

Energie
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EVN

**Sustainability Report
2002/03**

A photograph of two people rock climbing on a steep, rocky mountain face. The climber in the foreground is a woman with blonde hair, wearing a black jacket and a green rope. The climber behind her is a man wearing a black jacket, a dark cap, and sunglasses. They are both using climbing gear and ropes. The background shows a snowy mountain peak.

Always at your service

Carmen Hossner, a member of the EVN customer service team with responsibility for private customers, during the ascent of the Hoher Dachstein in August 2003. **Always at your service.**

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EVN corporate policy statement

The company

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

We are a regional supplier of energy, water and infrastructure services 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.

Our product and services range

Our business range primarily involves the supply of electricity, natural gas, heat and water. Apart from supply, we provide numerous related services.

Our know-how and infrastructure furnish us with opportunities for the expansion of our range of activities into additional, related areas of business.

Our customers

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

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

We seek to be as competitive as possible, in order to pass on savings to our customers.

Our shareholders

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

This not only includes the generation of 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 maximum 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.

Excellent codes of conduct and levels of commitment play a major role in shaping the company's public image.

Our responsibilities

We have a responsibility towards the environment. The intelligent use of energy and renewable energy sources, as well as a careful approach to nature, represent the benchmarks for our activities. Our goal is to achieve maximum energy efficiency and introduce innovative environmental protection measures.

We further economically viable alternative energy technologies.

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

We have a responsibility to the general public. Accordingly, we feel obliged to provide a high degree of transparency with regard to information about energy industry matters and our corporate activities.

We contribute to the arts and sciences 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

Naturally, our activities have a degree of impact on the environment. Therefore, EVN minimises such effects and thus makes an important contribution to the maintenance of the general ecological balance in its supply areas.

Sustainable growth

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 long-term quality of the environment for future generations. For us, ecological, economic and social objectives are of equal significance.

Improved environmental performance

EVN's activities are based on compliance with statutory requirements and state-of-the-art environmental protection technology. In addition, the company is committed to constant improvements in the standard of its environmental performance.

Renewable energy systems

EVN is engaged in the development and use of additional energy systems and innovative environmental protection installations.

State-of-the-art environmental engineering

All of EVN's energy generation plants are state-of-the-art. Existing capacity is subject to environmental upgrading as far as this is economically sustainable. At the same time, the company endeavours to exploit resources through the highest possible efficiency levels. This helps to prevent further intensification of the greenhouse effect.

Landscape conservation

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

Waste management

The flow of material within our company is 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 increasingly involves ecological aspects. Energy saving is one of the core principles of EVN consulting.

Optimised customer appliances

EVN helps its customers to enhance the efficiency of their energy systems, thereby contributing to a reduction in pollution levels.

Work force motivation

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

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Sustainability Report
2002/03

Always at your service

EVN, a leading supplier of energy, water and infrastructure services

EVN is an Austrian energy and services company, which provides its customers, who are mainly located in Lower Austria, the country's largest federal province, with electricity, gas, heat, water and related services on a one-stop shop basis using highly modern infrastructure.

The company is also aware of its responsibilities to the environment. Consequently, in recent years it has stepped up investment in the use of renewable energy sources such as water, wind power and biomass.

Another priority is high efficiency. To ensure further dynamic growth as a multi-service utility, EVN offers environment-friendly, competitively priced products, following a strategy that not only involves the expansion of its core business, but also targeted diversification into related business areas, e.g. waste incineration.

In an increasingly competitive market environment, EVN has also turned to partnerships with other energy companies in the electricity and gas areas. As a result, during recent years, the company has successfully established a competitive international position in the fields of energy trading and sales.

EVN is committed to a policy of maximum transparency and increased shareholder value and strives to ensure long-term corporate success.

Always at your service

Concrete measures aimed at comprehensive, sustainability-oriented energy supply and infrastructure services



The EVN workforce and our claim, “Always at your service”, form the thread, which runs through this year’s Sustainability Report. As a result of our specific business activities and comprehensive responsibilities, many EVN employees, particularly those belonging to our fault repair teams or working in shifts, are not tied to standard office hours. Accordingly, the photos of our employees selected from a staff photographic competition and used as illustrations for this report are intended to communicate the multifaceted nature of our activities and the compatibility of both professional life and leisure time.

Our claim actually goes far beyond literal availability to our customers “always”, or “around the clock”. It also expresses our philosophy of not merely responding to questions regarding the supply of energy and services in a selective manner, but rather through the adoption of a comprehensive approach, which always incorporates future considerations. EVN goes to great lengths to design all its activities and processes in such a way that the quality of life in Lower Austria is protected, not just for our customers, but also for all those either directly or indirectly affected and the generations to come.

We see the challenges currently facing EVN as comprising the creation of sustainable value for our customers and shareholders, the careful use of natural resources, the provision of attractive working conditions for our staff and the meeting of our responsibilities in a social context. With its Corporate Governance Code agreed in September 2003, for the first time, EVN has provided stakeholders with an easily understandable presentation of its management and control procedures.

We fulfil the aforementioned obligations through a variety of initiatives in all corporate areas, from the most economic design of every process, to the systematic application of environmental protection principles, which have long been an EVN priority. We are continually reducing the environmental impact of our operations through the maximum possible use of hydropower and the increasing employment of biomass, wind power and other alternative forms of energy. Moreover, we have long numbered among the global leaders with regard to thermal power plant engineering and efficiency. Practically all of EVN’s thermal power stations possess environmental certification and the company also operates a holistic environmental management system.

Since 1990, regular information about these initiatives has been published in annual environmental reports, which we have progressively expanded into an environmental and social report. This Sustainability Report, which is the second of its type to be issued by EVN, provides an extensive insight into company activities in the economic, ecological and social fields. In addition, a high level of reporting transparency in line with international standards reaffirms EVN’s commitment to the three decisive aspects of sustainability, which constitute the benchmark that governs its business and value added activities.

Rudolf Gruber

Peter Layr

Herbert Pöttschacher

Stefan Scholze-Simmel, a member of the EVN maintenance and line construction team during the handover of the 110 kV line between Traisen and Türnitz in April 2003. **Always at your service.**



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, a sustained improvement 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 main 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.

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 numerous, interesting research projects, which are funded partially by the EU.

Economic situation

EVN development in the 2002/03 financial year

During the year under report, which was characterised by a difficult situation in both the overall economy and the energy industry, EVN sought to expand its range as a multi-service utility and to strengthen its long-term competitive position through the further consolidation of the Austrian electricity and gas markets. As a result, sales volumes and sales revenues were increased in virtually all the company's business areas. The only exception was gas, where structural shifts occurred due to the transfer of key accounts and trading business to EconGas. EVN Group sales revenues in the 2002/03 financial year stood at EUR 1,082.1 m, which was 2.9% below the figure for the preceding year. As a result of the structural changes in the gas business sector, the unfavourable energy purchasing price trend, as well as a reduction in electricity and gas network tariffs the operating result (EBIT) for the 2002/03 financial year fell by 19.8% from the EUR 127.9 m of the preceding year, to EUR 102.5 m. However, the net result totalled EUR 102.6 m and was therefore EUR 13.1 m, or 14.6%, above that for 2001/02.



In the 2002/03 financial year, the Return on Equity (ROE), which is a key indicator for shareholder value creation, stood at 9.4%. The Return on Capital Employed (ROCE), the measurement of the interest on invested capital, amounted to 6.2%.

Despite the massive changes in the company's environment following the full liberalisation of the electricity market on October 1, 2001, and the gas market on October 1, 2002, EVN has succeeded in maintaining ROE and ROCE at the high levels of the previous business year by means of the active exploitation of market opportunities and targeted expansion into new business areas.

Within the framework of its investor relations activities, EVN also organises regular events for retail investors. For example this year, during the opening of the 2003 Lower Austrian Provincial Exhibition at Reichenau/Rax, EVN held its traditional meeting for private investors. Apart from a visit to the exhibition, the meeting also offered retail investors an opportunity to learn about the latest EVN developments at first hand. The guests toured the new EVN "Civitas Nova" biomass plant in Wiener Neustadt, an installation that uses renewable, environment-friendly biomass to generate both electricity and heat.

Detailed information concerning business development within the EVN Group is provided in the 2002/03 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.

Solid balance sheet

EVN business continued to be based on the sound foundation provided by a solid balance sheet. The EVN Group's consolidated balance sheet total increased by EUR 189.9 m, or 6.8%, over the figure for last year, to EUR 2,993.8 m (previous year: EUR 2,803.9 m). At the end of September 2003, the equity ratio was up on the 37.1% of the preceding year at 38.0%. These indicators show that EVN continues to demonstrate a stable and healthy balance sheet structure.

Sustained dividend and share price development



Environment-conscious investors also value the EVN share, which is represented in both the FTSE4Good and Ethibel sustainability indices.

EVN is committed to a stable and sustained dividend policy. The aim is to offer a reasonable return on shareholder capital, which apart from a positive share price development is secured by dividend returns. On the basis of the result, an increase in the dividend per share from EUR 0.70 to EUR 0.75 will be proposed to the Annual General Meeting for the 2002/03 financial year. This corresponds with a pay out ratio of 27.5% and a dividend return of about 2.1%.

Following two years of sharp increases in price, during the past financial year, the EVN share lost 15.4% of its value. The Dow Jones Euro Stoxx Utilities branch index remained at roughly the level of the previous year with a plus of 1.1%, while the ATX (Austrian Traded Index) was up by 27.8%.

Key indicators EVN Group (IFRS)

		2002/03	2001/02	2000/01	1999/00	1998/99
Operating result (EBIT)	EUR m	102.5	127.9	121.0	119.4	113.6 ¹⁾
Electricity sales volumes	GWh	9,656	8,624	7,773	8,826	6,193
Gas sales volumes ²⁾	m m ³	1,072	1,895	1,322	1,336	1,381
Heating sales volumes	GWh	877	786	721	712	671
Water sales volumes	m m ³	26	24	23	24	22
Return on equity	%	9.4	8.7	9.4	11.3	7.7 ¹⁾
Equity ratio	%	38.0	37.1	40.5	38.4	37.5

¹⁾ 1998/99 excluding measures taken with regard to electricity market liberalisation.

²⁾ From January 1, 2003, excluding gas key account sales and gas trading following the transfer to EconGas.



EVN made systematic investments in plants using renewable energy.

Investments

Investments form the basis for sales and profits in years to come. Accordingly, in the 2002/03 financial year, EVN invested in its future, spending EUR 228.0 m on tangible assets alone.

The main reason for the increase in the volume of investment was the enlargement of wind parks and district heating systems, the completion of AVN's waste incineration plant and modernisation at Korneuburg power station. In addition, expansion to transport and distribution networks continued as part of the adaptation to the requirements of the liberalised electricity and gas markets.

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.

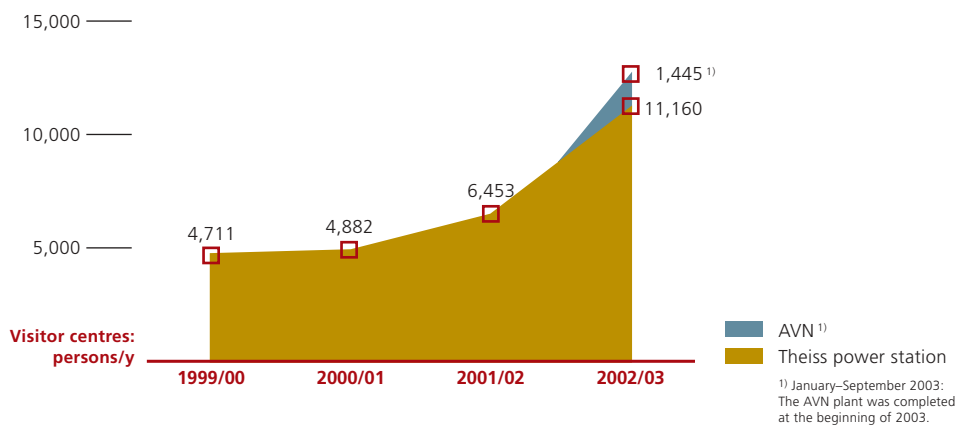
EVN regards corporate governance as being the sum of all the basic principles concerning shareholder interests, which focus on transparency and a balanced relationship between management and control, while preserving the ability of the uppermost levels of company management to take decisions and act efficiently. In line with the Austrian Corporate Governance Code, in its 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 Code of Corporate Governance Code of EVN and additional information on this topic are available on the EVN investor relations homepage at www.investor.evn.at/CorporateGovernance.

Dialogue with stakeholders

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

Lively public interest in the EVN Group visitor centres



Customer satisfaction as a basis for sustained company success

One-stop energy, water and infrastructure services

In addition to the integrated supply of electricity, gas and heat, during the past decade drinking water supply, telecommunications, Internet and various related services have been added to the product range of EVN and its subsidiaries. In future, waste and wastewater handling will also be offered to customers.

Integrated range



An extensive range of services from a single supplier.

Professional customer relations management

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. Independent market research companies regularly assess EVN customer satisfaction. Over the years, approval ratings have remained at a consistently high level. Indeed, the latest survey showed record satisfaction among energy customers. EVN regards this vote of confidence as an obligation to work even harder.



Virtually "on the doorstep" throughout Lower Austria: EVN's 26 Customer Centres.

An emphasis on proximity to the customer and customer support

EVN has 26 Customer Centres throughout Lower Austria, which means that the company is practically always "on the doorstep". The same contact in each Customer Centre advises customers on all matters relating to EVN products and services. Accordingly, EVN fulfils the "One Face to the Customer" concept and relies on personal, individual support. An extensive and partially free selection of energy advisory services completes the range.

In order to deal with all customers in a professional and efficient manner, in 1999 EVN introduced a company-wide Customer Relations Management system. A modern call centre acts as a platform for all customer contacts.

Quality management for on-going improvements

EVN is constantly looking to upgrade its service. For example, each year the Customer Relations Centre workforce completes a comprehensive training programme including topics such as customer communications, customer relations management, sales and distribution, products, services, energy invoicing and consulting.

Internal quality competitions, such as "QUIP" ("Quality Improvement Programme") also serve to enhance standards still further. "QUIP", which has already been operating for a number of years, has proved to be most effective and is very popular among the EVN customer services teams.

Round-the-clock fault repair service

Among other measures aimed at guaranteeing security of supply, EVN offers a 24-hour fault repair service for electricity, gas and heating. The service, which is greatly appreciated by customers, is organised in the various areas of EVN's supply region by engineers with local knowledge. This ensures that, as a rule, a maximum period of only an hour elapses between the reporting of a fault and on-the-spot repairs.

Service optimisation through the "EVN PowerPartner concept"

During the provision of complete repair coverage, EVN is supported by its "PowerPartners" throughout Lower Austria. EVN has a long history of successful co-operation with Lower Austrian electrical installation companies to the benefit of joint customers. Moreover, as a response to the radical changes in market conditions which have occurred in recent years, during the period under review, EVN further intensified its teamwork with these regional partners in the fields of marketing, sales, services and communications within the "EVN PowerPartner concept". The objective is to offer consumers helpful energy services quickly, efficiently and at fair prices under the motto, "Top quality energy and services."

Fair play during energy sales – no door-to-door contract canvassing

Despite the intensive competition in the Austrian electricity and gas market, as a quality supplier EVN has refrained from using door-to-door salespersons in order to expand its customer base. Above all, doorstep canvassing for contracts in the energy sector is problematic due to the minimal price differences between the individual suppliers. It is often the case that false price comparisons are made and that people, in particular the elderly, the socially disadvantaged and people with an insufficient knowledge of German, are put under pressure in their own homes.



