Highlights 2017/18

Revenue −6.5% to EUR 2,072.6m

EBIT +13.3% to EUR 392.9m

Group net result +1.4% to EUR 254.6m

Dividend proposal EUR 0.44 + 0.03 bonus dividend per share

Expansion of wind power – support for the system conversion towards renewables

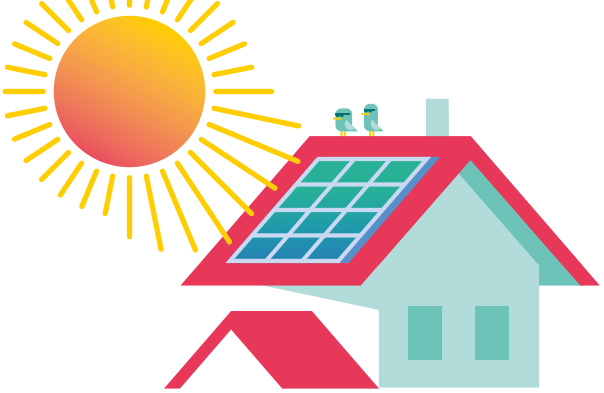
Wind power is the renewable energy form of the future. A modern wind turbine generates environmentally friendly electricity and – by replacing the fossil energy carriers used for conventional energy production – saves more than 4,000 t CO_2 each year. In this way, wind energy makes an important contribution to the sustainable design of our energy future. And our home market in Lower Austria is an excellent location for its use. A number of regions in this province are among the best onshore sites in Europe. Today EVN is the second largest wind power operator in Austria: we have 19 wind parks (18 in Lower Austria and one in Bulgaria) with 139 wind turbines and a total output of roughly 318 MW. Our goal is to continue the development of wind energy in the future and utilise its full potential. The expansion

Consistent implementation of our strategy with 49 MW of additional wind power capacity in 2017/18

of EVN's wind power capacity in Lower Austria is, consequently, a focal point of our ambitious activities, and we have set a target to raise this capacity to a total of 500 MW over the medium term. In 2017/18 we set further milestones in this direction with the commissioning of two wind parks in Oberwaltersdorf and Sommerein and the acquisition of the wind park in Ebenfurth. The wind park in Oberwaltersdorf – with its 10 MW output – is located in the windy Vienna basin and, through its close proximity to customers in the greater Vienna area and the plants in the Industrieviertel area, is a perfect example of the effective regional development of this environmentally friendly resource. In Sommerein, ten wind power plants with a combined output of nearly 35 MW have been producing renewable electricity for roughly 28,000 households since summer 2018.

Important research findings at the Prottes large storage battery

The storage of electricity is a key requirement for the successful conversion of the system towards renewable generation. Together with research partners, we constructed a large storage battery next to our wind park and transformer station in Prottes to gain experience in this area. The battery, which was commissioned in November 2017, has since undergone numerous tests and trials which provide valuable information for our energy future. For example, we learned that a storage battery can equalise the voltage fluctuations in the local network that result from photovoltaic generation peaks at midday and higher demand in the morning and evening hours. Another test in Prottes evaluated whether and in what way large batteries can stabilise the network frequency in cross-regional network operations. The pilot plant was also successful in an extreme situation test – a so-called "black start" in the event of a complete network breakdown. Wind parks need continuous electricity for their own operation and, when there is a blackout, cannot independently restore network operations. In a simulated complete network breakdown, the storage battery at the Prottes wind park successfully demonstrated its "black start capability" by successively restoring full network functions with only one wind power plant.



joulie – the innovative web-based photovoltaic package

Organising everyday life with just a few clicks has already become routine in many areas. We decided to join this trend and create new opportunities for our smartphone-, tablet- and PC-savvy customers to completely redesign and tailor their private energy supplies via app or internet. With joulie, we transformed this idea into reality during our 2017/18 financial year: under www.joulie.at, our customers can configure and order their photovoltaic equipment, heat pump or e-charging station comfortably and directly online. Once installed, the equipment can be easily controlled with an app. An online customer portal also allows for the paperless management of all data and documents. However, our joulie is much more than a simple web-based configurator or smart home app. Background tools ensure that high-consumption equipment is optimally supplied from the customer's own solar power production and surplus electricity is fed into our network.

