-ecology sector, relating to a roughly 30-year-old high-pressure gas pipeline, which serves the Baden area. Around Tribuswinkel, this pipeline crosses the River Schwechat in an underwater conduit. However, since the pipeline was laid, the Schwechat has changed its course slightly due to the formation of meanders and in addition, because of washing out caused by flooding, the pipeline had become exposed at several points.

This necessitated the long-term securing of the pipeline, a process complicated by the fact that this stretch of the Schwechat had been legally designated as an area of unique natural beauty, due to the fact that it was one of the few unregulated sections of the river. This meant that special emphasis had to be placed on the retention of the ecological status quo.

In consultation with the conservation authorities, EVN re-laid the 200 m underwater pipeline in the conduit of an existing high-voltage line, thus traversing both the river and the adjacent woodland area underground. The pipeline was installed at depth throughout the entire area, in order to exclude any effects caused by natural changes to the riverbed in years to come and thus rule out the need for any future disturbance due to repairs. As a result of the parallel running of the gas pipeline and the high-voltage line, for which a break in the woodland had already been made, the impact on the landscape was minimised and an ecologically acceptable, long-term solution found for the crossing of an area of great ecological sensitivity.

An emphasis on environmental protection. Apart from a careful and conservationist approach to the Lower Austrian landscape, the protection of regional fauna is also an EVN priority. In the period under review, a number of projects were completed to protect threatened animal and bird species. For example, EVN participated in several schemes aimed at providing improved habitats for barn owls, ibis and shrikes.

Sustainable water management

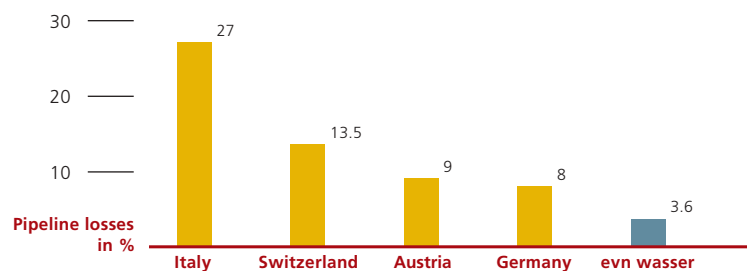
EVN also attaches great value to sustainability in the water business. The preservation of high-quality domestic water reserves for coming generations places major responsibilities on both the company and its employees.

During recent years, water has developed into an important EVN Group business area. In 2001, EVN was able to take over evn wasser, Austria's second largest water supply company. Another milestone in the opening up of water business was the acquisition during the period under review of WTE, a company operating successfully in both the drinking and wastewater treatment sectors. As a consequence, EVN was able to decisively strengthen its position in the water business area and establish itself as a complete supplier for the entire sector. Today, EVN acts as a partner in the drinking and wastewater sectors to local government, both in Austria and other countries.

evn wasser water supply network wins top marks for efficiency

The annual difference between the volumes of water transported and those actually delivered, constitutes an important gauge of the efficiency of a supply network. Although evn wasser's oldest water pipelines have been in service for over 40 years, annual losses only amount to 3.6%. In fact, actual losses are lower, as own consumption for regular washing out and container cleaning is not registered separately and is included in the aforementioned figure. By comparison, the average losses in Austria amount to 9%, in Italy to 27%, in Switzerland to 13.5% and in Germany to 8%.

Average pipeline losses in an international comparison



Source: Federal Ministry of Agricultural and Forestry, the Environment and Water

New and comprehensive monitoring system for water quality and networks

Through the ongoing monitoring of its network and immediate repair measures in the case of leaks, evn wasser also underlines to its customers the importance that it attaches to the responsible handling of our most important source of nourishment.

This approach is also reflected by evn wasser's comprehensive network surveillance and the corresponding evaluation of the resulting data. Since the last financial year, all relevant water supply information has been logged electronically using newly introduced software. A new program undertakes the documentation, preparation and archiving of all the administrative and measurement data obtained within the framework of quantity and quality measurements. At the same time, the system furnishes a constant overview of the physical and operational status of the water supply systems, as well as clear scheduling for all the maintenance and repair work needed on the water supply plants. Consequently, organisational expenditure is cut to a minimum and constant water quality controls are guaranteed.

Enhancing consumer-consciousness concerning water as a precious resource

A responsible approach to drinking water is not only maintained within EVN itself, but is the subject of targeted communications aimed at evn wasser customers. Accordingly, via its website, evn wasser offers its clientele an opportunity to calculate their personal water requirement. Under the heading, "How much water do I need daily?", interested parties can determine the effects of their habits with water on daily consumption. This information is rounded off with valuable tips concerning intelligent water use, every one of which if implemented, represents a contribution to the efficient use of this vital resource.

In an independent study completed by the Lower Austrian Chamber of Labour, this application was singled out as being exemplary for a water supplier.



evn wasser also offers comprehensive customer information via the web at www.evnwasser.at.

New sources for the future



The tapping of new sources represents the foundation for the reliable supply of tomorrow.

As an entirely owned EVN subsidiary, evn wasser supplies around 470,000 inhabitants in 563 Lower Austrian municipalities with drinking water. In order to meet the increase in water demand derived from new connections and, above all, in the districts around Vienna from population growth, for several years evn wasser has pursued a forward-looking policy of securing resources. Therefore, the company is constantly concerned with the expansion of its water reserves, as well as the obtainment of additional sources.

During the period under review evn wasser achieved a major success with the purchase of a spring in Türrnitz in the district of Lilienfeld. Around 160 l/sec of precious mountain spring water bubbles out of this source, which is located on Mount Eibl at a height of 510 m. Previously, the water was unused and flowed into the River Türrnitzbach. The quality of the spring, which has sufficient capacity to supply 50,000 households, is subject to ongoing supervision.

WTE acquisition rounds off EVN's environmental services in the water area

As a result of the acquisition of the WTE Wassertechnik GmbH, which is successful in both the drinking water supply and wastewater treatment areas, during the 2003/04 financial year, EVN took a further decisive step towards opening up the water business area.