The service to customers is to be improved additionally through intensive co-operation with the "EVN PowerPartners". Regular meetings ensure co-ordinated joint action.

Investments for the future – Research & Development

As an innovative infrastructure supplier, within the scope of its resources, EVN has a special interest in promoting technical progress in the areas of energy supply and infrastructure. Since the very beginning of its operations, EVN has made a principle of using the latest technical developments for efficient energy conversion and application in its plants. EVN has not only acted as a pioneer in the power station technology sector, but has also played a leading role in the development of the Austrian gas supply.

The co-operative circle initiated by EVN extends from secondary engineering colleges to polytechnics and universities of technology. EVN is also participating in numerous EU-financed projects in co-operation with other companies and institutes.



EVN takes part in numerous projects, which are partially EU financed.

European research at EVN

In order to achieve further optimisation of its power station operations, EVN regularly participates in international research projects. At present, seven such undertakings are in progress, two of which will be completed by the end of 2003. Five new projects have been submitted to the EU for funding and should commence at the turn of the year. The current EVN projects have a budget of EUR 2.6 m, EUR 1.3 m of which was provided by the European Commission. They 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 with numerous, international institutions in this field, including SNET/Cerchar from France, universities of technology in Athens, London, Nottingham, Seville, Zaragoza and Lisbon; the Alstom, AE&E, Apparatebau Rothemühle, RWE Rheinbraun and ABB Umwelttechnik GmbH companies from Germany; Corrosion Management, CRE Group Limited, PowerGen Power Technology Centre and Lodge Sturtevant Ltd. from the UK; AICIA, INERCO, Compañía Sevillana de Electricidad S.A. and ENDESA from Spain; ENEL and Ineti from Italy; PPC Public Power Corp. from Greece and Pegop Energia Electrica from Portugal.

Current projects

Project name	Project target	Time scale	EU funding as a % of EVN costs
PREADVISOR	Automatic control of the air preheater for more economic operation	2001–2003	60%
COBIFLASH	Improved solid fuel classification for safer use	2001–2003	64%
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 flue gas cleaning (process control)	2002–2004	61%
ADMONI	Improved surveillance for greater efficiency	2003–2006	61%

Know-how exchange with a Japanese energy producer

Since the mid-1980s, EVN has been co-operating with the Japanese power producer J-Power, the former Electric Power Development Co (EPDC), Tokyo, in power station engineering matters. For example, EPDC supported EVN and ATP (Verbund-Austrian Thermal Power) with the installation of denitrification systems at the Dürnrrohr power station, which involved the first full-scale use in Europe of denitrification based on a Japanese developed catalyst (capture of 100% of the flue gases). The on-going teamwork covers all current questions relating to the electricity industry, e.g. flue gas cleaning, the Kyoto targets, clean coal technology, international sourcing and electricity market liberalisation. This co-operation is accompanied by annual meetings that are held in Japan or Austria on an alternating basis, as well as an employee exchange programme between the co-operating partners for training purposes.

EVN subsidiary grafotech develops innovative flood protection programme

grafotech, a fully owned EVN subsidiary specialising in digital cartography, is currently developing a completely new type of computer program for the identification of areas subject to the danger of flooding. This simulation program, which is based on hydraulic, meteorological and geodetic data, allows the calculation of the possible effects of floods. Consequently, the users, who include local authorities, planners and land-owners, can make a concrete assessment of the potential danger to which specific areas are subject.

As opposed to the hydraulic methods used up to now, which were time consuming, cost intensive and only partly practical due to statistical problems, the grafotech model operates on a platform provided by geometric cross-referencing between existing terrain models and the surface of the water table. Moreover, by superimposing a GIS-based (GIS – Geographic Information System) area representation with the land register, it is even possible to establish the degree of flood danger to individual plots of land. This allows users to quickly receive a simple, low cost, and above all, sound estimate of the flood danger. Apart from the flood-related analysis of industrial and commercial areas, the grafotech model is also ideal as a planning tool for energy or telecommunications line networks.



The grafotech simulation programme makes the potential danger derived from flooding clearly apparent.

Sustainability-oriented purchasing

Sourcing principles

As a regional energy supplier, 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. In line with the procedure foreseen in these statutes, contracts are allocated to efficient and reliable companies at reasonable prices in accordance with the basic provisions of EU legislation, as well as the principles of free and fair competition and equal treatment of all applicants and tenderers. The environmental compatibility of the service involved is 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

Companies seeking to become suppliers to EVN must complete a questionnaire for the “auditing of external suppliers”. Should certain decisive criteria not be met, then the allocation of an order to the company can no longer be considered. This questionnaire also determines if the suppliers consent to voluntary participation in quality, safety and environmental management programmes.

Resource conservation through environment-conscious sourcing

Specification catalogues, minimum requirement lists and exclusion criteria for certain purchasing processes are employed for the assessment of the environmental impact of the materials and substances involved. In numerous product groups such as paints, washing and cleaning agents, photocopy paper, photocopiers, plastic gas pipes, de-icing agents or office materials, this ecological evaluation means that EVN exclusively selects those products for operational use, which not only meet all technical requirements, but also demonstrate the lowest level of environmental impact.

Environmental initiatives in the purchasing sector

During the period under review, EVN continued its efforts towards the sustainability-orientation of its selection and purchasing decisions. Some examples include:

- **Extension of ecological cleaning methods to EVN's branches**
All external cleaning firms wishing to be employed by EVN must adhere to a precise directive concerning the application of cleaning agents and methods. Following the introduction of this directive at EVN headquarters, an ecologically approved list of services with regard to facility cleaning now applies to the more than 26 EVN branches.
- **Use of recyclable toner cartridges**
Due to its size, EVN uses around 1,000 toner cartridges per year. In April 2003, a major improvement was achieved in this regard by the replacement of the most frequently used toner cartridges by recyclable products. Recycling in this context means that the empty toner cartridges are not merely disposed of, but are disassembled, checked and then refilled. Apart from a reduction in toner costs of more than 30%, this also represents a contribution by EVN to the conservation of resources.

Strict rules apply to the use of cleaning agents and equipment in all EVN buildings.



EVN also uses recyclable toner cartridges.

During a summer week-end in 2003, the two and a half-year-old Stefan takes advantage of the stand-by duty of his father, **Gottfried Langthaler**, a member of the EVN fault repair team, for a precise inspection of the paternal company vehicle. **Always at your service.**



Ecology

A responsible approach towards the environment and natural resources

EVN attaches increasing importance to the orientation of company development towards the concept of sustainability. The focus of company activities is steadily shifting towards this approach.

One issue of special topicality in this connection is climate protection. EVN has already taken a number of initiatives in this area such as the use of renewable fuels in electricity and heat generation, systematic increases in efficiency at its thermal power stations and the comprehensive consulting of customers in all matters relating to the conscious, sustainability-oriented employment of energy.

EVN also endeavours to apply a sustainable approach in the water sector. Priorities include the protection of national water resources and their responsible and measured use.

An integrated view of economic success, a protective attitude towards the environment and social progress form a platform for the guaranteed continuation of sustainable, environmental protection measures in years to come.

EVN has long allocated great value to a policy involving more than selected, individual activities. Its aim has always been the creation of a highly extensive environmental management system and the consideration of environmental protection issues during all relevant management decisions.

The EVN environmental management system

Comprehensive environmental protection throughout the company

Over the years, the positioning of environmental protection at the highest company management level – e.g. EVN Environmental Controlling has from its inception been directly responsible to the Board – has generated major initiatives in the environmental protection area. These include the upgrading of the Theiss power station with the latest environmental protection systems, the implementation of an environmental management system in line with EMAS and ISO 14001 for all production plants of environmental relevance, the construction of numerous biomass-fired district heating plants, diverse initiatives in the alternative energy sector and attendance at climate conferences, etc.

The existing EVN environmental management system represents an ideal means of dealing with the challenges of the future, including those relating to sustainability. Accordingly, work is currently continuing on the expansion of the EVN environmental management system to include aspects of sustainability that have yet to be implemented. The objective is the establishment of a comprehensive sustainability management system.

- 1990** Creation of a **Group environmental policy** as a basis for all EVN environmental activities.

- 1990** Issue of the first **Environmental Report**, followed by annual publication as a supplement to the Annual Report.

- 1991** Creation of the **“Environmental Controlling and Safety”** unit as the organisational foundation stone for EVN environmental management.

- 1992** Formation of an **Environmental Advisory Committee**, comprised of representatives from business, science, health and public authorities, which advises the Executive Board on matters of environmental protection.

- 1995** Start of the implementation of certified **environmental management systems**.

- 2001** Expansion of the Environmental Report to include social issues and publication of the first **“Environmental and Corporate Responsibility Report”**.

- 2002** Issue of the first **“Sustainability Report”**.

Forerunner role with regard to EMAS and ISO 14001 certifications



The environmental management systems at all of EVN's locations with a major impact on the environment were subjected to EMAS and ISO 14001 certification at the earliest possible date. Moreover, in the meantime, the four certified locations and location groups have been modified to meet the still more stringent requirements of the EU's new EMAS II regulation.

The continuous improvement process demanded by EMAS and ISO 14001 represents the key to a continuous optimisation in EVN environmental performance, as well as its guarantee.

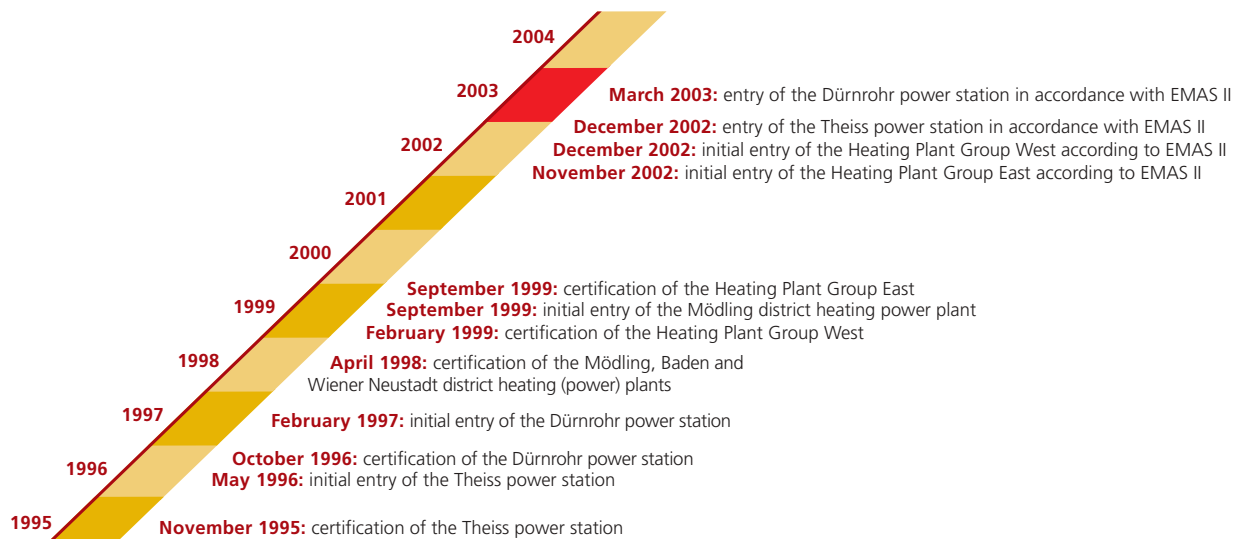
In 1995, Theiss became the first thermal power station in Central Europe to receive ISO 14001 certification and was followed in 1996 by the Dürnrrohr power station. During 1998 and 1999, EVN's entire district heating plants, which are combined in the Heating Groups East and West, also received certification. These included the first biomass-fired district heating plants in Austria to have a certified environmental management system.



During the intervening years, the environmental management systems at all the certified locations have been integrated into standard, managerial procedures. The focus of current optimisation measures is on a reduction in administrative costs through the introduction of a programme, which facilitates the fulfilment of legal obligations and the provision of proof of adherence.

The detailed environmental declarations for EMAS locations can be requested under umweltcontrolling@evn.at.

Certification of EVN plants



EVN's certified locations are integrated into a continuous improvement process.

Highlights of the EVN environmental programme

Improvement	Date
Use of up to 50% of the waste heat from the Neunkirchen block heating power plant for the heating of adjacent storerooms and garages.	September 2004
Reduction in the internal power requirement of the Dürnrrohr power station by approx. 55 MWh per year through the modification of the plant's lighting systems.	September 2004
20–30% cut in noise emissions from the Allentsteig district heating plant through the installation of silencers in the area of the oil-fired boiler and the oil and bio-boiler air vents.	Autumn 2003
Optimisation of fuel utilisation and a 9% improvement in the efficiency of the Theiss power station through the optimisation of summer district heating operations.	End of 2003
Reduction in possible environmental hazards at the Mödling district heating plant by means of the structural separation of the acid and lye stores, in order to rule out chemical mixing.	2004
Reduction of the likelihood of fire at the St. Veit district heating plant through the replacement of the smoke duct from the multi-cyclone to the boiler 1 flue (winter boiler).	Autumn 2003
Approx. 7% reduction in the fuel required for electricity generation at the Dürnrrohr power station through the use of steam from the waste incineration plant in the Block 2 boiler.	Summer 2003
Prevention of around 35% of NO _x emissions from the Mistelbach block heating plant through the replacement of the burners on boilers 1 and 2.	May 2006
Cut in cleaning agent and fuel consumption at the Theiss power station through the installation of an automatic washing unit for the targeted cleaning of the gas turbine compressor.	End of 2003
Approx. 40% cut in NO _x emissions from the Baden district heating plant through the replacement of the existing burners with low-NO _x alternatives.	Programme over several years

EVN environmental management system – a concept with a wealth of advantages

- Secured and proven environmentally compatible plant operation.
- Continual improvements in environmental protection.
- Environmental measures for greater economy (cost and energy savings).
- Overview concerning environmental statutes and reliable legal compliance.
- Prompt adjustments to new legislation.
- Long-term orientation.
- Streamlining of internal environmental protection procedures / integration into the existing management system.
- A dialogue with the authorities based on partnership.
- The efficient use of human and financial resources for a maximum improvement in environmental protection performance.
- Active communications with the general public.

Climate protection

Climate protection is at the very top of EVN's agenda. Accordingly, the company 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 increase its use of renewable energy for the generation of electricity and heat. Apart from the maximum possible employment of hydropower, wind power, biomass and the utilisation of industrial waste heat are all of growing significance. The newly built waste incineration plant adjacent to Dürnrrohr power station provides a further contribution to climate protection. Moreover, the "flexible instruments" envisaged under the terms of the Kyoto protocol also offer EVN a number of interesting opportunities.

Stipulations and the international framework

The implementation of the climate protection targets contained in the Kyoto protocol has entered a decisive phase in Austria, even though ratification is still outstanding (as per November 2003). Apart from the USA's decision not to implement the agreement, Russia has also failed to sign. Within the terms of the agreement, the EU undertook to cut its greenhouse gas emissions by 8%, Austria even agreeing to a reduction of 13% by 2008/12 within the framework of "EU burden sharing".