Largest cross-regional natural heat network in Austria

With the commissioning of a new connecting pipeline between our district heating supply areas in Mödling and Baden, south of Vienna, we created Austria's largest natural heat network in January 2018. Eleven communities now receive optimised natural heat supplies over 150 km of pipelines from the three biomass heating plants in Mödling, Baden and Guntramsdorf. Sales volumes in the region total roughly 250 GWh per year, which represent supplies of environmentally friendly natural heat for nearly 30,000 households.

Key steps in favour of occupational safety and data protection

At EVN, we also regularly set internal focal points that reflect our self-image as a responsible company. One of these focal points in 2017/18 was the further improvement of occupational safety. Our company already holds a good position in Austrian branch comparison, but there is room for improvement according to international standards. We therefore approved a range of measures to strengthen the safety culture in our company and refine the tools for the identification and avoidance of hazards. The high point was the first EVN safety day in June 2018, where the Executive Board presented the new safety mission statement and EVN's seven point safety strategy. Plans call for the organisation of a similar event each year to support the internal exchange of information and further optimisation.

In the area of data protection, a massive undertaking that involved preparations by our experts in many different departments over a period of two years was the implementation of the binding EU General Data Protection Regulation in May 2018. Full compliance with the new data protection rules in all areas of our business from the very beginning was particularly important for us, especially as a company with a large number of customers – and extensive, often sensitive customer data.

Strengthening of network infrastructure – backbone of the energy future

The EVN Group operates an electricity network with a length of 142,106 km and a natural gas network that covers 14,012 km. In total, we supply more than 3.7 million customers. The quality of this network infrastructure plays a decisive role when we want to guarantee reliable supply security for our customers over the long term. The current developments in the energy system are accompanied by major challenges – for example, the integration of many new decentralised production locations, the high volatility of renewable generation from the wind and the sun and a substantial change in our customers' requirements through phenomena like e-mobility, increasing population density etc. In order to also guarantee reliable supplies in this environment, we are making massive investments in the maintenance, modernisation and expansion of our networks. In the 2017/18 financial year alone we invested approximately EUR 150m in the network infrastructure (electricity and natural gas) in Lower Austria. These projects covered the repair or new installation of roughly 1,052 km of pipelines and the upgrading of ten transformer stations to meet the latest technical standards. Since the construction of transmission lines always has an impact on the environment, we consistently ensure they are carefully embedded in nature.

Sustainable protection of supply security and network quality is our central strategic goal.

The EVN Service Centre family is still growing

All our activities have one point in common: our customers and their needs. For that reason, top professionalism and maximum customer closeness have always been the guiding principles for our services and advising. An important part of this approach is formed by the EVN Service Centres, which give our customers easy, personal access to our broad range of services, offers and products "under a single roof" at central locations. Our first customer centre opened its doors in Wiener Neustadt during 2011 and now provides personal advising and individual services to roughly 10,000 customers each year. Inspired by the very positive customer feedback, we created six additional service centres over the following years. After the redesign and modernisation of our customer shop in Wiener Neustadt during the past financial year and the opening of a new service centre in Bruck an der Leitha in autumn 2018, five further locations are scheduled to follow in the coming months.