WTE is a leading European services supplier in the area of drinking water supply and wastewater treatment. The company, which was founded in 1989, plans, builds, finances and operates municipal and industrial water and wastewater installations and is highly successful with this range in the European market. At present, WTE operates 70 wastewater plants for around 8.5 million people in both Austria and eleven other EU and CEE states. As a specialist in the field of medium-sized projects (up to approx. 1 million inhabitants) and as a partner to local authorities, WTE has established an excellent position in Austria, Germany and the high-potential CEE markets. Through its provision of clean drinking water and wastewater treatment, WTE makes a considerable contribution to environmental and water reserve protection, as well as the securing of a sufficient supply of this valuable resource in years to come.

WTE relies extensively on innovative "Public Private Partnership" models, within the scope of which, both local authorities and private companies work together on joint project realisation in the public interest.

WTE puts the central wastewater treatment plant in Zagreb into operation

One example of these environmental services is the central wastewater treatment plant in the Croatian capital, Zagreb. The initial extension phase of this plant, which was completed by WTE in a joint venture with RWE Aqua GmbH, was concluded with commissioning in April 2004.

As a result, Zagreb now possesses an efficient wastewater treatment plant based on the very latest environmental technology. Following a 14-month construction period, the wastewater from one million inhabitants, which previously flowed untreated into the River Save, can be mechanically processed. WTE started training the Croatian personnel at its own plants in November 2003, with the result that following start-up, controlled plant operations were able to commence immediately.

The second phase of the project, involving the installation of a biological treatment phase and related sludge handling, has already been initiated and the plants are due to become operational in 2005.

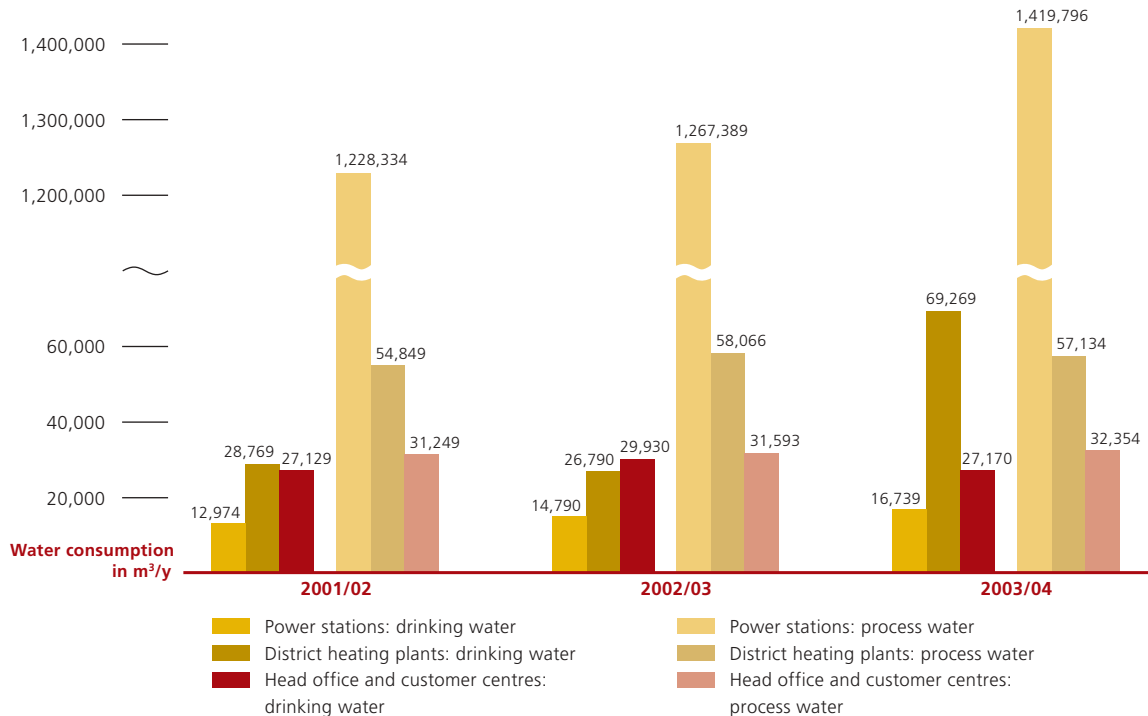


WTE has already made considerable progress with the construction work on the South-West Moscow drinking water plant.



WTE is acting as the general planner for the refurbishment of the central Vienna wastewater treatment plant, which serves 4 million people.

EVN water consumption 2003/04



Increased contamination in the Mödling district heating network necessitated intensified skimming in 2003/04 in order to prevent damage to the steam boiler. This led to a rise in drinking water consumption at the district heating plants. The higher volume of process water needed at the thermal power stations resulted from the joint supply of the Dürnrrohr waste incineration plant and greater use of the Dürnrrohr power station.

Responsible waste management

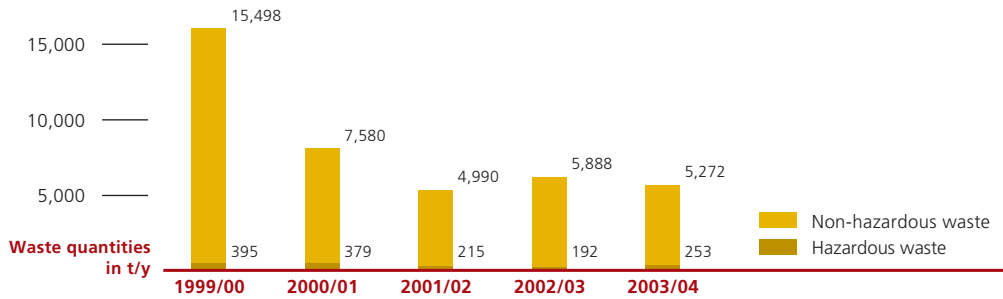
For more than a decade, EVN has employed a targeted, environmentally compatible waste management system, thereby making a significant contribution to sustainable waste policy in Lower Austria. This system is constantly optimised by means of ongoing improvements. Moreover, the standard of waste data logging is also regularly upgraded using the very latest computer applications. At the same time, through its efforts in the waste incineration sector, EVN makes a significant contribution to a reduction in the emissions and environmental impact caused by landfill.

Uniform waste management throughout the Group

Due to the fact that during the period under review, various new amendments to the Austrian Waste Management Act were approved, all of EVN's internal regulations in this area had to be examined with regard to their actuality and validity and, where necessary, modified. EVN used this opportunity to further implement and improve waste management structures and processes throughout the Group.