However, up to now Austria has made no progress towards this target. Indeed, since the base year (for CO₂, CH₄ and N₂O: 1990, for HFC, PFC and SF₆: 1995), emissions of greenhouse gases have actually risen by 9.6% (2001 figure). The largest increase has derived from the road transport sector (+49%). There has also been a rise of 1% in the energy industry, which can be traced primarily to the growing demand for electricity.

Against this background, in June 2002 the Austrian cabinet approved a national climate strategy, which foresees a range of across the board measures that will also affect the energy industry. A separate climate strategy for Lower Austria is currently in preparation.

EVN and climate protection

In particular, the new climate strategy affects EVN in the fossil fuel firing area (power stations, district heating plants). Moreover, in the medium- and long-term, climate protection will have profound consequences for the entire energy market and lead to the increased utilisation of district heating using renewable fuels and industrial waste heat.

In order to exploit the opportunities presented by this development, EVN has been active in the field of renewable fuels for many years:

- The generation of hydropower has a long-standing tradition at EVN (Wienerbruck and Erlaufboden power stations, the power station chain on the River Kamp, numerous small-scale hydro-power plants throughout Lower Austria).
- EVN has been using biomass in the heating sector since 1993 and currently operates over 30 biomass-fired plants, with a further two to five new installations being added annually.
- Experiments related to the generation of electricity using biomass are under way in a test plant.
- EVN has built three wind parks since 2000.

In areas where, for reasons of security of supply, fossil fuels are currently indispensable, EVN makes every effort to carry out ongoing modernisation:

- Increased thermal power station efficiency (e.g. the Theiss combi-cycle block with an overall efficiency rate of over 60% with bleeding for district heating and more than 50% without, which is remarkable even by international standards).
- Use of waste heat for district heating supply (e.g. Theiss and Dürnröhr power stations).
- Cogeneration plants, which optimise energy use in the industrial sector through simultaneous electricity and heat generation.

Another important measure with regard to climate protection is the completion of a waste incineration plant by AVN, a fully owned EVN subsidiary. The burning of waste provides a considerable reduction in the greenhouse gas methane, as the emissions which otherwise would have derived from landfilling are avoided (also see page 29).

EVN customers are also provided with active assistance in the climate protection area:

- Energy consulting on solar power, heat pumps, biomass and building renovation (also see page 41).
- The support of local authorities in questions relating to street lighting ("Lighting Service", also see page 42).
- Preparation of energy concepts for towns and municipalities, above all those belonging to the Climate Alliance.

Flexible instruments as an opportunity?

Apart from the aforementioned technical measures for reducing greenhouse gases, the "flexible instruments" envisaged in the Kyoto agreements could also be of great interest to Austria. In line with a market economy approach, these instruments are intended to ensure that technical measures are implemented where they cause the lowest costs.

As many of the technical possibilities in Austria have already been exhausted (e.g. efficiency increases) and the realisation of technological measures is markedly more expensive than in other countries (e.g. developing states), the "flexible instruments" could provide Austrian companies such as EVN with attractive alternatives for the fulfilment of their reduction obligations.

The "flexible instruments" at a glance

"Flexible instruments"	Content	Status quo	Example
Emission trading	Trading of greenhouse gas emissions between large industrial plants, e.g. firing systems > 20 MWth in the EU.	The Kyoto protocol foresees global emission trading from 2008. The EU emission directive comes into force in 2004. Emission trading pilot phase from 2005. Emission trading from 2008.	Plant A emits less CO ₂ than permitted under emission law and can therefore sell CO ₂ certificates to plant B, which has emissions that exceed the limit. The price is determined by supply and demand.
Joint Implementation (JI)	Projects with other industrial countries ("Annex 1 states").	JI projects may generate certificates from 2008. Great uncertainty exists with regard to realisation. High transaction costs burden the certificate price.	Austrian company A builds a plant on the basis of renewable energy, e.g. in a CEE country. The CO ₂ emissions thus prevented are then credited to company A.
Clean Development Mechanism (CDM)	Projects with developing countries ("Non-Annex 1 states").	CDM projects can immediately generate certificates. Great uncertainty still exists with regard to realisation. As there are no limitations on CO ₂ emissions in developing countries, strict control mechanisms are planned for the crediting of certificates.	Company A in Austria builds a plant, e.g. in a developing country. The CO ₂ emissions thus prevented are credited to company A.

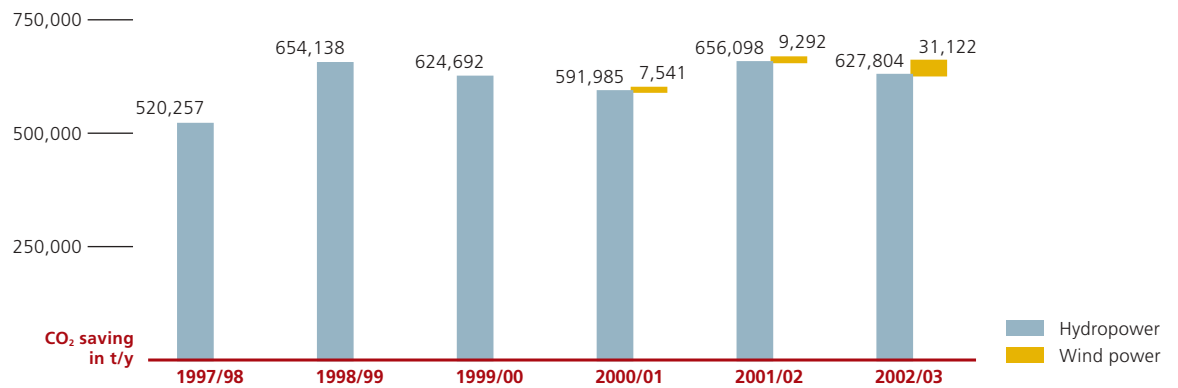
CO₂ emission trading

In accordance with the EU directive, trading in CO₂ certificates can begin in 2005, by which time there will be 25 member states. This trading will relate to industrial plants using fossil fuels and include incineration plants with a fuel-heat input of over 20 MW. This means that not only EVN's three thermal power stations, but also several of its larger natural gas-fired district heating plants will be included. In view of these facts, EVN is making intensive preparations for the start of CO₂ emission trading.

CO₂ prevention through the use of renewable energy sources

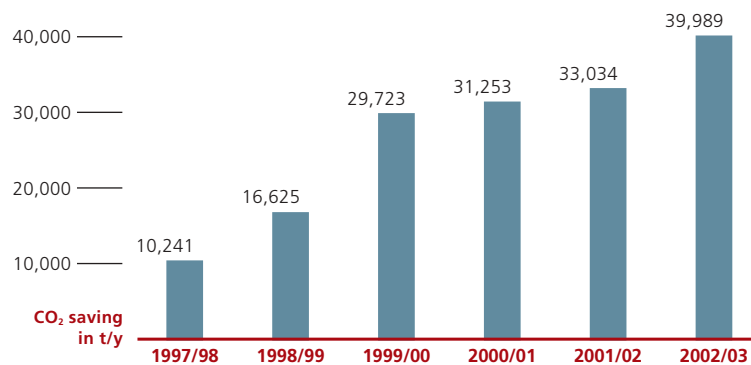
Considerable volumes of CO₂ emissions are prevented through the use of renewable fuels for electricity and heat generation by EVN and evn naturkraft.

CO₂ emission savings due to hydroelectric and wind power (electricity generation) ¹⁾



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

CO₂ emission savings due to biomass (heat generation) ¹⁾



¹⁾ In comparison to the use of extra light heating oil.

Landscape protection

Within the scope of its regional activities, EVN attaches great importance to all aspects of landscape protection. This takes the form of both the conscious design of the surroundings of its hydropower plants 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. During 2003, the UNO-designated "International Year of Freshwater", EVN has again instigated a number of new initiatives. EVN also deals with the clean-up of contaminated sites derived from the activities of their former owners in an exemplary manner, constantly carrying out more decontamination measures than are required by law.

Water as a natural habitat and leisure area

Apart from the significance of water as a life supporting element for humans, fauna and flora, and a source of energy, rivers and lakes also serve as the natural habitat for numerous species of animals and plants. At the same time, water has an important role to play in people's leisure time. EVN and its subsidiaries are fully aware of their great responsibilities in this regard, which explains why the multifarious demands on water as a living and leisure area are allocated maximum priority in all relevant projects. The period under review also witnessed the completion and start of numerous undertakings in this area.

Natural restoration of the banks of the Kleine Schwechat with trees and bushes indigenous to the surrounding area.



Natural riverbank design on the Kleine Schwechat

EVN makes special efforts to conserve the natural state of the rivers and streams in its supply area with the aim of minimising the impact on the landscape caused by its business activities. Apart from the design of the areas around hydropower plants, these endeavours repeatedly involve the careful, ecological restoration of biotopes in the catchment areas of EVN supply pipelines.

An exemplary project of this type was completed during the past financial year. This involved a high-pressure gas pipeline, which has been used to supply the Baden area near Vienna for around thirty years. In the vicinity of Tribuswinkel, the pipeline crosses the Schwechatbach, which since the laying of the pipeline has slightly changed its course. Moreover, the floods in the summer of 2002 washed out the pipeline in the crossing area. The situation was further complicated by the fact that the Schwechatbach is now designated as a natural monument and therefore standard reinforcement measures such as the use of stones, excavating or concreting could not be used.

As a consequence, prior to the completion of repairs, a technically satisfactory and ecologically worthwhile interim solution had to be found. Therefore, at the suggestion of EVN, in close co-operation with the nature conservancy authority, the riverbanks were restored with trees and bushes from the locality. For this purpose, tree trunks were first sharpened and then driven into the ground as piling. Additional trunks were then laid behind in a transverse direction and flexible bushes were interwoven. This not only created ecological niches for small creatures, but also ensured that further bank slippage could be halted by relatively simple means.

Natural pools on the Ybbs



The leisure area on the Ybbs was redesigned by evn naturkraft with the considerable help of the pupils of Allhartsberg secondary school.

In the course of the completion of the Dorfmühle hydropower plant on the Ybbs, evn naturkraft has initiated important steps aimed at the conservation and improvement of the “water leisure area”. In addition to the installation of a fish ladder, extensive areas of the water storage area upstream of the plant are being ecologically restored. As part of these activities, the two neighbouring municipalities of Kematen and Allhartsberg are both to create natural swimming pools.

The basis for these projects is provided by the overall utilisation scheme for this section of the river, which was jointly prepared with local government. Apart from accompanying ecological planning, this concept foresees leisure industry use of the river as part of local and regional value added. Existing natural attractions, e.g. the unique Ybbschlucht NATURA 2000 conservation area, are to be retained and together with the new swimming facilities, the ecologically redesigned river and bank areas, and the new Dorfmühle hydropower plant, are to be integrated into the “Ybbs Nature Park”.

The largest, indigenous predator in the Ybbs, the Danube salmon or “Huchen”, was selected as a heraldic symbol and mascot for the entire project. Under the name “Huchi”, the fish will “edutain” all age groups by presenting nature and technology in an exciting and informative manner. Infopoints highlighting the stretch of river and the various installations around the natural pools on the Ybbs will offer an invitation to actively participate and provide the visitor with worthwhile leisure activities.



Ottenstein reservoir



The Ottenstein reservoir offers a wealth of possibilities for leisure activities and relaxation.

The reservoir of EVN's storage power station at Ottenstein on the River Kamp provides an especially attractive area for aquatic leisure activities. Although the three large power stations on the Kamp were built during the post-war period, when landscape ecology and planning were minor considerations, EVN paid conscious attention to their harmonisation with the landscape. As a result, an important platform was created for the tourist industry of today and the use of the “Waldviertel” region for leisure purposes.

The Ottenstein reservoir and the surrounding countryside offer opportunities for sailing, surfing, boating, swimming, fishing, diving, walking and camping and have thus become one of the most popular leisure areas in the Waldviertel. Recently the Ottenstein reservoir was also integrated into the “KTM-Radweg” (Kamp-Thaya-March cycle path).

Responsible clean-up of contaminated sites



EVN is decontaminating and securing former town gas production sites.

Early industrialisation in Lower Austria has left a number of contaminated sites behind, three of which affect EVN. In recent years, substances from previous activities and World War II bomb damage that could cause both soil and ground water pollution have been discovered at the gasworks in Baden, Stockerau and Wiener Neustadt, which were taken over by the EVN predecessor company, NIOGAS, in 1954. In all three cases, EVN has responded to these problems, which did not derive from its operations, with comprehensive decontamination and safety measures that go far beyond its legal obligations. EVN has received support in these efforts from the local municipalities, as well as governmental funding.

- Although the contamination in Stockerau was allocated the lowest clearance priority rating by the Federal Environment Agency, together with the town council, EVN has voluntarily decontaminated and secured the site. During the construction work, which has already been completed, the hazards were surrounded by walls, which go down 10 m to an impervious layer in the soil.
- The contamination at the former gasworks in Baden, which today is the EVN Customer Centre, is being dealt with at present. Here, too, the clearance and safety measures are being carried out in close co-operation with the authorities and the town council. 4,000 m² of the 8,000 m² site have already been enclosed with retaining walls to a depth of around 8 m. The existing embankment of the adjacent River Schwechat is to be additionally sealed off. In this way, a watertight “sump” will be created that will rule out any possible danger to the surrounding soil and ground water.

Reliable and environment-friendly distribution

The efficient and secure distribution of network-transmitted energy and communications data requires advanced technologies. In addition to the steady optimisation of transmission performance and the prevention of energy losses, the reduction of the environmental impact of transmission activities plays an important role in further developments.

Specifically, these measures involve the land used, the negative effects on the landscape, emissions and the resources wasted due to transmission losses. On the basis of technical and economic viability, EVN constantly seeks to achieve optimisation in this area through the adoption of a conservationist approach to the environment and resources.

Environmental initiatives in network construction

The installation of new pipelines always has an impact, albeit a temporary one, on the natural world. Therefore, during the construction phase, EVN seeks to restrict the unavoidable effects on the landscape and eco-system to an absolute minimum. The period under review also witnessed numerous initiatives in this connection.

EVN electricity for the Schneeberg



Electricity has been supplied to parts of the Schneeberg for around 25 years. However, owing to the age of the special cable laid for this purpose, the number of power failures had begun to increase. Accordingly, during the building of a water and wastewater treatment plant for the supply of alpine chalets, EVN commenced the laying of a new high- and low-voltage cable, starting in Puchberg on the Schneeberg. The electricity cable, wastewater and drinking water pipes are laid in a single trench. All in all, around 14,000 m of high- and low-voltage cable, along with two transformer stations are now supplying the chalets on the Schneeberg. This means that the Hengsthütte, the Köglerhaus, the Ternitzerhütte, the Almwirtschaft Pleyer and the Baumgarten mountain railway station can all be provided with electricity. Previously, these buildings only had a limited supply provided by emergency generators or photovoltaic installations. In addition, the new supply lines also guarantee the operation of the water and wastewater pumps and the lighting systems in the two Schneeberg mountain railway tunnels.



State-of-the-art pipeline checks using pigging technology

EVN completes the inspection of voluminous and important, high-pressure, steel gas supply pipelines using state-of-the-art techniques. This is necessary, because despite sophisticated corrosion protection systems, the reliability of the pipes must be checked at regular intervals. In this area, EVN co-operates with a company from Texas, USA, which is one of just three suppliers of this technology worldwide, and is thus able to combine the need for maximum safety with its operational requirements. An internal inspection is made immediately after start-up using a "pig" and magnetic flow measurement ("intelligent pigging"). During this process, the pipe is magnetised by permanent magnets on the "pig" until saturation is reached. Any change in the flow density indicates an anomaly in the pipe wall, which can be pinpointed with great accuracy and then documented. These measurements are repeated at regular intervals, allowing the longer-term planning and optimisation of repair and maintenance measures.