State-of-the-art wastewater infrastructure for international customers

There were also a number of interesting events in our project business during the past year: the largest project, without a doubt, was the new central wastewater treatment plant for Prague, which opened on Emperor's Island at the heart of the Czech capital in September 2018 after a nearly three-year construction period. Roughly 15 million litres of wastewater are now treated here every hour. However, visitors to Emperor's Island or the nearby Prague Zoo hardly notice a thing because the wastewater treatment plant operates underground, hidden below a park. Our German subsidiary WTE Wassertechnik, together with a partner, was responsible for the engineering, electrical and process technology for the entire plant. This project was a real test for our experts' technical planning and implementation skills since the plant operations had to meet high standards for resource conservation and the optimisation of consumption. Additional challenges were created by the limited space available and the need for flood protection. All these issues were optimally mastered by our team – just the same as with many other projects in the past. Reports of other successfully commissioned projects also came from Macedonia, where we transferred three wastewater treatment projects to the municipal customers in 2017/18.

Safe drinking water supplies for Lower Austria

We also rely on the expansion and new construction of cross-regional connecting lines in the area of drinking water supplies as a means of continuously improving supply security. In regions with above-average hardness grades, we are using membrane technology to reduce the hardness of the water entirely without the use of chemicals. We are already improving the quality of drinking water by this natural method in three natural filter plants. The fourth plant of this type will be commissioned shortly, and further projects are in the planning stage.

10 questions, 10 answers.

Stefan Szyszkowitz and Franz Mittermayer on EVN's road into the energy future.

1 #mission2030: a positive energy policy framework

How would you evaluate #mission2030, the new climate and energy strategy announced by the Austrian federal government?

Stefan Szyszkowitz: #mission2030 gives Austria a concrete climate and energy policy perspective. It is built on the results of the UN's Paris Climate Conference and the goals defined in the European climate and energy guidelines. We see this as a positive step because – apart from taking a comprehensive view of our energy system – it deals with issues like seasonal storage or new technologies for sector coupling which are also essential for supply security. With our investments in renewable energy generation and network expansion, we have been making a very real contribution to the reduction of greenhouse gases for many years. And, as an integrated energy company, we will continue to be a logical partner for the realisation of these goals that reflect our corporate strategy.

As a listed company, we believe political goals must also be followed by a concrete legal framework on which we can sustainably and reliably realise our strategy. A broad social discourse over targets, measures and the use of resources is also needed to ensure the necessary acceptance. Initial estimates by Oesterreichs Energie, our industry association, indicate that the target set by the political sector – which calls for 100% renewable electricity generation for Austria by 2030 – will require investments of roughly EUR 50bn in renewable generation capacity and the necessary network infrastructure. We must make sure the ambitious timetable for 2030 in no way jeopardises national supply security or network stability for a single second.

2 Valuable impulses for Lower Austria and EVN

How important is #mission2030 for Lower Austria and, in turn, for EVN?

Franz Mittermayer: Our corporate strategy sets clear priorities and, in one very major point, coincides completely with #mission2030: EVN is currently the leading wind power producer in Lower Austria, and we want to maintain this position in the future. Assuming appropriate framework conditions, we will continue to invest in new wind parks in Lower Austria during the next few years and, in this way, contribute to the targeted increase in the share of electricity from renewable generation. Specifically, we want to raise our wind generation capacity from the current level of 318 MW to 370 MW by the end of 2019/20 and to roughly 500 MW over the medium term.

Another central point of our corporate strategy calls for massive investments in the network infrastructure over the coming years. As we have already mentioned, the goals set by #mission2030 will create additional, wide-ranging responsibilities for our networks. The wind conditions in certain sections of our supply area are particularly attractive and regularly face us with the challenge of integrating not only new EVN wind power plants, but also third party wind power facilities in our network. At the same time, we need to make sure this wind electricity is transported into the metropolitan areas. Other issues, like the "100,000 roof-mounted photovoltaics" programme that is anchored in #mission2030 or the growing importance of e-mobility, will require further investments to protect network stability.

3 Investments in the networks, renewables and drinking water supplies

Where else do you see EVN's investment focal points for the next few years?