Accordingly, a binding waste management concept was drawn up for all companies in the EVN Group with more than 20 employees. Following the integration of the V&C and Toplak subsidiaries into this scheme during the 2002/03 financial year, in the period under review waste management concepts followed for the fully owned subsidiaries EZO and Kabelsignal.

Waste quantity trends at EVN



In recent years, targeted waste management has led to a marked reduction in waste quantities. During the period under review, the volumes of hazardous waste increased slightly, while the amounts of building and non-hazardous waste declined marginally. These changes were within the range of fluctuations derived from standard operations.

Waste incineration, the new EVN environmental service



The new AVN waste incineration plant.

As scheduled, AVN, a fully owned EVN subsidiary, put its waste incineration plant in Dürnröhr into full operation on January 1, 2004. This meant that the Group had completed its successful entry into this attractive, new business area, which represents an intelligent supplement and extension to its core energy business. As a result of the combination of both areas, it is possible to develop attractive models, uniting the environmentally compatible treatment of waste with innovative, resource-conserving energy generation.

One example of such possibilities that has aroused great international interest, is the integrated energy system, which links the AVN waste incineration plant and the neighbouring EVN thermal power station in Dürnröhr. The energy generated during waste incineration is used in the power station for the generation of electricity and district heating. The feeding of 120 MW of steam from waste incineration means that part of the fossil fuel input can be substituted – some 50,000 t of coal and some 10 m³ of natural gas annually. As a result, emissions have been reduced markedly. This has led to a considerable cut in the CO₂ produced and contributes to a tangible improvement in air quality throughout the region.

Low environmental impact waste incineration comes to Moscow

EVN has also already been able to excel at international level with this new service. Following an international tendering process, the company emerged as the best bidder and was awarded the contract for the completion and operational management of a waste incineration plant for the city of Moscow. The plant is to be modelled on the example of Dürnröhr and will be designed to handle 330,000 t of waste per year.

Due to the controlled incineration of waste at temperatures in excess of 1,000°C and the use of modern flue gas cleaning systems, during combustion the waste is reduced to a fraction of its original volume. At the same time, the pollutants in the waste, such as lead, chlorine, cadmium, dioxins and furans as well as fluoride are destroyed or extracted, concentrated and then disposed of in an environmentally compatible manner. In line with the AVN concept in Dürnröhr, the Moscow plant will also incorporate the capability to bleed steam for the generation of electricity and heat.

Energy savings within EVN

EVN also seeks to set a good example in the area of energy savings. Therefore, the company has long made major efforts to use modern construction and energy technologies in its own immediate area. The prevention of energy losses in buildings represents a special priority in this regard.

Window exchange at EVN headquarters



The replacement of the windows at EVN headquarters has provided major energy savings.

Following the completion of interior renovations at EVN headquarters, work started in autumn 2003 on the exchange of the outer windows of the office building, which had been built at the beginning of the 1960s. A total of 3,550 m² of glass was replaced and the so-called U-value, which is used to measure heat permeation, was improved clearly from 3.13 to 1.3 W/m²K. This calculation was subsequently confirmed by the actual heating costs in the winter of 2003/04. In comparison with the preceding winter, around 380,000 kWh of heating energy were saved, which corresponded with a reduction of 5.5%. If the standard, climate-related temperature fluctuations are taken into account, it can be assumed that, on average, annual savings will amount to around 350,000 kWh.

Handling of environmental contamination

At a very early stage, EVN identified the environmental hazards at the sites that it assumed from its predecessor company NIOGAS and then initiated the appropriate decontamination and safety measures on a voluntary basis together with the affected local municipalities. The sites in question are the former gasworks locations in Baden, Stockerau and Wiener Neustadt, where in recent years, possible soil and water contaminants have been determined. This contamination derives entirely from the former activities of the gasworks and World War II bomb damage.

At the locations in **Baden** and **Stockerau**, the contamination was surrounded by watertight retaining walls, which go down to impervious soil layers. The resulting sump forms a lasting barrier against the escape of pollutant substances into the ground water and the soil in the vicinity.

In the case of the former gasworks in **Wiener Neustadt** a further hazard has been identified, which has level 2 decontamination priority. Consequently, the formal preconditions for public funding of the required measures are given. In this case, the provision of watertight, surrounding walls like those in Stockerau and Baden would be insufficient for the provision of lasting decontamination. Therefore, in teamwork with the Wiener Neustadt town council, EVN has conducted intensive discussions with the responsible, regional authorities, the federal environmental bureau and the responsible grant bodies regarding a suitable decontamination concept. EVN has made extensive preparations in this regard and presented a study containing various approaches. Following clarification of the funding volume required and approval from a water legislation standpoint, work on decontamination is planned to begin in 2005.

In Stockerau watertight walls ensure the lasting decontamination of the former gasworks site.



In Baden, the embankment wall of the neighbouring River Schwechat was also appropriately sealed.

Events of environmental significance

Despite all the technical and organisational measures taken, not only defects and accidents can occur within the scope of the comprehensive EVN portfolio but also incidents of relevance to the environment such as oil leaks or fires. The first priority in such cases is that a quick and competent response is guaranteed, in order that the damage be kept to an absolute minimum.

Accordingly, over ten years ago, EVN introduced a comprehensive manual on this subject, which covers and clearly defines every aspect of such incidents. This manual is continually updated and represents a binding directive for EVN employees. Among other matters, the manual primarily ensures that immediate and professional action is taken should an incident of environmental significance occur and that the correct measures are initiated. In addition, employees who might potentially be involved in such situations are trained for emergencies on a regular basis.

The lines of communication within the company are also precisely established. Depending on the significance of the event, this means that the relevant person responsible is informed within a very short time and can initiate the necessary response and issue the appropriate instructions.

Due to comprehensive preventive measures and rapid reactions, the number and effect of incidents of environmental significance during the past financial year were minimised. In the period under review, there were three events of environmental significance worthy of mention at EVN.

No environmental penalties were incurred by EVN during the 2003/04 financial year.