Sustainable water management



Preserving national drinking water reserves for future generations.

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.

Retention of drinking water quality and quantity

A sustainable drinking water supply is based on the assumption that the quality of the drinking water and the volumes required are both assured.

- evn wasser completes continuous testing of the chemical-physical and bacteriological parameters of its water that goes far beyond the statutory requirements and involves the use of considerable financial and personnel resources. This allows both the demonstration of the perfect quality of the water as required and a prompt reaction to any indications of deterioration.
- In line with the principle of sustainability, equilibrium must be maintained between water replenishment and extraction. In order to secure this balance, evn wasser's well fields are equipped with numerous water level plotters and electronic logging devices, which show water levels in the wells and the readings from various surveillance probes. Care is taken that the well fields are not overexploited and that consumption corresponds with the potential for ground water renewal. Accordingly, evn wasser extraction is in line with the natural water cycle.

Securing additional resources

In order to cover the growing water demand derived from additional connections and rising population numbers, particularly in the municipalities around Vienna, evn wasser has long pursued a precautionary securing of resources.



Specialist symposium: "Water – Strategies for the Future"



To commemorate its 40th birthday, on November 5, 2002, evn wasser held a symposium entitled "Water – Strategies for the Future". Around 200 experts and representatives from local and provincial government gathered at the St. Pölten Festival Hall to discuss ways and means of providing the sustained maintenance of the public water supply and wastewater treatment. The symposium not only covered questions of financing, order allocation practice and privatisation, but also co-operation models and diverse national and international practice reports.

During the symposium, "Water – Strategies for the Future", the priority of the sustainable, ecological safeguarding of Lower Austria's water resources was clarified. The task for the future is therefore to harmonise economic requirements and new partnership models with ecological considerations and the basic principle of sustainability. This should ensure that the basic needs of a functional water supply and wastewater disposal system can be met at all times and the highest quality demands fulfilled.

“WASSERBAR WUNDERBAR”: mobile water installations



Feeling and experiencing the precious element water at the travelling “WASSERBAR WUNDERBAR” exhibition, organised by the province of Lower Austria and evn wasser.

From May 8 to July 26, 2003, the Lower Austrian provincial government and EVN presented a travelling water exhibition on ten Lower Austrian town squares. These events were held to mark the “International Year of Freshwater” called by the UNO. Visitors were introduced to the element water in an unusual and entertaining manner by means of six presentations. The idea was to encourage visitors to take part in the interactive exhibits and thus feel and experience the strength and preciousness of water. The water installations communicated five key themes relating to water, consisting of life, cyclicity, responsibility, power and nourishment. These are also the main elements of the Lower Austrian Water Charter.

evn wasser assumes the patronage of the NEPTUN prize category, “Water Technology”



During the past financial year, evn wasser again showed its commitment to a sustainable approach to water resources by assuming the patronage of the “Water Technology” prize category of the NEPTUN water awards. This business and research category rewards technical innovations for the furtherance of a careful approach to water use.

Federal agriculture minister, Josef Pröll, and evn wasser Board Member, Gerhard Jechlinger, awarding the NEPTUN 2003 to Messrs Heuberger for its development of a process for the optimisation of water and chemical consumption during galvanisation. Other prize-winning entries included a wastewater treatment process that has been specially developed for drought affected areas of the African continent and allows the recovery of hygienic drinking water from wastewater, and a simple hot water system for the home, which prevents water losses.

“Intelligent” use of water within the company

At all its locations, EVN seeks to implement the intelligent use of water. This applies equally to industrial and drinking water and involves power and heating plants and office buildings. Comprehensive measurement and monitoring of consumption patterns has been installed at all locations and plants that have a large water consumption.

In recent years, EVN has implemented a wealth of measures aimed at a reduction in water consumption. As a rule, the basic principle involved is that wherever possible water should be employed in closed cycles. At the same time pipeline losses are cut to a minimum. Consequently, wastewater-free systems were selected for the flue gas desulphurisation installations used at the Theiss and Dürnrrohr power stations. The water consumption of the wet ash removal was cut markedly through the integration of internal recirculation. The water derived from precipitation at the Dürnrrohr power station landfill is used in the flue gas desulphurisation plant.

Optimisation of the water supply at EVN headquarters



In September 2002, EVN introduced a recycling system for the car wash, which has cut the consumption of process water used by over 80%. Instead of 130 l per washing cycle, the wash now only needs 18 l for the final rinse. All in all, approximately 8,000 l of water, as well as 50% of the washing agents needed for the car wash are now saved on a daily basis. Therefore, apart from ecological advantages, the recycling plant also offers economic benefits.

The consumption of process water used in the car wash at EVN headquarters has been reduced by around 80% due to the recycling of the car wash water.

Water consumption 2002/03 at EVN AG

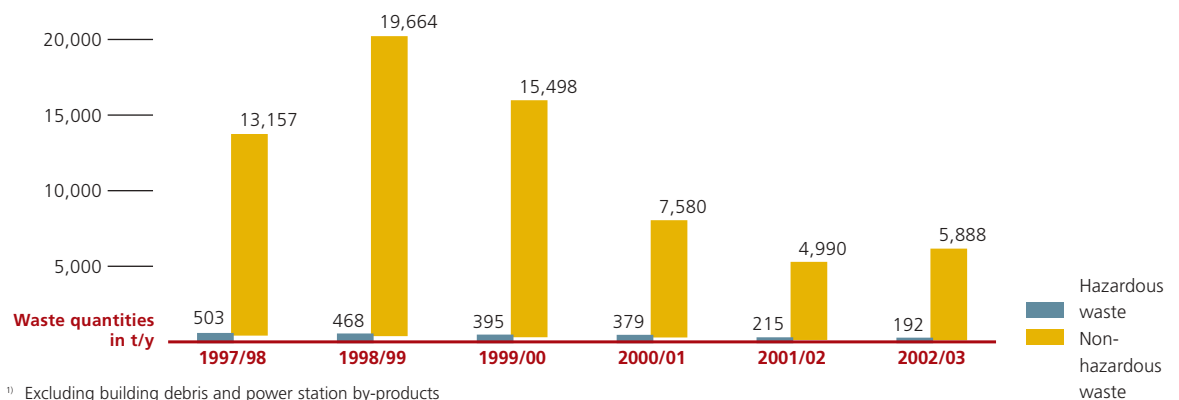


Sustainable waste management

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 on-going improvements. Moreover, the standard of waste data logging is also regularly upgraded through the very latest EDP applications.

Waste management in the EVN Group

Waste quantity trends at EVN AG ¹⁾



In recent years, EVN has been able to markedly cut the amounts of waste that it produces by means of targeted waste management. During the period under report, the volume of non-hazardous waste rose due to increased construction and conversion work.

Waste incineration in Zwentendorf

A basis for sustainable waste management in Lower Austria

On January 1, 2004, the new federal Landfill Decree and the amendments to the Water Rights and Hazardous Waste Decontamination Acts take effect. These new regulations stipulate that throughout Austria, waste must be treated prior to deposition.

With this in view, in mid-July 2001 AVN, a fully owned EVN subsidiary, started work on the construction of a waste incineration plant at Zwentendorf/Dürnröhr. The plant, which has a capacity of 300,000 t per year, will become fully operational on January 1, 2004, when the aforementioned legislation comes into effect.



Test operation at AVN's waste incineration plant was successfully concluded in September 2003.

The thermal treatment of waste, i.e. the managed incineration at temperatures of over 1,000°C, has proved to be the most viable alternative to the conventional landfill deposition used up to now. The pollutants contained in the waste are destroyed, or concentrated and extracted in a controlled manner, while at the same time the volume of the waste is reduced by 90%. In addition, sizeable quantities of energy can be extracted from the waste. This major benefit is facilitated by the unique location of the waste incineration plant directly adjacent to the Dürnröhr coal/gas-fired power station.

Following a successful commissioning process, the AVN plant went into pilot operation in mid-August 2003, which was concluded in mid-September. The subsequent performance tests have also met AVN's expectations in full, with the result that no further obstacles to full plant operation exist.

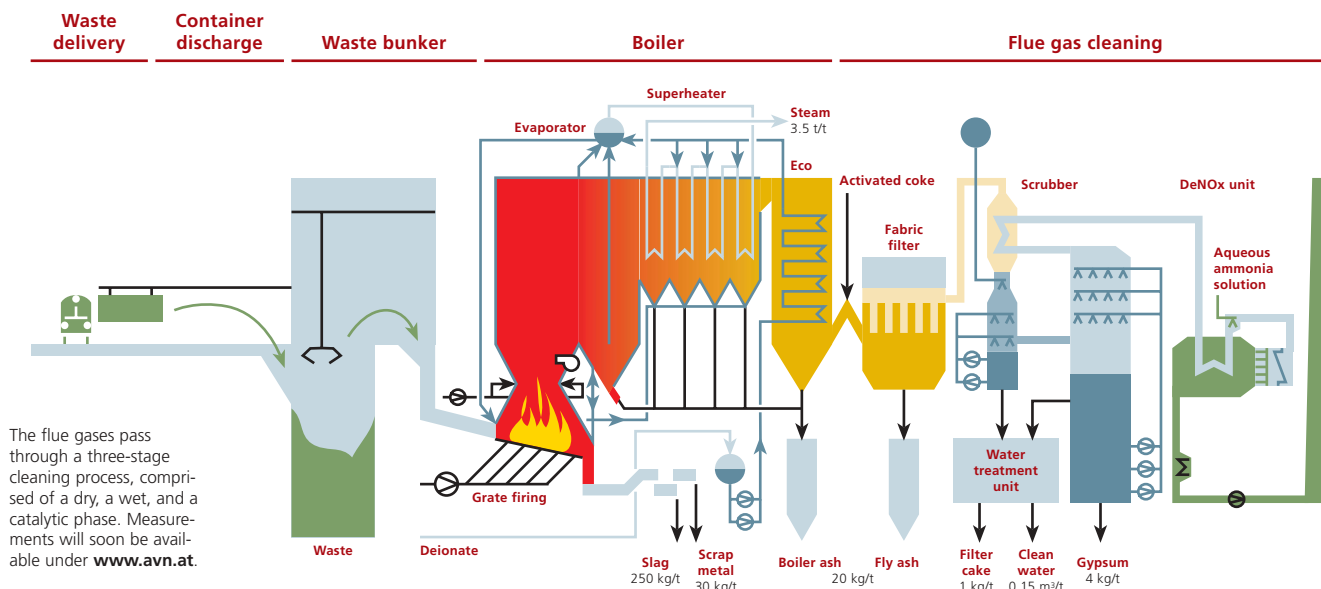
A plant that offers a range of environmental advantages

The AVN concept has three main aspects:

- The controlled treatment of the waste at temperatures of over 1,000°C and the extensive, three-stage flue gas cleaning system lead to the destruction and removal of pollutants such as lead, chlorine, cadmium, fluorine, etc. and thus render the waste harmless. The remaining residues are therefore free for landfill deposition or further processing.
- The use of the energy contained in the waste for the generation of electricity and district heat in the neighbouring Dürnröhr thermal power station. The related fossil fuel savings represent a contribution to an improvement in the air quality in Tullnerfeld.
- The delivery of over 90% of the waste by rail prevents emissions from road transport. The removal of residues also takes place by train.

The delivery of waste by rail and the exploitation of the energy created by AVN are globally unique. The steam derived from the incineration of the waste is used entirely in the neighbouring Dürnröhr power station for electricity generation and the supply of the surrounding municipality with district heating. Apart from the highly modern environmental protection and flue gas cleaning technologies employed in the waste incineration plant, this solution offers an extremely environment-friendly possibility for the thermal treatment of waste (please see the separate section concerning the advantages of the integrated energy system with Dürnröhr power station on page 38).

AVN waste incineration plant – schematic diagram



Environmentally compatible generation

EVN is building on renewable energy sources for the environment-friendly generation of electricity and heat. This is achieved by numerous hydropower plants, 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.

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 only running at half capacity and dead calm at the wind power plants, 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.

EVN's electricity and heat generation plants



Renewable energy sources

The traditional focus of EVN power generation using renewable fuels, is hydropower. Depending on water levels, the share of hydropower 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.

evn naturkraft – the EVN Group’s ecological power generation company

evn naturkraft, a fully owned EVN subsidiary, combines all of EVN’s activities in the area of electricity generation from renewable energy sources. The company operates small-scale hydropower plants, wind power and photovoltaic plants and attaches special importance to the highest possible level of environmental protection. For these efforts, evn naturkraft received the “Ecological Electricity Generation” certificate from TÜV Austria, which entitles the company to offer its electricity under this designation.

Apart from 62 small-scale hydropower plants, evn naturkraft has three wind parks in Gänserndorf, as well as the wind parks in Neusiedl/Zaya and Prellenkirchen, which went into operation during the period under review. Production in these plants during the 2002/03 financial year amounted to 177 GWh. This corresponded to the needs of more than 50,000 households, which could be supplied on the basis of environment-friendly, emission-free renewable energy.

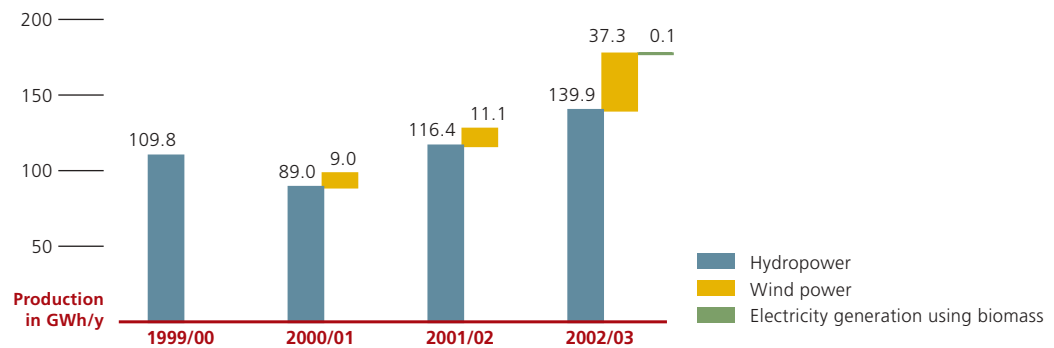
In order to further expand its electricity generation from renewable sources, evn naturkraft is currently involved in a number of projects. The main focus is on the completion of the new “Dorfmühle” small-scale hydropower plant on the River Ybbs, as well as increased electricity generation using wind power. The addition of new small-scale hydropower plants and wind parks constitutes an important contribution by EVN to the attainment of Austria’s greenhouse gas reduction targets.

Apart from evn naturkraft, 284 private small-scale hydropower plants, as well as some 100 private wind power plants, are connected to the EVN electricity grid.