Stefan Szyszkowitz: In total, we are planning investments of up to EUR 400m each year over the near and medium term – whereby approximately EUR 300m will be directed to the network infrastructure, renewable generation and drinking water supplies in Lower Austria. Our continuous investments in South Eastern Europe – here, our focus remains on reducing network losses – will also protect supply security for our customers in Bulgaria and Macedonia.

4 Thermal power plants as reserve capacity

What role will EVN's thermal power plants play in the future?

Franz Mittermayer: The fact that our thermal power plants are frequently called on to support network stability throughout the entire year – in 2017/18 on 157 days – sends a clear message. A system that relies on 100% renewable electricity generation will only be able to guarantee 24/7 supply security when conventional power plants are available to stabilise network operations by providing control and balancing energy. In any event, this will be the situation as long as there are no marketable storage technologies.

5 Continued evolution of the corporate DNA

Are the challenges of the energy future changing EVN?

Stefan Szyszkowitz: Internal and external networks are becoming increasingly important. Let me explain this with a specific example: EVN has developed a real-time information and control system for the energy sector, in short EZISSE, to optimally integrate and manage our own generation units and the decentralised generation facilities operated by our customers. This innovative digital platform can synchronise supply and demand in the second and also forms the technical basis for joulie, our highly regarded new photovoltaic and energy management product. joulie was introduced in 2018 and – with the use of Google Maps – allows customers to configure photovoltaic equipment and arrange for a non-binding offer easily and comfortably with a few simple clicks. However, joulie can do much more because this web-based assistant also controls and optimises the customer's equipment and even handles the marketing of surplus electricity through our network. The implementation of these types of innovations is only possible with the close cooperation of all market participants, including customers, and our specialists at EVN. For that reason, and with a certain degree of pride, I want to mention these developments as positive examples of how our DNA is evolving together with the energy system!

6 Summer-winter equalisation as the new challenge

What solutions do you see in the area of seasonal storage?

Franz Mittermayer: The growth of renewable generation has created a problem for the energy industry throughout Europe because water, wind and sun lead to substantial surplus production, above all during the spring and summer, but are unable to cover the demand for electricity during the winter months. The longer-term, seasonal storage of electricity – which we also refer to as summer-winter equalisation – is becoming more and more the central challenge for our energy future. EVN has, of course, already started to address this subject – we are currently evaluating various possibilities for cooperation and carrying out a number of research projects together with partners. One definitely interesting approach is the conversion of electricity into renewable natural gas, which can be used, as needed, to operate gas turbines and, in turn, to generate electricity. The next step towards the development of marketable technologies is to clarify the technical details and, above all, the issues related to profitability and financing.

7 Active innovation as the source of continuous new solutions

How is EVN positioned with regard to research and innovation?

Stefan Szyszkowitz: Active involvement with the changes in our industry is decisive for our success. As a network operator, that is the only way we can guarantee supply security. Test series – like the one we recently carried out with a transformer station and wind park at our large storage battery pilot plant in Prottes – help us, for example, to evaluate innovative solution approaches to equalise voltage fluctuations in local networks. In general, the integration of decentralised generation is an elementary challenge. We need to develop and examine intelligent solutions from different perspectives to support prosumers in the optimal utilisation of their own production and in the operation of the local networks. We are also one of the supporters of the "Green Energy Lab". This wide-ranging innovation project for green energy is designed to develop new technologies and concepts for the energy system of the future.

8 Future issue: drinking water

Drinking water supplies are also a future issue for EVN – what are the latest developments in this area?

Franz Mittermayer: The high temperatures and low rainfall during the past summers underscore the need for massive investments in drinking water supplies for Lower Austria during the coming years. Moreover, demographic trends – Lower Austria has seen a substantial population influx from Vienna for some time now – and economic growth have led to a general increase in the demand for water. That, in turn, creates a need for further cross-regional transport pipelines to improve supply security in the individual communities. For us, the careful use of our valuable natural resource water also means regularly monitoring our local water networks with special equipment to localise potential leaks and stop the loss of drinking water as quickly as possible. We also make an important contribution to supply quality with our increasing number of local natural filter plants, which reduce the hardness of the water by environmentally friendly means and without chemicals.