Events of environmental significance

Date	Location	Type of incident	Incident cause	Type of environmental impact	Extent of impact	Counter-measures
November 19, 2003	Kilb substation	Oil leak from a damaged porcelain body	Damage to a porcelain body by a motorised crane during modification work	Soil	Very limited	Removal of 6.6 t of soil
June 14, 2004	Borough of Natschbach, Neunkirchen district	Hydraulic oil leak from a material lift	Leaking by a material lift during the installation of a 20 kV cable	Soil	Very limited	Removal of 3.3 t of soil
August 1, 2004	Neudaumühle transformer station in Seitenstetten	Oil leak due to transformer fire	Short circuit	Air/soil	Very limited	Removal of 3.4 t of soil

Krems, Lower Austria



“House- work...”

... is not really my thing. But as far as household appliances are concerned, I know what I'm doing. I have always been interested in how electrical devices and machines function and that's why I chose an apprenticeship with EVN. Apart from the chance for a thorough training, this also provides me with pretty good opportunities. Because EVN places great emphasis on multiple qualifications and not only trains its apprentices in the electrical area, but also simultaneously as gas and water fitters. This will provide me with a flying start to my working life.”

Martina Kitzweger, apprentice, EVN Krems

EVN Group employees
Always at your service

Society

A responsible approach towards employees and the public

As an energy, water and infrastructure group with responsibilities for the fulfilment of important, basic, day-to-day needs, EVN is well aware of the significance of its social surroundings. Since its foundation, EVN has lived up to this task and contributes, as far as possible, to the enhancement of living conditions in Lower Austria.

EVN's range of initiatives in this area extends from the care of its work force, which is provided with an attractive working environment, targeted educational and further training opportunities, careers with interesting perspectives and a comprehensive medical service, to charitable, cultural and sporting initiatives.

Accordingly, EVN supports a range of charities, contributes to both exhibitions and other cultural projects in its supply area, has built up a company collection of contemporary art and also participates in sporting and other events of broad public interest.

Employee health service

Long before the introduction of a statutory obligation to provide corporate medical care, EVN already had a practice at its headquarters headed by a doctor and staffed by a nurse. In the meantime, EVN has considerably expanded this service, making medical care available to employees throughout Lower Austria. Today, there is one physician at both the Theiss and Dürrohr power stations, as well as one doctor each for St. Pölten, the western half of Lower Austria, and for the eastern part of the province including company headquarters.

With this service, EVN does more than merely fulfil the terms of Austrian employee health legislation, which is based on related EU directives. Instead, the company has assumed responsibility for the welfare and safety of its employees that goes far beyond the statutory occupational medicine service requirement.

New health directive in preparation

In order to extend and consolidate its measures and initiatives in the health sector, EVN is currently preparing a binding, internal directive. This has the following objectives:

- Further improvements in employee motivation.
- Increased efficiency of performance.
- Guaranteed employment for older personnel.
- Enhanced work quality.
- Reduced sick leave.
- Maintenance of EVN's positive image as an employer.
- A positive contribution to health consciousness.

Within the scope of this directive, EVN has undertaken to implement the following measures:

- Regular, health-related information for employees within the framework of internal communications (employee journal).
- Offer of check-ups by the company's occupational medicine service.
- Information concerning adherence to the inoculation plan.
- Completion of eye tests, where recommended individually by the occupational medicine service.
- Completion of body fat measurements, where recommended individually by the occupational medicine service.
- Referrals to specialists, where recommended individually by the occupational medicine service.
- Support of exercise programmes.
- Advice from the occupational medicine service with regard to company canteen menus.
- The offer of individual psychological care.

Naturally, the implementation of all of these measures, which affect individual employees, is strictly voluntary. It is also a matter of course that in all cases, the obligation to absolute discretion on the part of the physician is of paramount concern.

Occupational safety and accident prevention

Occupational safety and accident prevention constitute a major priority throughout the EVN Group, as in addition to the usual dangers involved in manual work, employees must also consider safety issues relating to electrical power, natural gas, hot water and steam (in the power station and heating supply areas).

EVN attaches great importance to measures aimed at securing optimum safety levels for its employees in every area of the company. First and foremost, it relies on training and the systematic creation of a high level of safety awareness among all workers.

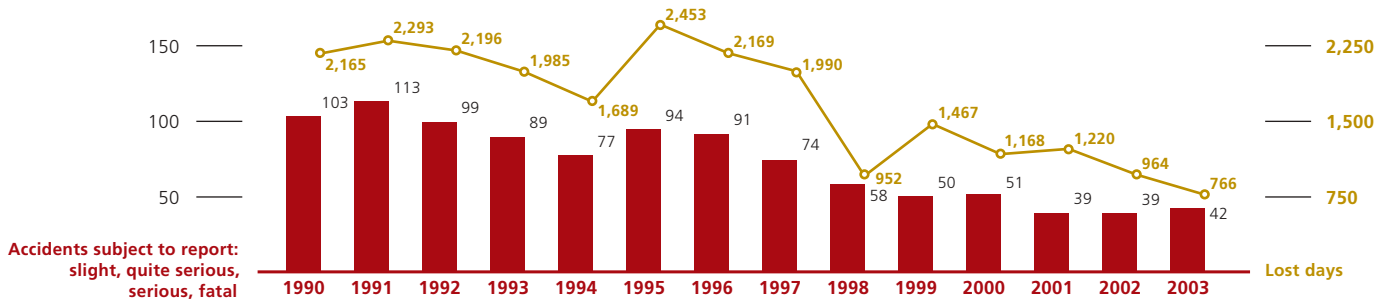
A detailed, internal manual containing directives and instructions of specific relevance to EVN supplements the statutory organisational safety regulations. As an additional aid to the work force and as part of the evaluation process, a special manual has been prepared, the "Safety Handbook", which refers to the individual working conditions in the energy industry (electricity, natural gas, heat, water, network and power station operation).

Accident statistics in 2003 show a further downward trend

Every twelve months, EVN prepares accident statistics for the preceding calendar year, which not only catalogue all accidents, but also give a detailed analysis of the causes. This evaluation serves as a platform for the further development of an already extensive range of preventive measures. The related success of these initiatives is evidenced by the accident statistics for the 2003 calendar year, which for the third time in succession show the lowest accident figures since the start of statistical analyses at EVN and thus maintain the positive trend of preceding years. During 2003, there were a total of 70 accidents (including minor and road accidents), which was again a pleasingly low figure. The accident rate (the number of accidents per 100 employees) thus amounted to 2.0 and remained virtually unchanged over the figures for the two preceding years (1.9). There was a marked decline in accident seriousness (days lost per accident) of around 15%.