EVN hydro- and wind power initiatives in Lower Austria

- A contribution to climate protection due to negligible levels of greenhouse gas emissions.
- No pollutant atmospheric emissions (SO₂, NO_x, etc.).
- A reduction in fossil fuel consumption.
- Reservoirs that can be used as leisure areas and for tourism (e.g. Ottenstein, Dobra power plants).
- Upgrading of small-scale hydropower plants for increased efficiency and economy.
- Enhanced environmental compatibility through water-related, ecological measures (fish ladders, wet biotopes and still waters).
- Upkeep of historical small-scale hydropower plants and canals.

evn naturkraft production development



Wind park Prellenkirchen



With the start-up of eight additional evn naturkraft windmills, the municipality of Prellenkirchen now has a total of 17 windmills with a capacity of 28.2 MW, which makes it the leading wind power municipality in Lower Austria. A further local highlight is the first Lower Austrian wind power information centre, which opened in September 2003. The aim of this centre is to raise wind power acceptance levels and to inform neighbouring countries such as Slovakia and Hungary of its advantages.

The new Nussdorf Weir small-scale hydropower plant



The Nussdorf Weir small-scale hydropower plant displays the careful integration of innovative power station technology into the famous architectural design by Otto Wagner.

With the planned realisation of a small-scale hydropower plant near the Schemerl Weir (at the start of the Vienna Danube Canal), EVN and its project partners, Verbund-Austrian Hydro Power and Wienstrom, have sent an important signal concerning the best possible use of hydropower.

The idea of using the Danube Canal for the generation of power is closely related to the building of the Freudenau power station on the Danube. Concepts for the use of the banked-up waters of the new power station by means of a small-scale hydropower plant near the existing weirs at the start of the Danube Canal (Schemerl Weir) had already been considered at the end of the 1990s. However, then this project was not pursued for economic reasons.

The realisation of the "Nussdorf small-scale hydropower plant" project first became economically viable following the passing of new "green power" legislation and the availability of new technology. Accordingly, plans are currently (autumn 2003) being prepared for approval and should this be granted, construction work could commence in autumn 2004. This would allow the small-scale hydropower plant to go on stream in the summer of 2005. From today's perspective, the electricity produced would meet the needs of around 7,500 Lower Austrian households.

A major feature of the project is its careful integration into the existing, Nussdorf Weir building complex designed by the famous Jugendstil architect, Otto Wagner.



Repairs to the Rosenberg small-scale hydropower plant concluded



The gates of the Rosenberg power station were so severely damaged by the devastating floods caused by the River Kamp in August 2002 that the tailwaters had disappeared and the bed of the reservoir had become visible. The landscape had been totally altered and damage to the bank vegetation, which had adapted to a higher water table, was feared. In order to conserve this natural habitat and to secure the continued operation of the Rosenberg power station from an ecological viewpoint, a local action group was formed in Rosenberg, which called for the rapid repair of the power station. EVN responded to this request for the quickest possible refurbishing of the gates prior to the summer in order to save the riverbank woodlands and allotted priority to this project.



Heat from biomass

The generation of heat using biomass, which consists primarily of bark, forestry chippings and sawmill by-products, is seen by EVN as a further contribution to a sustainable energy supply. With more than 30 plants and annual consumption of some 300,000 piled cubic metres of biomass, which corresponds to around 21 m litres of fuel oil and a saving of 56,000 t of CO₂ emissions, EVN has long been Austria's largest producer of heat from biomass. In total, EVN's biomass-fired plants currently provide thermal output of 70 MW. This is used for numerous public buildings such as schools and communal facilities, commercial and industrial buildings and the supply of heating and hot water to more than 5,000 Lower Austrian homes.



Biomass is regarded as CO₂-neutral, as during growth it absorbs the same amount of CO₂ as is emitted during incineration.

Sustainable regional forestry

In a forest-rich country like Austria, wood is of decisive importance as an energy source. The utilisation of biomass offers many advantages, which apart from a considerable reduction in environmental impact, primarily include an economic boost for the region through the supply of fuel from local sources. Each year, forest husbandry in Lower Austria alone provides over 760,000 solid cubic metres of waste wood, which constitutes a low cost fuel for heat generation that is independent of imports. Accordingly, EVN looks to co-operate with local forestry and agricultural enterprises during all of its biomass projects.

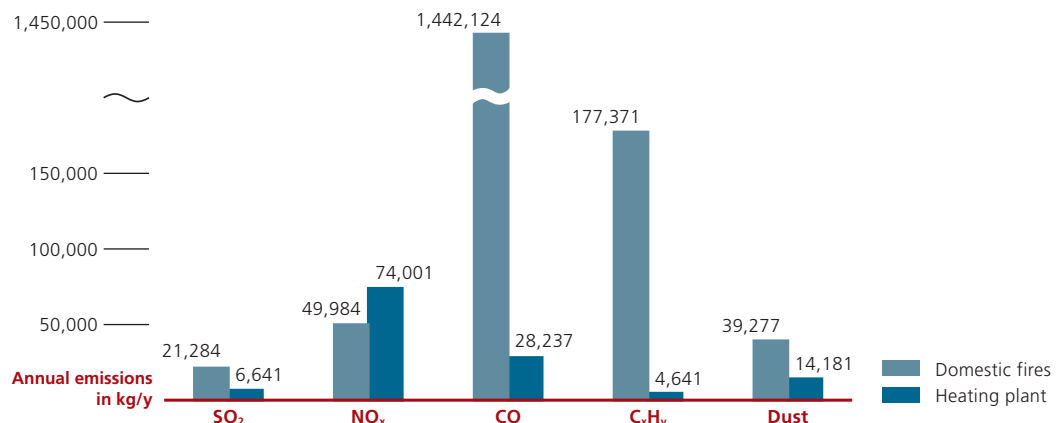
Biomass as a CO₂-neutral source of energy

Wood is regarded as a renewable energy source when, as is generally the case in Austria, it derives from sustainable forestry operations. This means that (e.g. contrary to the felling of rain forests) the amount of wood removed from a forest is equal to the quantity being grown. The volume of CO₂ created during the burning of the wood can therefore again be absorbed by the trees and converted into timber. In accordance with an internationally recognised definition, the resulting cycle is thus regarded as being CO₂-neutral.

Heat from biomass provides a considerable reduction in environmental impact

Emission savings through heat from biomass as opposed to domestic heating

As compared to standard domestic heating, the use of biomass for heat generation reduces greatly the emission levels of virtually all atmospheric pollutants.



Several new biomass heating plants



Cosy, environment-friendly heat from EVN's biomass heating plants will also soon be available in Mistelbach.

In line with its systematic efforts aimed at an increased level of heat generation using renewable biomass, EVN continually pursues new projects in this sector. In fact, the start-up of the facilities in Waidhofen/Thaya and Zwettl in September 2003 has raised the number of company biomass heating plants to 30.

The realisation of additional biomass heating plants is also planned for the future, e.g. in Mistelbach and Hainburg. In Hainburg, a plant is being built in the vicinity of the public hospital and will provide output of 1 MW from around 3,600 piled cubic metres of biomass. In Mistelbach, EVN is completing a biomass heating plant in co-operation with a local timber firm, which is being built on the company's premises. Approximately 12,000 piled cubic metres of chippings from the saw- and planing mill will be used as fuel every year, along with some 5,000 piled cubic metres of forest chippings from the regional forests. Both plants are due to become operational in autumn 2003 and thus prevent the emission of around 4,200 t of CO₂.

Electricity from biomass

In addition to its extensive activities relating to the use of biomass for heat generation, some time ago EVN began to consider the question of the use of biomass for electricity generation.



Successful start-up of the Civitas Nova pilot plant

Within the "Renewable Energy Network Austria" (reNet Austria) competence network, during the past financial year, EVN and partners from the scientific and plant building areas completed a pilot plant in Civitas Nova, a suburb of Wiener Neustadt. The plant generates wood gas from forest chippings, which is then used in a gas engine for electricity production. Since the beginning of 2003 and the "hot phase" of test operation, the plant has been supplying around 700 kW of heat and about 500 kW of electricity to EVN's district heating and electricity networks in Wiener Neustadt. Around 500 kg of forest chippings per hour are required for this output.



The Civitas Nova pilot plant in Wiener Neustadt incorporates an innovative concept for the environment-friendly generation of electricity from biomass.



Successful test operation has clearly shown that this new type of plant is fully functional. The quality of the wood gas generated was better than anticipated, the gas cleaning functioned smoothly and the gas engine, a cogeneration unit specifically developed for this purpose, attained the planned output. Chipping drying and transport, which are both EVN in-house developments, also functioned very well.

At present, pilot operations are continuing and a range of plant optimisation measures are undergoing completion. The objective is to secure continuous operation from both a technical and economic viewpoint. At the same time, EVN is continuing to work on other plant concepts for the generation of electricity from biomass.

Conventional energy generation

High environmental standard of the EVN power stations



Improved efficiency through the installation of a new gas turbine at the Korneuburg power station.



The latest flue gas cleaning systems provide a reduction in emissions from the Theiss power station.

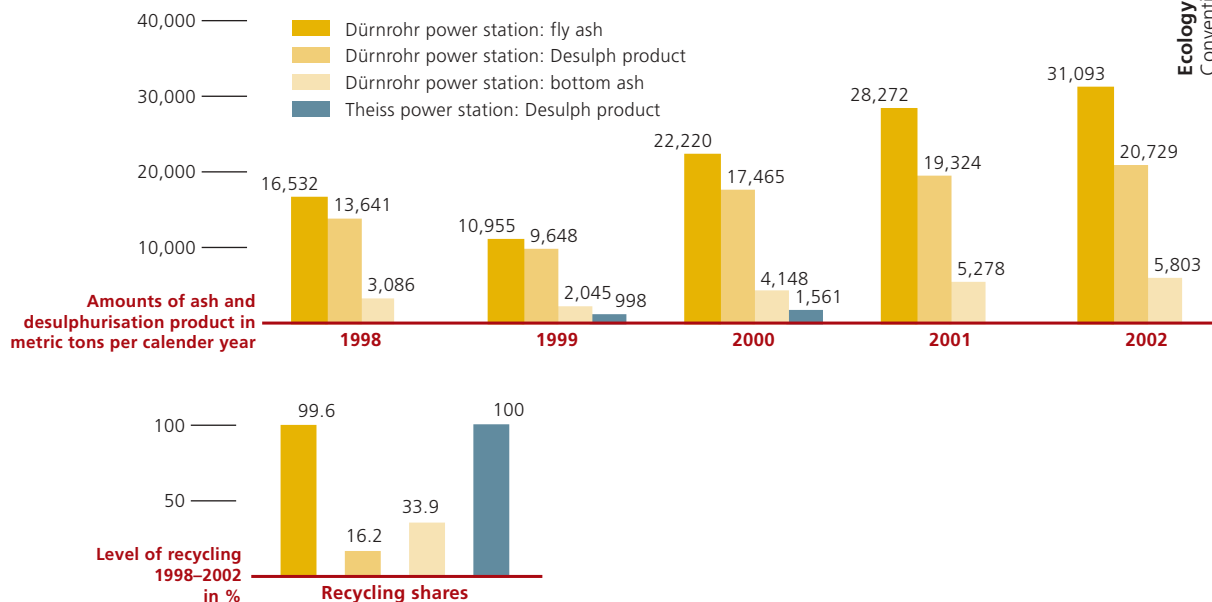
In line with the concept of sustainable energy supply, EVN has long assumed a pioneering role with regard to energy generation incorporating the careful use of resources and the latest environmental protection systems. Consequently, the recently comprehensively modernised Theiss power station is an international frontrunner. Similar stringent standards also applied to the completion of the Dürnrrohr power station. Dürnrrohr went into operation in 1986 and was the first hard coal fired power station in Europe to be equipped with a Japanese developed catalyst-based, DeNOx unit, a system that provides 100% flue gas capture (full-scale equipment). In the meantime, others have followed EVN's example and this type of installation has now become a standard feature at comparable power stations.

For EVN, the key issue with regard to a sustainable approach to the available resources is optimised efficiency. In this connection, the combi-cycle block of the Theiss power station achieves a top international level of well over 50%. Furthermore, the bleeding of district heating from the Dürnrrohr and Theiss power stations, in particular for the town of Krems, has not only increased yearly plant utilisation levels, but also cut emissions due to the replacement of a large number of small heating units. In future, the incineration of biogenous fuels in coal-fired power stations could lead to further fossil fuel savings.

Apart from optimised efficiency, EVN makes every effort to cut the atmospheric emissions from its plants to a minimum and uses modern flue gas cleaning systems for this purpose. Accordingly, all of EVN's oil- or coal-fired power stations are equipped with DeNOx, flue gas desulphurisation and particle filter installations. Gas-fired power stations are either fitted with DeNOx installations or low NO_x burners. As a result, the stringent Austrian emission limits are reliably maintained and in general clearly undercut.

Sustainable use of by-products from flue gas cleaning

Coal- and oil-firing at the Dürnrrohr and Theiss power stations results primarily in the following by-products: coarse ash, fly ash and gypsum, which derives from flue gas desulphurisation. EVN ensures that, wherever possible, these products are recycled. At present a large percentage of the fly ash, as well as part of the coarse ash and the gypsum are used in the building materials industry. Those by-products that cannot be recycled are deposited on the power station's own landfills. All in all, the amount of power station by-products relates to operation levels, while the volume of recycled by-products employed is dependent on construction industry requirements.



Ecology
Conventional energy generation

CO₂ savings through an integrated energy system involving the Dürnrrohr power station and waste incineration

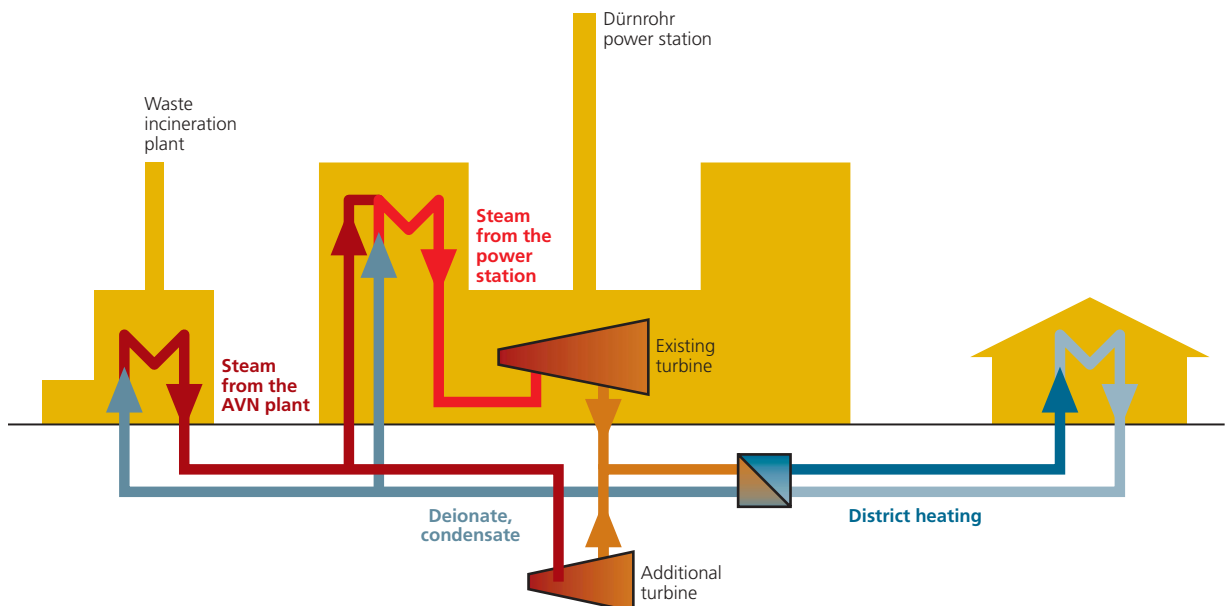
An extremely advantageous ecological and economic solution has been created by EVN in the form of an integrated energy system involving the Dürnrrohr power station and the adjacent waste incineration plant owned by AVN, a fully-owned EVN subsidiary (also see page 29).



The steam produced in the waste incineration plant is conducted along a 500 m pipeline to the Dürnrrohr power station where it is fed into the reheater of the power station boiler. Here it is raised to a higher energy level and can then be utilised for electricity production in the existing power station turbine, which drives a generator. When the power station is off-line, use of the steam for electricity generation continues by means of a smaller steam turbine, which has been installed specifically for this purpose.

Apart from the relatively high efficiency of electricity production from the steam provided by the waste incineration plant, which is clearly higher than that of comparable installations, approximately 50,000 t of coal and around 10 m³ of natural gas can be saved annually. This will result in the prevention of CO₂ emissions amounting to some 500,000 t annually.

Schematic diagram: integrated energy system



The use of heat from waste incineration in the neighbouring Dürnrrohr power station raises efficiency levels considerably.

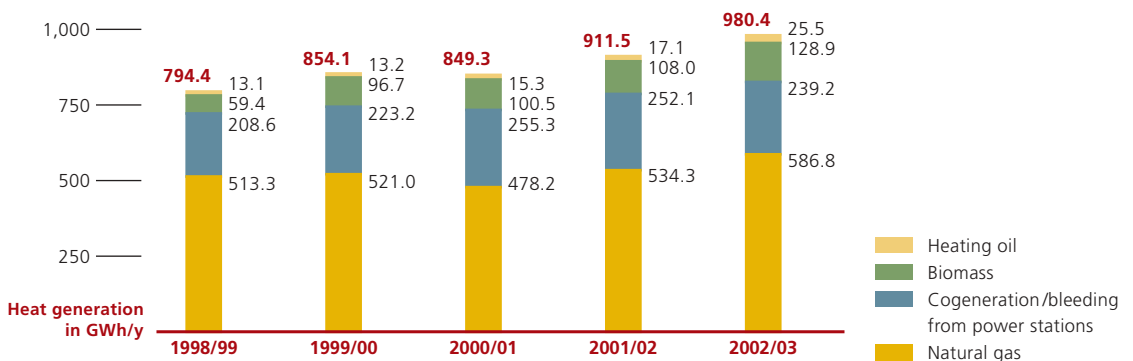
EVN heating

Apart from bleeding heat from its power stations, EVN also operates numerous district heating plants and some 800 local heating plants. The majority of these plants are gas-fired, unless biomass is employed. The considerable environmental advantages of natural gas in combination with high levels of efficiency and optimum operating conditions ensure a low-cost heating supply with reduced pollutant emissions. EVN is endeavouring to systematically replace older plants and thus adhere to the concept of sustainability, e.g. through increased efficiency levels and reduced emissions. New plants are of state-of-the-art standard and therefore guarantee minimum emissions. A further decisive customer advantage is the high level of comfort offered by the supply of the finished "heat product". The steadily increasing number of EVN heating customers confirms the attractiveness of this concept.

The advantages at a glance

- The very latest environment protection technology.
- Professional operation by EVN specialists.
- Heat generation using environment-friendly primary energy sources.
- Biomass is CO₂-neutral and thus makes an important contribution to climate protection.
- The combustion of natural gas creates fewer greenhouse gases and pollutant emissions than any other fossil fuel.
- A marked cut in emissions as compared with household fires.
- Improved air quality.
- Support of the agricultural industry through the use of biomass from domestic sources.
- Economic value added that remains largely in the region.

EVN heat production



As a result of solid demand, EVN has steadily expanded its heat production in recent years.

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 electricity and district heating plants

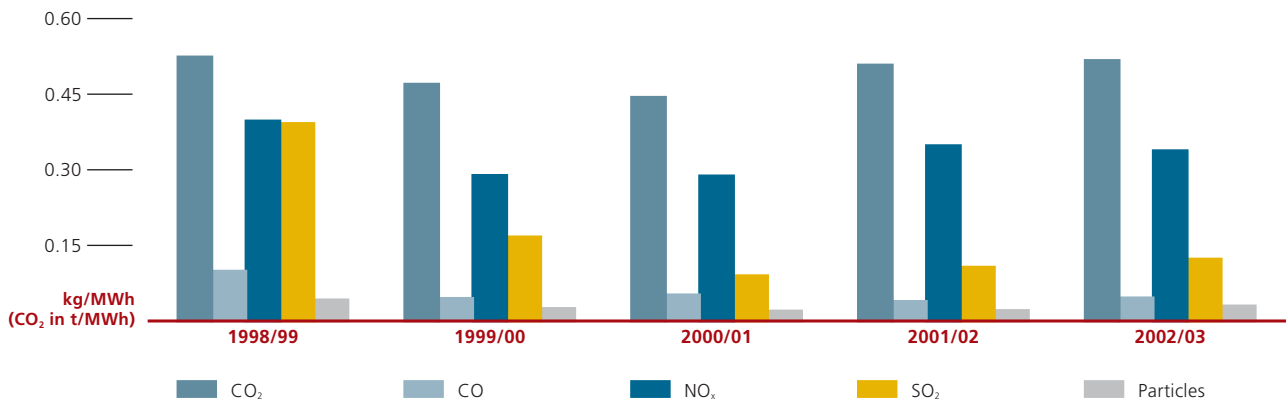
		2002/03	2001/02	+/- %
CO	kg/MWh	0.046	0.039	17.9
NO_x	kg/MWh	0.338	0.348	-2.9
SO₂	kg/MWh	0.123	0.107	15.0
Particles	kg/MWh	0.023	0.021	9.5
CO₂¹⁾	t/MWh	0.517	0.508	1.8

¹⁾ As biomass is CO₂-neutral, it can be viewed most positively with regard to emissions. The specific CO₂ emissions from biomass combustion are therefore assumed to be zero.

As can be seen from the table above, during the past financial year, specific emissions of carbon monoxide and SO₂ rose. This was primarily due to the increased firing of coal at Dürnröhr power station, which was also responsible for a rise in specific CO₂ emissions although these were somewhat reduced by the growing volumes of biomass being used for heat generation. NO_x emissions were cut due to excellent flue gas cleaning installations.

Moreover, it should be noted that emissions for the year are partially well below the levels of 1999 (see figure below).

Specific emissions from EVN's thermal electricity and heating plants



Services in the interests of the environment

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

Under the heading, “Well informed! The consulting packages for private house building and renovation” expert EVN energy consultants provide customers with a range of services. In addition, EVN also offers a number of attractive consulting packages for municipalities.

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.
- Property grants.
- Building renovation NEW.
- Completion of air leakage measurements.
- Thermography.

Municipal energy services

- Energy contracting.
- Lighting service.
- Energy concepts.

Renovation of old buildings – information events and individual consulting

During the period under review, EVN introduced an attractive new service – consulting on building renovation. Moreover, since January 1, 2003, the Lower Austrian provincial government has been offering new grants for such purposes. Apart from the previously available public funding, the “general renovation” of buildings is now to be supported. A “general renovation” is regarded as meaning thermal renovation (full heating insulation of the external facade, heat insulation windows, insulation of top floor ceilings, etc.), which leads to a cut in the energy characteristic by at least 50%, or an energy characteristic for the building of less than 70 kWh/m³.a. Should a general renovation take place, then 100% of the investment costs will be recognised for funding (this contrasts with previous grants, which only amounted to 50 or 60% of the investment).

In order to facilitate the use of these attractive funding possibilities, together with its partners from the banking and utility branches, EVN organises comprehensive information evenings in various Lower Austrian towns. These presentations deal in detail with topics such as thermal renovation, grants, heating systems, heating and heating system upgrading. In addition to these informative events, EVN experts also provide individual consulting on renovation and calculate the so-called “energy certificate”, which is required for applications for 100% grants from the Lower Austrian provincial government.

Lighting service for municipalities

For a number of years, EVN has offered Lower Austrian municipalities the energy-related optimisation of public lighting systems under the name “Lighting Service”. The use of energy saving street lighting, the replacing of lights requiring repair with highly efficient mirror technology and the limitation of the period when street lights are switched on all serve to cut energy consumption. As a result, the burden on local authority budgets is reduced and the quality of the lighting enhanced. All the measures for upgrading take place within the framework of an attractive financing model, which allows municipalities to carry out comprehensive modernisation of their street lighting without additional borrowing.

Together with local partners from the electrical branch, a team of EVN specialists guarantee professional implementation and ongoing customer support within the framework of the “EVN PowerPartner Concept”.

Numerous municipalities have already opted for this attractive EVN service. For example, during the period under review, EVN concluded a lighting service agreement with Retz urban council, which is focused on the modernisation of the local lighting system. Re-equipping with long-life, sodium vapour high-pressure lamps in street lights with high-quality control systems will increase both the standard of the lighting and road safety. At the same time, a reduction in energy consumption of almost 25% will be achieved.

EVN supports the use of natural gas powered vehicles

Since the beginning of the 1990s, the EVN fleet has included electric and natural gas powered vehicles and EVN has long operated natural gas filling stations. EVN now has seven natural gas filling stations at its centres in Baden, Stockerau, Deutsch Wagram, Krems, Waidhofen/Ybbs, St. Pölten and Neunkirchen, as well as a filling station at the Stadtwerke Wiener Neustadt and a public filling station in Maria Enzersdorf. Apart from four electrical vehicles, EVN has 12 natural gas fuelled vehicles in service. In the course of installing EVN filling stations, a number of municipalities has also purchased natural gas fuelled vehicles. Apart from the CO₂ savings, these vehicles stand out due to a 98% reduction in particle emissions.



“Lighting Service” – professionally guaranteed by EVN.

Incidents 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 in the electricity, gas and heating supply areas, but also incidents of relevance to the environment such as oil leaks or fires. The first priority in such cases is a guaranteed quick and competent response, 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, 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 prevention and rapid responses, the number and consequences of incidents of environmental significance were kept to a minimum during the past financial year. In the period under review there were four incidents of environmental significance worthy of mention.

Incidents of environmental significance

Date	Location	Type of incident	Incident cause	Type of environmental impact	Extent of environmental impact	Measures
May 6, 2003	Sprögnitz	Oil leak from emergency generator	Spillage during tank filling	Soil	Very limited	Disposal of 2 m ³ of soil
May 9, 2003	Steinwandleiten	Transformer fire, oil leak	Short circuit	Air/soil	Limited	Fire extinguished, disposal of 34 t of soil
May 13, 2003	Schloss Unternberg	Transformer burst	Lightning stroke	Soil	Very limited	Disposal of 4 m ³ of soil
August 8, 2003	Wagram/Traisen	Transformer burst	Unexplained	Soil	Very limited	Disposal of 3 t of soil

Martina Boden, Heidemarie Freudensprung, Elvira Rinklak, Helene Rapp and Margit Macher, from various EVN departments, on a ramble to the Tirolerkogel in May 2003. **Always at your service.**



Society

A responsible approach towards employees and the public

As an energy, water and infrastructure supplier, with responsibilities for the fulfilment of important, basic, day-to-day needs, EVN is well aware of the significance of its social framework. Like its predecessor companies, since its foundation EVN has lived up to this task and contributes, as far as it can, to enhancing living conditions in Lower Austria.

EVN's range of initiatives in this area extends from the care of company employees, who are provided with an attractive working environment, extensive educational and further training opportunities, careers with interesting perspectives and a comprehensive medical service, to charitable, cultural and sporting involvement.

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 Dürnrohr power stations, as well as three doctors for St. Pölten, the western half of Lower Austria, and for the eastern part of the province including company headquarters.

Prof. Dr. Oswald Jahn, one of Austria's most respected occupational medicine specialists, heads this medical team. 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 services.

An extensive performance range

- **Physical check-ups for new employees.** New members of staff are given a thorough medical check, appropriate to the type of work they will undertake, e.g. eye tests and an appropriate consultation is provided for those working on computers. Closest attention is paid to the fitness of young electrical fitters during these examinations.
- **Special examinations.** Both the initial and regular examinations required under the terms of Austrian employee health and radiation protection legislation are carried out at the company.
- **Periodic health checks.** Body checks such as ECG, blood pressure monitoring, lung function tests, simple lab tests, eye checks, etc. can all be carried out quickly and easily by the company health team.
- **First aid.** In the case of an accident, minor injuries can be treated on the spot.
- **Work place optimisation / ergonomics.** Workplaces and processes are subject to improvement. Audits are carried out, enhancements are made and individual support offered.
- **Inoculations.** On average, members of the EVN workforce receive 500 inoculations against insect-borne, meningo-encephalitis annually, as well as 200 against diphtheria-tetanus, 100 against polio and 300 against flu.

Optimum employee safety

Safety at work is a major EVN Group priority as in addition to the usual dangers involved in manual work, the safety aspects relating to electrical power, natural gas, hot water and steam (in the power plant and heating supply areas) have to be considered.

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 plant operation). This manual is also available on the EVN intranet.

2002 accident statistics

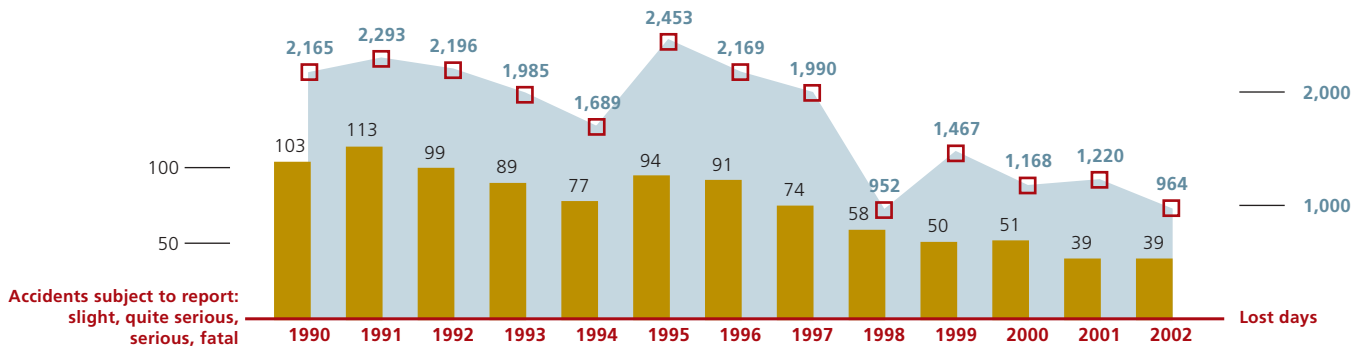
Every twelve months, EVN prepares accident statistics for the preceding calendar year, which not only catalogue all accidents, but also give a detailed analysis of the causes. The knowledge gained serves as a platform for the further development of an already extensive range of preventive measures. The related success of these initiatives is evidenced by the accident statistics for the 2002 calendar year.

During the past calendar year there were 29 minor accidents, five road accidents, 23 slight accidents, eight quite serious and seven serious accidents, and one fatality. The most frequent cause of accidents at EVN is "assembly work" representing 54% of all accidents, followed closely by "falls" at 23%. Of the latter, 4% relate to falls from working at heights (e.g. on poles) and 19% to accidents at ground level. 74% of personal accidents were caused by "carelessness".