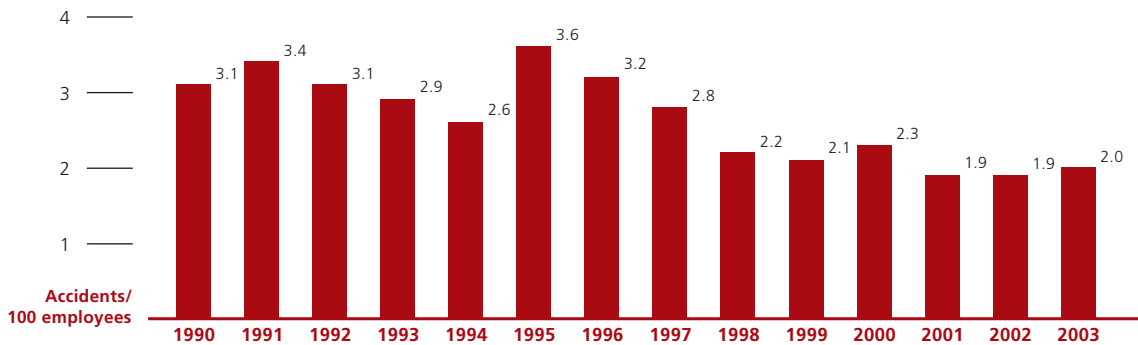
All in all, in the past calendar year there were 17 minor accidents, 11 road accidents, 31 slight accidents, seven quite serious and four serious accidents, and no fatalities. The most frequent cause of accidents at EVN is "assembly work" representing 40% of all accidents, followed closely by "falls" at 35%. Of the other accidents, 65% were caused by "personal carelessness", followed by 11% due to the "carelessness of others" and around 6% because of "errors or unfortunate circumstances". 4% of all accidents were due to the "failure to use personal protection equipment" or the "non-observance of regulations". The aim is to further reduce precisely this figure by heightening the work force's sense of responsibility and duty.

Industrial accident trend¹⁾



¹⁾ Excluding minor and road accidents

Accidents in ratio to work force numbers



EVN safety-consciousness is exemplified by constant safety belt use

Many EVN employees are continually under way throughout Lower Austria in the service of company customers and are thus frequently confronted with difficult weather conditions and treacherous roads. In 2003 alone, EVN personnel drove some 17.5 m kilometres, in the course of which there were 227 accidents, all of which were happily of a minor nature.

One of the most important measures required to keep personal risk in an accident to a minimum is the use of safety belts. In Austria this has been mandatory since 1974, but according to various studies, many drivers still fail to observe this regulation. EVN attaches great importance to the wearing of seatbelts, because collisions even at relatively low speeds generate powerful forces, as evidenced by the fact that an impact at 50 kph corresponds with a fall from the third floor of a building and that at 100 kph with a fall from 40 m.



Every year, those EVN organisational units with an accident rate below 1 (i.e. one working accident per 100 employees) are awarded a "Safety at Work Oscar". In 2003, seven Customer Centres and one subsidiary received this coveted prize.

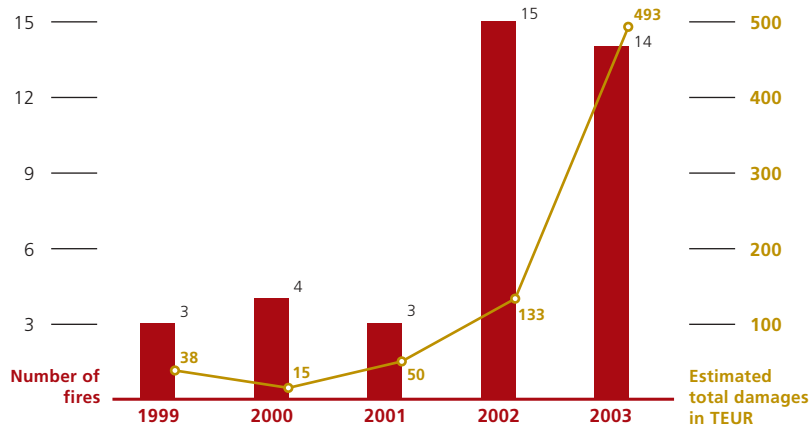
Fire protection

At EVN, trained fire officers and fire protection inspectors ensure fire protection and adherence to mandatory fire regulations.

EVN also attaches the greatest importance to the regular fire safety instruction of its employees. Company personnel are trained in the use of extinguishers and periodic fire drills are held. During such a fire drill, the emergency chute from the roof of EVN headquarters was also subjected to practical testing.



Number of fires at EVN



The very rare cases of fire at EVN generally relate to faults. 14 fires occurred in 2003, of which two caused considerable damage. There was a fire in the coal dust duct at the Dürnrrohr coal-fired power station and a wheeled loader caught fire at the Allentsteig district heating plant. All in all, there was an increase in fire damages of 270%.

Fire brigade training



EVN completes regular, theoretical and practical fire-fighting exercises with the Lower Austrian fire brigades stationed in the vicinity of its substations. The correct response by the emergency services in the case of fire is illustrated in a number of ways, which include the use of an instructive video. In addition, practical training takes place in the form of a "wet attack" on a live 110 kV plant component with the aim of minimising the danger in a genuine emergency. During 2003, a total of more than 100 fire-fighters received EVN training.

EVN holds regular fire-fighting exercises with brigades stationed in the vicinity of company plants.

EVN as an attractive and responsible employer

EVN makes every effort to offer its employees attractive working conditions and a climate of motivation. The company regards itself as a fair and reliable employer that both challenges and supports its personnel. EVN adheres to best practice principles in every area of its activities and acknowledges an obligation to a series of fundamental principles with regard to its employees.