Systematic training and raising of awareness levels

Despite the marked increase in the demands made on EVN employees, a rise in the number of working accidents has been successfully prevented in recent years. The main factors behind this positive trend have been targeted training, a growing sense of individual responsibility, and the heightening of safety awareness among the staff. In addition, high levels of employee qualification and ongoing improvements in work process planning and preparation have clearly had a beneficial effect in this regard.

Development in industrial accidents ¹⁾



¹⁾ Excluding minor and road accidents.



In 2002, 13 organisational units with low accident rates were awarded the "Safety at Work Oscar". The photo shows the presentation to the EVN district heating team.

"Safety at Work Oscar"

Since the 1980s EVN has regularly awarded prizes for outstanding achievement in maintaining and improving safety at work. In particular, awards are given to those organisational units with rates of less than one working accident per 100 employees.

Fire protection

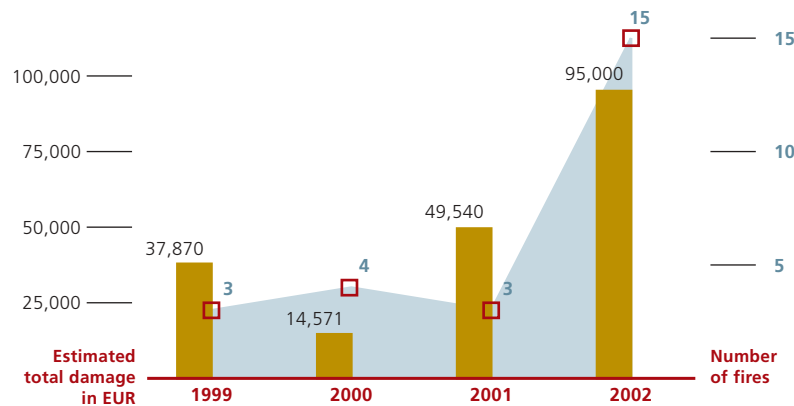
Ten company trained fire officers and 30 fire protection points ensure preventive fire protection and the fulfilment of the mandatory regulations. In addition, in plants such as the Dürnrrohr power station, which require extra fire precautions, there are works fire brigades.

In accordance with fire regulations, fire extinguishing equipment, e.g. portable fire extinguishers, is installed in all EVN buildings for an immediate response. Like the smoke alarm systems, this equipment is examined and serviced by accredited inspectors from the manufacturers at regular, statutory intervals. Special fire prevention plans exist for many of EVN's plants and these have also been supplied to the local fire brigades.

EVN carries out regular fire drills with its work force, including a fire alarm and evacuation exercise at company headquarters during the period under review. In the past financial year, 480 employees were trained in the use of emergency fire fighting equipment.

Number of fires at EVN

The rare cases of fire at EVN are always connected to technical failures. The damage caused in 2002 related primarily to two transformer station fires.



New fire brigade unit for the AVN plant

During the period under review, a new and separate company fire brigade unit was created at the AVN thermal waste incineration plant. One novel aspect of this fire brigade is that it has no vehicles, the extinguishing systems having been installed across the site. Another special feature was the training of all 39 members of the fire brigade unit at the Provincial Fire Brigade School in Tulln.

Fire-fighting exercises for local fire brigades

EVN completes regular, theoretical and practical fire-fighting exercises with the Lower Austrian fire brigades located in the vicinity of substations. These trials revolve around the spraying of live components. In 2002, a total of 90 fire-fighters from nine voluntary fire brigades took part in such exercises. The local fire-fighting units were introduced to the special aspects of dealing with fires in electrical plants at jointly operated facilities, e.g. the Salzer paper mill in St. Pölten.



Safety is a major EVN priority, as shown by constant checks on potential hazards and the implementation of safety measures.

Workplace evaluation

EVN also seeks to maintain the health and safety of its employees through ongoing workplace evaluation. EVN locations and those of its affiliates are examined systematically from the standpoints of accident prevention, fire safety and health care. For example, in 2002 all the evn naturkraft power plant locations were scrutinised.

The affected employees, those responsible for the working process and their superiors, a safety specialist, an occupational physician and an employee representative are integrated into this process. Results from the evaluation flow into the statutory briefings and contribute to the enhancement of awareness levels, long-term accident prevention and health retention.

During the evaluation of the evn naturkraft locations, special attention was paid to the safety of passers-by in the vicinity of power plants.

Pruning with SAFE-T-CUT



Work safety is also an EVN priority during fault repair. In the case of high-voltage transmission line short circuits caused by overhanging branches or fallen trees, the blasting of the timber using "SAFE-T-CUT" offers EVN workers far greater safety than standard removal using a power saw. At the same time, the line generally suffers only light damage and can therefore be repaired more quickly.

Gas failure devices in the low-pressure network

EVN has instituted an important safety measure with regard to its 22 mbar pressure gas pipeline networks, which were primarily laid during the early years of gas supply. At present, EVN continues to operate 35 networks of this type, which supply over 75,000 customer appliances. The installation of pressure controllers with gas failure devices has proved an effective means of preventing uncontrolled gas leaks from devices without safety pilots, particularly following restarts after scheduled or fault-related interruptions in supply. Accordingly, during the coming four years, EVN is to install around 70,000 devices worth EUR 8.9 m. This will provide a decisive improvement in the long-term safety of the networks, as well as clearly reducing the staffing requirement in the case of faults.

EVN as an attractive employer

Initiatives in the interests of the work force



EVN systematically pursues its goal of positioning itself as an attractive employer. Apart from the creation of pleasant working conditions, this approach includes, e.g. a flexible working time model. The company regards itself as an employer that not only furthers and challenges its personnel, but also as an organisation upon which employees can rely.

New customers, markets and technologies, as well as the changes to the legal framework within which EVN operates, all shape the daily working environment of company personnel. This situation demands the continuous redesign and modification of structures and thought patterns, e.g. the significant increases in efficiency, which in recent years have been completed without any disruption to the social harmony of the company and with the firm support of EVN personnel management.



All measures aimed at the securing of sustained corporate success consider the interests of the employees. As a consequence, over the last ten years, the average EVN work force has been reduced from 3,057 to 2,317 without any operation-related dismissals.

This process of adjustment has also been accompanied by extensive educational and further training measures, which are aimed at preparing staff for new or expanded assignments. The concept of “multiple training”, involving the cumulative completion of specialist training in the electricity, gas and heating sectors, has proved a particular success in this regard.

Despite the pressure for rationalisation derived from the liberalisation of the energy markets, since the 1998/99 financial year the EVN Group has succeeded in recruiting more than 200 new personnel and providing them with long-term employment. Additional work force growth has been created due to the acquisition of new companies.

Human resources management principles

In the course of its efforts to be an attractive and fair employer, EVN sees itself as being obliged to adhere to a number of fundamental principles with regard to its work force:

Equal opportunities

For EVN, equal treatment and opportunities for its entire work force are a matter of course. In June 2003, a joint declaration of EURELECTRIC and EPSU (European Federation of Public Service Unions) / EMCEF (European Mine, Chemical and Energy Workers Federation) concerning equal opportunities and diversity was signed. In practical terms this means that no employee should be discriminated against for reasons of age, health, nationality, ethnic origin, or gender. In concrete terms, this means that persons with identical professional and personal qualifications must be treated equally with regard to further training and personnel development, working conditions and pay. EVN believes that apart from balanced and fair dealings with all employees, this approach will also secure a higher level of business performance.

Transparency

The supply of the work force with up-to-date and comprehensive information concerning ongoing company development is one of the most important communications assignments within EVN. For many years, employees have been able to obtain an extensive overview of current issues affecting the company, the energy supply and staff representation, etc. via the company journal "EVN Intern" and the EVN Intranet. In addition, the Intranet provides information about seminars and educational opportunities, as well as personal flexitime data and internal job advertisement. Accordingly, all vacancies are advertised on the Intranet and can be accessed by the entire work force. The filling of posts internally takes priority over the recruitment of external applicants.

Treatment of older employees

One important aspect of EVN personnel management is the consideration of the age structure within the company. Due to rationalisation, vacant posts have not been filled and therefore EVN employees have an average age of around 44. This already constitutes a relatively high figure and is set to rise still further in the course of increases to the statutory retirement age. Against this background, a special emphasis has been placed on the further training of older personnel, in order to equip them with the qualifications needed to meet the changed circumstances in the energy industry.

Flexitime working

As one of just a few Austrian companies, EVN offers its work force a flexitime model without core time, i.e. without a fixed period of obligatory attendance. Employees are entitled to organise their working hours independently and freely, although naturally company requirements must be taken into consideration. Employees discuss their wishes within their team and then adjust their individual work time to the respective working situation and customer requirements.

Personnel development and further training

EVN's services are backed by highly qualified and motivated employees. They represent a guarantee for the continued success of the company, not only due to their knowledge, but also their personal commitment and willingness to learn.



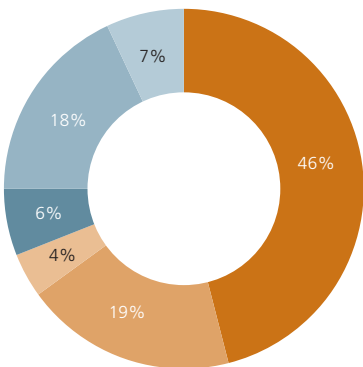
Joint educational and further training courses strengthen the team spirit among EVN employees.

Particularly in a liberalised market, well-educated, service-oriented and motivated employees constitute a major prerequisite for sustained, successful corporate development. Consequently, EVN utilises a range of measures to enhance employees' qualifications. Educational and further training measures are all focused on providing support for specific assignments.

EVN's personnel development programme is designed as an integrated process and has a modular structure. Depending on the specific development target, "educational event", "e-learning" or "training on the job" modules are employed. The range of activities on offer incorporates IT training, specialist workshops, sales seminars, product and branch information, special technical training, language courses, environment and safety schooling, presentation and communications workshops, and seminars in negotiating skills and team building. Topics and examples that have been specifically related to company activities secure the immediate integration of training content into day-to-day EVN business.

In accordance with its claim to provide optimum, individual service, EVN makes every effort to offer its employees in the Customer Centres several training programmes. The intention is to ensure that during the realisation of the "One Face to the Customer" concept, employees are able to provide comprehensive information concerning all of EVN's energy and services areas. For these reasons, EVN lays value on its employees having more than one relevant qualification. Accordingly, the completion of second and third apprenticeships, as well as master certificates, is subject to active financial support. During the past financial year, 39 employees completed additional training (as electricity, gas or heating fitters). In total, over 450 staff members, around 20% of the EVN work force, possess multiple qualifications.

Educational structure



- University graduates
- A-level graduates
- Polytechnic graduates
- Employees with a complete apprenticeship
- Employees with a master's certificate
- Others

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



In line with the principle, "friendly, competent and service-oriented", communications and social skills are a focal point of team training. Within the scope of challenging communications and conflict situations, participants receive an opportunity to examine their own behaviour and that of others, to reflect and to practice. The intention is to train employees to deal with both internal and external contacts and to hold discussions in an objective, friendly, solution-oriented manner, without emotional complications.

In order to increase the effectiveness of its educational and further training programmes, EVN ensures that employees also enhance and train their social skills. In this way communicative groupings are created with intensive social and emotional relationship patterns, which secure the appropriate productivity in the workplace.

With expenditure of around EUR 1.1 m, EVN spent slightly more on further training (seminar charges, trainers, e-learning) during the 2002/03 financial year than in the comparable period of 2001/02.

EVN further training 2002/03

	Events	Participants
EDP training	28	321
Specialist seminars	143	1,422
Behavioural training	20	151
Total internal further training	191	1,894
External further training	356	543
Total further training	547	2,437



EVN personnel marketing

In order to raise the levels of efficiency and transparency with regard to staff appointments, EVN uses various methods during the recruiting process:

- The personnel page on the EVN website.
- A special job site called "Young Energy", which has been created for graduates and young applicants.
- Representation in leading career guides.
- Close co-operation with schools, polytechnics and universities.
- Attendance at employment information and career fairs.
- The annual offer of around 200 vacation jobs.

Apprentice training and vacation employment

In the interests of medium- and long-term personnel planning, as well as the fulfilment of its responsibilities as a regional employer, EVN traditionally offers apprenticeships in the industrial sector with a primary focus on electricians. EVN works closely with partners, such as various electrical installation companies, and apprentices can also gain experience at EVN subsidiaries.

Over 50 young people are currently undergoing schooling and are employed in various areas of the company. Training at EVN is varied and has changed markedly in recent years due to the altered demands made on the company. Apart from professional skills, the educational programme incorporates customer-orientation and social competence, while interdisciplinary know-how and networked thinking are also promoted in a targeted manner. The quality of EVN training is evidenced by the fact that following their courses, the majority of apprentices remain in the company.



Vacation worker excursion to the Wiener Neustadt Customer Centre.

As a further initiative for the securing of a flow of talent and the arousing of enthusiasm among young people for the technical sector at an early age, EVN offers some 200 vacation jobs yearly, along with regular plant tours and information events. During their period of employment, the vacation workers have the chance to supplement their theoretical knowledge with practical experience. Moreover, in line with its medium-term personnel requirements, EVN offers polytechnic and university students longer-term internships at the company, which are frequently linked to interesting, project-related dissertation and thesis topics. In general, EVN cultivates intensive teamwork with schools, polytechnics and universities, e.g. is among the sponsors of the Wiener Neustadt Polytechnic and the Donau University in Krems.

The EVN pension fund – a “second pillar” for retirement benefits

Since September 1995, EVN has offered its work force a modern and attractive form of superannuation in the shape of the EVN pension fund, which is one of 13 such company pension schemes in Austria. Designed as a supplement to the statutory state pension, the EVN pension scheme is also open to employees from other EVN Group companies. Accordingly, apart from EVN, five other Group companies are included in the pension fund.

With the creation of this “second pillar” for the pensions of its employees, EVN has taken a socio-political initiative, which in view of the current pensions debate in Austria, has gained in importance. The EVN pension scheme provides an opportunity to create an additional private pillar for retirement benefits on the basis of personal initiative supported by the company. EVN is thus making a sizeable contribution to safeguarding its employees’ retirement income.

The EVN pension fund is a contribution-oriented pension scheme, in which the amount of the future pension to be paid derives from the annuity on employer and employee contributions up to the date of retirement. Retirement benefits were deliberately not transferred to an inter-company pension fund, but instead a separate company pension fund was founded in which the right of employees to a share in the decision-making process is guaranteed via their representatives. All the bodies in the EVN pension scheme work on an unpaid basis, in order that staff contributions are not additionally burdened with administrative costs.

As of December 31, 2002, the pension fund comprised around 2,164 people with pension rights and some 98 with an entitlement to payments.

Integration of persons with disabilities

Within the scope of its socio-political responsibilities, EVN sees the integration of handicapped 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 disabled 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 handicapped staff and customers. The appropriate alterations have already been carried out at 16 of the 26 Customer Centres.

During the 2002/03 financial year, EVN employed 65 people with disabilities, a figure that represents about 3% of the work force.

Initiatives for increased employee job satisfaction

Structured employee suggestion system achieves a positive balance



Erwin Grillenberger's idea of using round steel for local network cabling was selected as the idea of the month in March 2003. In the meantime, this winding device is already in use at a number of customer centres.

In a highly competitive market, good ideas from the ranks of the work force can make important contributions to an increase in company success. Due to the liberalisation of the energy markets and the continuous changes in the social, economic and technological conditions affecting EVN, the targeted use of employee know-how and creative potential is of increasing significance. Employees best understand their daily activities and how processes, products and services can be improved further. Apart from tangible benefits such as cost savings and optimisation, the active participation of the work force in company development also provides positive impulses with regard to motivation and commitment.

These were the reasons behind the reorganisation of EVN's suggestion management system to provide improved access, greater transparency in connection with idea assessment and attractive bonuses. In addition to ideas concerning the daily working situation, which can be registered on an ongoing basis, special idea competitions repeatedly offer opportunities for the submission of suggestions relating to special and particularly current topics.

After three years, EVN's idea management scheme has achieved very positive results. Since August 2000, over 700 suggestions for improvement have been submitted and more than 330 have been rewarded. Bonuses to the value of EUR 40,000 have been paid out.

Work-life balance

In the modern world of work, the balance between professional and family life is an increasingly important subject. In order to furnish employees with family responsibilities with the best possible balance between their professional and private lives, EVN offers a range of special arrangements and services. The employees in question have access to flexi- and part time working arrangements, as well as special support during the maternity and paternity period and following return to work. Apart from the statutory period, EVN's personnel may take maternity leave up to the third birthday of the child with a reinstatement guarantee.

These benefits offer a variety of advantages to both the company and employees. EVN can retain the knowledge of qualified staff and use its entire investment in education and further training beyond the phase of intensive parental care. For their part, employees have a chance to keep their professional expertise up to date on a part-time basis and thus ease their return to full employment.

Moreover, apart from the general flexitime model, EVN tries wherever possible to accommodate the individual needs of its employees and hence has a 4% part-time staff quota.

EVN Culture and Sports Association

One staff initiative with long traditions is the EVN Culture and Sports Association (KSV). This is sponsored by EVN in line with employee communications and the related promotion of social ties within the company. Not least, during daily working procedures, these should foster the collegial and non-bureaucratic handling of matters in the interest of customers. Today, KSV activities are indispensable to the EVN "corporate feeling".

Depending on their personal interests, in their leisure time EVN employees can enjoy curling, soccer, gymnastics, running, chess, sailing, fishing, swimming or tennis. KSV also offers philately, flying, golf, aerobics, weightlifting, gymnastic exercises for the back, diving, table tennis, walking and winter sports, all of which are well supported.

At present, the KSV has 13 individual clubs in Krems, Horn, Waidhofen/Thaya, Deutsch Wagram, Hollabrunn, Mistelbach, St. Pölten, Waidhofen/Ybbs, Wiener Neustadt, Korneuburg, Theiss, Dürnrohr and Maria Enzersdorf, which have a total active membership of 1,840. All the clubs have strong links with their respective regions and are largely managed autonomously.



A sense of community is generated through the extensive range of leisure activities offered by the EVN Culture and Sports Association.

Club activities during the past year included the following highlights:

- A gliding day.
- Football tournaments.
- A golf tournament.
- Participation in the Vienna Marathon and the company run in Wiener Neustadt.
- Chess championships with other energy supply companies.
- A sailing open day on the Neusiedl lake.
- An angling competition.
- Curling contests.
- Tennis championships and a tennis camp in Ottenstein.
- Numerous day walks and a rambling week.
- The EVN skiing championships.



Social partnership within the company

All major EVN business decisions are taken in a transparent manner on the basis of the standard legal statutes and the information and integration of staff representatives with regard to the decision-making process. This practice also applies to changes and adjustments in the personnel sector. In general, the motto, "persuasion not compulsion" has long described EVN's guiding principle in the area of social partnership within the company.

For example, staff representatives and relevant employees were supplied with full information concerning the personnel reductions and organisational changes of recent years that went far beyond the statutory requirements.

Apart from EVN itself, all the larger companies within the Group have their own employee representatives, who are all regarded as partners in a constructive company management.

Key figures from the personnel sector

Staff development since 1992/93

Average Group personnel numbers in terms of capacity (part-time employees are only included in this statistic on a pro rata basis in accordance with the extent of their employment) have been reduced by around 24.2% from 3,057 employees in the last ten years, to 2,317 in the 2002/03 financial year. This was achieved despite the sizeable, simultaneous increase in the scope and volume of the activities of EVN and its subsidiaries.

Sales per employee

Sales per employee in the 2002/03 financial year amounted to approximately EUR 467,045 and were therefore 7.8% below the level of the preceding year due to expansion to the scope of consolidation. However, EVN continues to occupy first place among Austria's energy suppliers.

Personnel expenses in ratio to sales

Personnel expenses amounted to 17.6% of sales. As compared with the remaining national and international energy producers, this represents a top position. Ten years ago, this figure totalled 26.4% at EVN.

Age structure

The average age of EVN employees is approx. 44. This relatively high figure is the result of the major rationalisation measures of recent years and in particular, the policy of not filling job vacancies. EVN employees have an average of some 21 years of service, which underlines the level of employee loyalty.

Low fluctuation levels

The high degree of employee job satisfaction is reflected by the extremely low fluctuation levels among the EVN work force, which on the basis of the aforementioned years of service, adds up to the minimal figure of <1%. The media also confirm EVN's status as one of Austria's top employers. For example, in the autumn of 2002, the financial magazine, "Trend" listed EVN as one of the most attractive employers of technical graduates. This excellent position is reflected by the large number of highly qualified applicants for vacant positions (approx. 100:1).

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 local origins.

EVN also sponsors regional exhibitions and other cultural events. Since the mid-1990s, the EVN Collection (a collection of contemporary works of art of international calibre) is the main focus.

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

Flood aid at the Theiss power station



Many of the municipalities in the area surrounding the Theiss power station were hard hit by the disastrous floods of August 2002. Thanks to EVN's spontaneous organisation of a childcare service at its Theiss Info Center, many parents were free to start clearing up and repair work. EVN received sterling support with these efforts from nursery school teachers and many young volunteers from the neighbourhood. Breakfast and lunch, fun and games, cinema and lots of cuddles with the EVN power station rabbits were on the daily programme for children aged three to ten.

Flood aid for schools

In the aftermath of the exceptionally severe flooding of August 2002, EVN not only provided urgently needed aid in the form of childcare at the Info Center in Theiss, but also provided valuable assistance to two local schools.

- In the municipality of Gedersdorf, the floods destroyed most of the classrooms at the primary school, which had been newly built just three years previously. Therefore, the Christmas book exhibition organised by the parents association was quickly transferred to the EVN Info Center in Theiss. Over 400 parents, grandparents, teachers and local people visited the exhibition and clearly felt at home in the power station.
- The Etsdorf secondary school was also under water and therefore temporary accommodation for the teaching of handicrafts to the fifth year was arranged in the Theiss power station magazine. In addition, EVN also made its kitchens available. Handicrafts and cooking classes took place at the power station for a period of five months. The pupils thanked the EVN staff with an opulent Christmas meal, which was subsequently followed by an invitation to an end of school celebration to be held before the school reports were issued at the end of June 2003.



“Spring break 2003” in an EVN power station

Hot rhythms were heard at the Theiss power station on March 22, 2003, during a young people’s party organised by the Krems School of Tourism. The evening was held as part of a school project and got the spring off to a great start. Around 1,500 youngsters from across the region danced until the early hours. The highlight of the event was the appearance of the boy band “Heinz”. The fire brigade and police ensured that a good time was enjoyed by all in safety and had nothing but praise for the excellent behaviour of the guests.



Lower Austrian school students hold alcohol-free party in Theiss

Under the motto “Young, cool & clean – the alcohol-free party”, EVN and schools from the Krems region organise events for young people on a regular basis. The unique location and “Young Energy”, the EVN youth team, ensure that these non-alcoholic get-togethers are a big hit among the local youngsters. In partnership with the youth offices of the provincial government, the “NÖ-Jugendcard 1424” – a bonus card system for young people in Lower Austria – and the climate protection game “Keep Cool in Sunshine City” were launched. At the parties, the students from the Krems School of Tourism continually demonstrate that cool drinks can also be mixed without alcohol. In addition, quizzes and Karaoke ensure that the guests also join in the fun.

Regular support of the SOS Kinderdorf Hinterbrühl

EVN has been a regular supporter of the SOS Kinderdorf Hinterbrühl for many years, thereby fulfilling the company’s social responsibility as one of Lower Austria’s largest enterprises. Indeed, EVN’s predecessor companies, NEWAG and NIOGAS, were among the sponsors that enabled the building of this Kinderdorf near the Austrian capital of Vienna. The companies assumed the patronage of two houses, which like the rest of the village were started in 1956 and handed over in 1958.

EVN continues to contribute to the upkeep of both houses. The “Zu den sieben Geißlein” house (donated by NIOGAS) is home to four children as is the “Ottenstein” house (donated by NEWAG).



Josef Pruscher, the energy advisor for gas at the EVN Customer Centre in Neulengbach, has been a member of the Traismauer voluntary fire brigade for the past ten years.

Employee involvement in social matters

Besides their professional activities, many EVN employees make a sizeable contribution to Lower Austrian society. Large numbers of the workforce are members of organisations such as the Red Cross and volunteer fire brigades. In the main, employees carry out these activities outside working hours. However, should extra free time be required, EVN does as much as possible as an employer to ensure that this can be fitted in through the flexitime scheme.



Exciting contests between electric and gas-fuelled cars.

EVN CUP 2003 – the international racing event for electricity and solar powered vehicles

With the EVN CUP, which this year was held for the thirteenth time in succession, EVN assists the development of environment-friendly vehicles with alternative drive systems. The centrepiece of this year's event was the Lower Austrian Mayors' Day, during which the possibilities of using environment-friendly vehicles within a local government context were demonstrated. In accordance with the motto of "Personal Energy", around 15,000 visitors had an opportunity to undergo a fitness check and then sit behind the controls of a fast e-cart.



Familiarising the customers of tomorrow with the energy questions of today.

The EVN school service – contacts with the customers of tomorrow

EVN's co-operation with Lower Austrian schools has a long and successful 40-year history. Such tradition is unique among Austrian energy supply companies, as is the range of EVN school materials. Numerous teaching aids for primary and secondary schools on the subject of energy, a wide range of excursions and power station tours, as well as regular talks by EVN advisors in schools throughout Lower Austria, form the focal points of EVN's activities in this area.

More than 30,000 differing EVN teaching aids are distributed among Lower Austrian schoolchildren free of charge. Even more young people come into personal contact with EVN by taking advantage of the guided tours on offer, or by attending a presentation given by an EVN expert to their class. During the 2002/03 school year, EVN employees held 755 school presentations and 22,650 children toured EVN plants.

With an attractive programme for children at various EVN events, as well as the separate Internet site for young people, the much-loved photo button machine or an energy quiz, e.g. the one included in this year's Children's Safety Olympics, EVN seeks to create a positive relationship with its future customers at a very early stage.

A special EVN offer for schools. A day's skiing at a Lower Austrian resort.



Ski4Free

In winter 2002/03, the EVN school service introduced a new highlight in the form of the "Ski4Free" promotion. Over 17,000 Lower Austrian school students took advantage of the offer of a day's skiing in Annaberg, on the Hochkar, in Lackenhof am Ötscher, or on the Semmering. Excellent organisation, learning to ski with professional instructors and not least, plenty of fun in the fresh air, all served to make the students even more enthusiastic about this healthy form of sport.

Regional cultural highlights



EVN supported the fairytale ramble revolving around the topic of water, held at Schloss Grafenegg in Lower Austria.

In accordance with the assignments contained in its mission statement regarding the sponsorship of the arts and culture in Lower Austria, apart from several on-going projects, during the 2002/03 financial year, EVN primarily sponsored regional, cultural events. For the local people these events all shared a strong, emotive content and thus provided a sustained positive image transfer for EVN. In the past financial year the “Allegro Vivo” festival of chamber music, a fairytale ramble revolving around the topic of water, which was held at Schloss Grafenegg for children both large and small, and a number of other Lower Austrian summer festivals were all supported.

The “Prototype 2002” festival of electronic music



As EVN's contribution to the “Long Night of the Museums”, a joint event organised by the Austrian Broadcasting Corporation (ORF) and numerous museums throughout Austria, in October 2002 the Theiss power station formed the showcase for a festival of electronic music. In a clubbing atmosphere, artists from Finland, Sweden, Russia, Austria and South Africa presented a combination of electronic music, technology, architecture and art to more than 500 enthusiastic guests in a programme that lasted well into the early hours of the morning. The event also witnessed the first presentation of the latest sound installation by the Lower Austrian artist Franz Pomassl. This was placed in the power station's 39 m high waste heat steam generator and during a trip from the top of the boiler plant to the ground floor offered a range of acoustic fields from base tones of 20 Hz to high sounds of 20,000 Hz.

Co-operation with the Donauauen National Park – barn owls to nest in EVN transformer stations



Within the scope of a joint conservation project with the Donauauen National Park, the Haringsee bird of prey station and zoologists, nesting boxes have been installed in 15 EVN tower transformer stations in order to provide this threatened species with opportunities for breeding. As a result of the modern design of farm buildings and the increasing number of closed church attics, barn owls find it virtually impossible to discover “natural” nesting sites. The EVN transformer stations represent an ideal alternative for the barn owls, not only due to their height, but also their general proximity to developed areas, which offers plentiful opportunities for mouse hunting. The first nesting boxes were put in place at the end of September 2002. Although no owls have settled in the stations up to now, further nesting boxes are planned, as the success of this project demands a long-term, sustained commitment.

The EVN Collection

The EVN Collection was founded in 1995 and is administered by the “EVN Art Committee”, which consists of highly respected expert curators. Among many others, three aspects form the main features of the collection:

- Openness with regard to differing media and topics.
- A relation to the present and a connected claim to quality.
- An international focus.

A central aim of the EVN Collection is also to make its primary characteristics and intentions clear to the company work force. Apart from direct “encounters” through the presentation of art works in the daily working environment (stairwells, conference rooms and in the EVN FORUM event centre), activities in this connection include the communication of contemporary art through exhibition visits. Within the scope of the “EVN. Art. Discussion” scheme, employees and their relations are invited to view current exhibitions and thereby sharpen their perceptions and become acquainted with new ways of “seeing”. Today, the arts pursue controversial, socio-political questions and the communication of this fact, as well as the provision of a possibility for reactions, are intended to remain a theme for the EVN Collection.

Accordingly, guided tours, discussions with artists and exhibition visits relating to the EVN Collection are also on offer to culturally interested people from outside the company (**evn.sammlung@evn.at**).

Róza El-Hassan (* 1964, Budapest)
Dreaming about overpopulation II, 2000
Wood, 75 x 65 x 50 cm



Statement of the environmental auditors

As environmental auditors accredited in accordance with Section I of the Environmental Management Act (UMG) pursuant to the Directive 92.770/233-IX/1/96 from December 17, 1996, subsequently 92.770-IV/9/00 from March 9, 2000 (BMwA), we have examined the content of the "Ecology", "Society" and "Dialogue with Stakeholders" sections of the EVN Sustainability Report, which relates to the period from October 1, 2002 to September 30, 2003, and following random sampling and the completion of an audit on November 17, 2003 can verify both the content and the derivative sustainable effects.

Vienna, November 17, 2003



ÖKO-CERT AUSTRIA
Environmental Auditing Association

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

Franz W. Mayer m.p.
Judicially accredited expert
for clean 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 2002/03 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, 2003, September 30, 2002 and September 30, 2001, 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 2002/03 financial year should be read together with the notes to the financial statements.

Vienna, November 18, 2003



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