Clear principles

For example, **equal treatment and opportunities** for all employees are as much a matter of course as high levels of transparency regarding the provision of the work force with current and comprehensive **information**. As a rule, important corporate decisions are taken at EVN within the framework of the **company social partnership**, which basically involves the information or direct involvement of employee representatives.

In general, EVN regards itself as a **company that acts in a socially responsible manner**. Accordingly, in view of the differing working conditions in the growing number of countries in which the company is represented, EVN supports the implementation of International Labour Organisation (ILO) principles. For EVN, the observance of human rights constitutes an unshakeable principle.

In the course of the process of corporate growth, which has taken place during recent years, EVN has also acquired a number of diverse companies. These must now be integrated into the EVN **corporate culture**.

Active human resources management

EVN allocates great importance to attractive working conditions and a pleasant company climate.



As a consequence of EVN's strong, technical orientation, the company has traditionally employed relatively few women. Nonetheless, in the past ten years the **percentage of female employees** in the total work force of the Group has risen steadily from 14% to 18%. This trend has been encouraged by EVN through measures aimed at facilitating the combination of **professional life and family**.

EVN is one of the few Austrian companies to offer its work force a **flexitime model** without core time. This enables employees to organise their working hours on a largely independent and free basis. In general, EVN supports the concept of a reasonable **work-life balance** and in particular, offers a number of special arrangements and services to employees with family responsibilities.

Another major focal point, which is of special significance in a liberalised market, is the securing of high competence levels through **systematic personnel development and further training**. For this reason, EVN has implemented a wealth of measures aimed at enhancing employee qualifications and offers its personnel an extensive portfolio of training possibilities. In line with its claim to provide its customers with optimum, individual service, EVN makes every effort to ensure that the staff at its Customer Centres have been given the most comprehensive training possible and thus demands double and multiple qualifications. In the 2003/04 financial year, around EUR 0.95 m was spent on further training (seminar fees, trainers, e-learning), which was slightly down on the comparable figure for 2002/03.

EVN further training 2003/04

	Events	Participants
EDP training	15	115
Specialist seminars	143	1,625
Behavioural training	16	157
Total internal further training	174	1,897
External further training	310	578
Total further training	484	2,475

Integration of people with special needs

Within the scope of its socio-political responsibilities, EVN sees the integration of all people into the company on an equal footing as a priority. In this regard, special attention is paid to the individual design of workplaces and working processes in line with the needs of the handicapped and if necessary, additional possibilities for extended flexitime are provided. Modifications during the building and renovation of EVN Customer Centres are also made to assist disabled staff and customers. The appropriate alterations have already been carried out at 16 of the 26 Customer Centres.

During the 2003/04 financial year, the EVN Group employed 69 people with special needs in Austria.



A completed apprenticeship with honours. On February 17, 2004, those Lower Austrian apprentices that passed their final examinations with honours during 2003, received special awards from the governor of Lower Austria, Erwin Pröll. The winners included Silvia Klampferer and Christoph Starkl from EVN. All in all, three of the four apprentices who concluded their course in the preceding year, passed with honours. EVN would like to offer its congratulations!

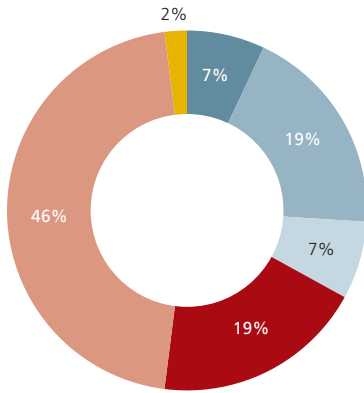
Apprentice training and vacation employment

The training of qualified apprentices is part of EVN's medium- and long-term personnel development strategy and also forms one aspect of the company's responsibilities as an important, regional employer. EVN traditionally offers apprenticeships in the industrial sector with a primary focus on electricians. EVN works closely with Lower Austrian vocational schools, the apprenticeship department of the Chamber of Commerce and partner companies, including various electrical installation firms. In addition, apprentices can gain experience at EVN subsidiaries.

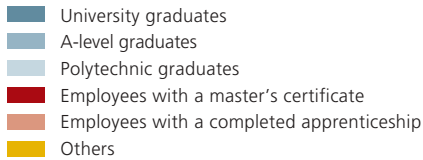
At present, over 60 young people are undergoing training and will be employed in various areas of the company.

Moreover, every year EVN offers around 200 vacation workers the chance to supplement their theoretical know-how with practical expertise.

Educational structure



The vast majority of the EVN work force possesses one or more specialist qualifications.



Statistics

- Employee fluctuation at EVN (excluding retirements) in 2003/04 was under 1%.
- Average length of employee service: 19 years (men: 20, women: 16).
- Average employee age: 43 (men: 44, women: 41).
- Share of female employees: 18%, share of male employees: 82%
- On average, employee sick leave totalled 11 d/y.
- Sales per employee in the 2003/04 financial year totalled EUR 462,900.
- Personnel expenses in ratio to sales during the period under review amounted to 16.6%.

Initiatives for quality of life in Lower Austria

Involvement in social, cultural, sporting and local matters

As a significant player in the Lower Austrian economy, EVN accepts its responsibility to become engaged in social matters in a manner appropriate to the company and its activities. Therefore, within the scope of its possibilities, EVN contributes to both social and charitable initiatives in its supply area and thus underlines its regional commitment.

EVN also sponsors regional exhibitions and other cultural events. Since the mid-1990s, the EVN Collection, a compilation of contemporary works of art of international calibre, has represented the nucleus of these activities.

Numerous other EVN initiatives within its social environment such as the support of diverse sporting events, co-operation with schools and technical colleges and involvement with current developments in the fields of science, technology and the energy industry round off the company's activities in this area.

EVN's support of selected social initiatives during the 2003/04 financial year

As in past years, during the period under review, EVN supported numerous social and charitable initiatives within its supply area. Thus, EVN fulfilled its responsibility to make a measured contribution to its social environment.

In line with this approach, EVN supported the Austrian Paralympics Committee with the departure of the Austrian team to the Paralympics 2004 in Athens, as well as the Leopold Figl Trust, which has the aim of providing socially needy Lower Austrians with professional training and further training.

EVN financed the purchase of ten refrigerators for the "Women's House" at the refugee camp in Traiskirchen, Lower Austria, which is run by the aid organisation SOS Human Rights. EVN thus contributed to an improvement in the quality of life of the asylum seekers and their children.

The "die möwe" association, which is a support initiative for physically, psychologically and sexually abused children, has also recently been added to the list of EVN causes. Thanks to its financing of gentle, professional therapy, EVN has thus opened the way for many youngsters to return to a "normal" childhood.

Donation to the Caritas Day Home and St. Anna Children's Cancer Research



Donation to the Caritas Day Home in Krems.

EVN also regularly organises charitable initiatives in combination with information events and open days at its plants. In general, the revenues from the sale of refreshments are dedicated to non-profit making organisations or charities. Thus EVN combines the enjoyable with the useful, while also issuing a friendly PR message to the visitors to its events.

For example, the net profit from the sale of food and beverages at the "E-Safety Day", which was held at Theiss power station at the beginning of June 2004, was donated to the Caritas Day Home in Krems. The Home offers work and educational possibilities to the mentally disadvantaged and apart from regular work in groups, also provides various further education courses, workshops, excursions, company trips and activity days. The Home's programme also includes cultural initiatives and music making. A separate group is available for older persons with a disability, which is especially designed to provide creative employment that matches the personalities and needs of its members.

The revenues from the sale of food and beverages at the "Power Adventure Day" held at the EVN wind farm in Prellenkirchen were then donated to the St. Anna Children's Hospital for the support of research into children's cancer.

Young, cool & clean



The "Young Energy" parties at EVN's Theiss power station offer Lower Austrian school students a chance for a great time, but alcohol-free.

The "Young Energy" school parties held at the EVN power station in Theiss continue to be a hit among Lower Austria's youngsters. These events, which are now known casually as the "EVN parties", are prepared by EVN employees with a great deal of thought and enthusiasm. The "Young Energy" parties are held regularly under the motto, "Young, cool & clean", are strictly alcohol-free and attract many school students. Indeed, in 2003/04, attendances totalled 2,200. In the past year, special highlights such as the KiddyContest 2004 and the appearance of MYGEN, an all-girl band from a St. Pölten grammar school, served to enhance the attractiveness of the events still further.

Apart from this EVN offer, the facilities and grounds of Theiss power station are also used by various external organisations for numerous events for young people. Every year, thousands of young people from junior fire brigades and Red Cross organisation, church server and Scout groups, the Tourism School in Krems and the Lower Austrian Children's and Young People's Welfare Organisation take an entertaining and informative trip to Theiss power station.

All these initiatives serve to establish a solid relationship between EVN and its customers of tomorrow. The teamwork with school directors, teachers, parents and the active co-operation with the school students both offer rich rewards.

Sponsoring of hobby and top class sport



The annual "EVN Handball Challenge", which is held in the Südstadt Federal Sports Centre, is sponsored by EVN.

EVN also lives up to its responsibilities as an important Lower Austrian company through the support of numerous events and initiatives in the sporting realm. The decisive criteria in an EVN decision to sponsor an event are the regional links between the event and EVN activities, its character and broad appeal. Team sports and clubs in Lower Austria are therefore allocated basic priority. EVN does not undertake full sponsorships, but instead limits itself to selected and targeted support in line with its stipulations.

There is a wealth of examples of EVN sports sponsoring. The annual highlight is the "EVN Handball Challenge", an international, 3-day tournament, which is held in the Südstadt Federal Sports Centre near EVN headquarters and attracts top class teams. The Raiffeisen Grand Prix in St. Pölten, a renowned, international tennis tournament, has also long been another event regularly sponsored by EVN. In addition, a variety of golf tournaments, cycle races and runs receive financial support from EVN along with basketball, curling, baseball and kayaking competitions.

EVN school service expands its range for Lower Austria



The rapid development and transformation of the energy industry in recent years also constitutes an ongoing challenge for the EVN school service. Accordingly, in March 2004, EVN launched a new teaching aid for Lower Austria's comprehensive and grammar schools under the title "Energy". Apart from the presentation of modern design teaching content, concerning energy sources and their exploitation, "Energy" also provides an insight into the basic principles of the electricity industry and its current structure. In the period from April–June 2004 alone, over 200 schools ordered this teaching aid, which with its variety will serve to clarify the topic of energy in the coming years to thousands of Lower Austrian secondary school students.



The EVN school homepage is a lasting hit

The EVN school homepage continues to be highly successful, having evolved from an information page that was designed originally for teachers, into a communications platform for children and young people. The homepage was redesigned in mid-August 2004 and its content considerably expanded. Among other features, the EVN school homepage offers information on the topic of energy that has been specially prepared for children, including a teaching programme concerning the fundamental principles of electricity, quizzes and the biographies of famous physicists. The homepage has separate areas for the 6–10 and 10–14 age groups, as well as for students over the age of 15, and for teachers. The most popular and frequently visited part of the homepage is the photo world, which can be used by young people, who have visited the Theiss power station, to print out or send photos of their trip to friends.



High-voltage surfing at www.young.evn.at

The EVN school service in figures

- EVN employees held 787 presentations at schools during the 2003/04 academic year.
- In the past academic year, 18,000 school students used the EVN teaching aid, "Electricity helps".
- Since its launch in March 2004, 60% of Lower Austria's secondary schools have ordered the "Energy" teaching aid.

EVN offers an extensive range of information to Lower Austria's school students and teachers.

The EVN Collection brings contemporary art to the company

The EVN Collection was founded in 1995 and is administered by the "EVN Art Committee", which consists of highly respected expert curators. Three aspects form the main characteristics of the Collection:

- Openness with regard to differing media and topics.
- A relationship to the present and an accompanying claim to quality.
- An international orientation.

Extensive initiatives for the communication of the visual arts



"Walking" by Alois Mosbacher was newly acquired during 2003/04. Superficially, the work gives the impression of being an observation of nature, but in truth it is rather the filmic sequence of an "uncanny" event.

Apart from ongoing enlargement, activities relating to the EVN Collection focus on the communication of contemporary art. Art from the past 20 years, which constitutes the content of the EVN Collection, can frequently first be decoded following appropriate preparation by experts. Therefore, EVN employees and their families can make use of a special service, which provides guided tours of exhibitions at regular intervals in the company of selected curators or artists. The exhibitions selected frequently involve artists, who are represented in the EVN Collection, or works on loan from EVN.

Since the summer of 2004, the EVN Collection website at www.evn-sammlung.at shows all the purchases made since 1995.

Co-operation with the Siemens Arts Program

Within the scope of co-operation with the Siemens Arts Program, during the period under review, EVN was accepted into the circle of companies that are involved with contemporary art and its exemplary communication.

In a joint project with the Private University of Witten/Herdecke, the "Contemporary Culture" area of the Siemens Arts Program has listed the main criteria and objectives of corporate, cultural responsibility on a website (<http://www.corporate-cultural-responsibility.de>). In the meantime, this overview has developed into a type of manual for all those companies seeking to integrate the values of contemporary art into their corporate culture. Apart from Bayer and DaimlerChrysler, the overview contains a contribution concerning the EVN Collection, which is intended to show the background and possibilities relating to such a commitment to contemporary art.

"The showcase of childish pleasure" by Jimmie Durham was also purchased for the Collection in 2003/04. The artist has placed various natural objects and artefacts in a glass case, thus creating the illusion of taxidermy. An ecological system is hinted at that is created in the imagination through pleasurable combinations.





A concert at the EVN FORUM. One of the fruits of the co-operation between EVN and the Tonkünstler-Orchester Niederösterreich.

EVN supports the Tonkünstler-Orchester Niederösterreich

EVN has not only established itself as a supporter of the visual arts in Lower Austria, but also of the federal province's musical life. Accordingly, the company supports the Tonkünstler-Orchester Niederösterreich, which is one of the country's most important symphony orchestras. Apart from their function as musical emissaries from Lower Austria on both a national and international level, the "Tonkünstler" have allotted themselves the task of shaping the musical scene throughout the entire region on an active and comprehensive basis. Therefore, local audiences at small concerts in Lower Austrian municipalities are provided with an opportunity to experience a large symphony orchestra live.

For a company such as EVN, which is strongly anchored in Lower Austria, this regional emphasis is a special priority. Thus the partnership with the Tonkünstler-Orchester Niederösterreich assumes a variety of forms, from the classic concert, to the communication of music to children and young people in the course of "sound games", which are held in schools and the St. Pölten Festival Hall. This allows EVN to support an important initiative in the area of modern music appreciation.

The ecclesiastical dignitaries return home

As part of its artistic and cultural initiatives in Lower Austria, EVN also contributes to the retention of the cultural heritage embodied by Castle Ottenstein. As early as 1962, during the completion of the power stations on the River Kamp, the company agreed to care for this architectural ensemble, which is subject to a conservation order. Not only was the structure of the building to be maintained, but also the historical links of the castle and its former owners.

During the period under review, EVN was able to purchase a collection of historic portraits, which originally belonged to the castle. Following the completion of restoration work, which is continuing at present, the collection will be put on public display in Ottenstein.

The unique collection of 71 portraits was commissioned at the beginning of the 18th century by Graf Leopold Joseph Lamberg (1653–1706), one of the noblemen who owned the castle. Apart from portraits of the patron, the collection contains pictures of the Popes Innocent XII and Clement XI, along with other important ecclesiastical dignitaries, including the entire College of Cardinals. In 1931, the collection changed both hands and location and only in 2003 did it again become available for purchase.

The first eight portraits to be restored were already shown in the summer of 2004 as a loan to the exhibition, "The Delights of Travel and Art" in the Premonstrate monastery of Geras. This two-country exhibition, which was held in conjunction with the Nová Ríše monastery in the Czech Republic, illustrated Baroque culture in Bohemia, Moravia and Austria using more than 500 exhibits.

A picture from the extensive portrait collection showing its patron, Graf Lamberg.



The EVN archive



Only those who have a clear knowledge of their origins and history can successfully shape the present and future in a conscious manner.

This principle also applies to the EVN archive, which was founded in 1998 and compiles all the information available concerning the commercial history, technical and energy industry aspects of EVN. As a result, the archive supplies valuable background information concerning questions relating to corporate culture and identity.

On the basis of documents from the archive, the book, "Between Monopoly and Market. EVN – The Energy and Infrastructure Company" was presented in January 2004. This assessment of EVN's position from a corporate history perspective was prompted by the enlargement of the EU and the experience gathered during the initial years of European electricity and gas market liberalisation. The book focuses on the singular aspects of EVN history, as well as structures that have survived political disruption and changes of cultural paradigm.

Presentation of the new EVN company history in the presence of the company chairman, Rudolf Gruber. On the right, the author, Georg Rigele.



Statement of the environmental auditors

As environmental auditors and members of the TÜV Bayern Landesgesellschaft Österreich GmbH environmental auditing organisation team, we have examined the content of the “Ecology” and “Society” sections of the EVN Sustainability Report 2003/04, which relates to the period from October 1, 2003 to September 30, 2004, and following random sampling and the completion of an audit on November 11, 2004 can verify both the content and the derivative sustainable effects.

Vienna, November 11, 2004



TÜV Bayern
Landesgesellschaft
Österreich

Hans Kolb m.p.
Judicially accredited expert
for mining and metallurgy

Franz W. Mayer m.p.
Judicially accredited expert
for air, waste and industrial waste

Richard Schönstein m.p.
Officially appointed team member

Georg Schörner m.p.
Judicially accredited expert
for ecology and environmental compatibility

Verifiers' report

We were instructed by EVN AG to verify the figures contained in the EVN AG Corporate Responsibility Report for the 2003/04 financial year. The Corporate Responsibility Report itself is the responsibility of the EVN AG management.

On the basis of the assignment allocated to us, we express the following opinion:

The financial figures contained in the "Economy" section of this report are taken from the consolidated financial statements of EVN AG as at September 30, 2004, September 30, 2003 and September 30, 2002, which were prepared in accordance with the International Accounting Standards, respectively the International Financial Reporting Standards, and received our unqualified auditor's opinion. The financial data in the aforementioned section is correctly repeated.

In addition, we would like to point out that for an understanding of the financial figures, the consolidated financial statements of EVN AG for the 2003/04 financial year should be read together with the notes to the financial statements.

Vienna, November 19, 2004



KPMG Alpen-Treuhand GmbH

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