9 Digitalisation, data security and cybersecurity

The many possibilities created by digitalisation are contrasted by challenges like data security and cybersecurity. How are you handling this?

Franz Mittermayer: Very carefully – above all when the protection of legitimate customer interests is involved. Our IT experts take great care in dealing with issues like cybersecurity and the protection of critical infrastructure. Data protection is also an important issue for customers and has taken on a completely different meaning, for example in connection with the smart electricity meters preferred by the EU. In spite of the advantages created by these intelligent devices – which give interested customers the opportunity to exactly analyse and manage their consumption patterns – quality and data security are our top priority. We therefore consider it our responsibility to carry out particularly extensive tests on the quality of the hardware and software required for smart metering.

10 Solid perspectives for investors

How will shareholders benefit from EVN's focus on the energy future?

Stefan Szyszkowitz: We remain committed to a reliable dividend policy, and our shareholders can depend on stable and plannable distributions. The basis for these dividends is formed by our solid business model with its focus on stable activities in Lower Austria like network and wind park operations and drinking water supplies. As you can also see in this year's full report, we are, at the same time, taking an active approach to the changes in our industry that are created by digitalisation and other developments. These challenges will not only influence and advance network operations, but also our product offering in the future. Profitable and secure business fields and a healthy capital structure will remain the key requirements for protecting our position as a reliable player on the capital market in the future.

EVN – energy company and environmental services provider

EVN's activities cover the energy and the environmental service business. The headquarters of this international Group are located in Lower Austria, further core markets are Bulgaria and Macedonia. In total, EVN is currently active in 13 countries.

Operating business areas

Energy business

In the energy business, we follow an integrated business model that covers the entire value chain in this area. The related activities include energy generation, the operation of energy distribution networks and the delivery of energy to end customers. We are active in the areas of electricity, natural gas and heat – with different focal points in the individual markets. In addition, we operate a thermal waste utilisation plant in Lower Austria.

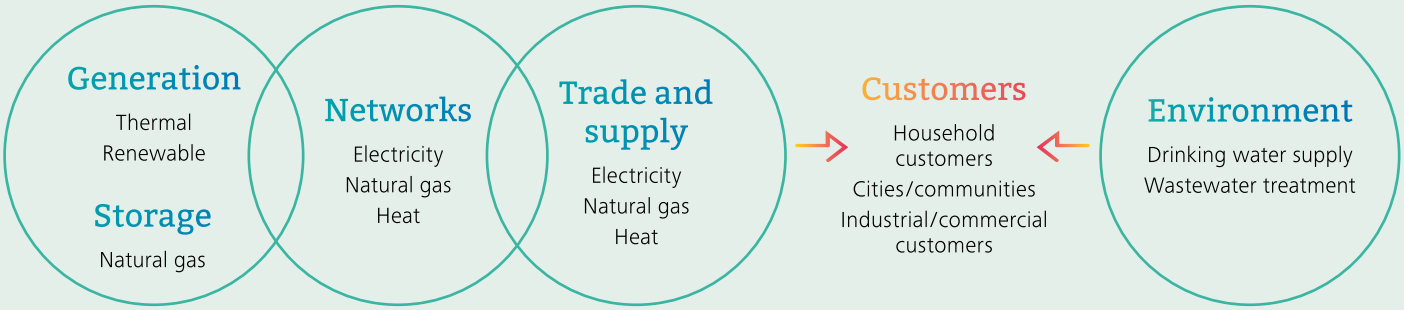
Environmental services business

Activities in the environmental services business include drinking water supplies in Lower Austria and the international projects business. Depending on the scope of the project, it includes the planning, construction, financing and operation of energy-efficient and resource-conserving plants for drinking water supplies, wastewater disposal and thermal waste utilisation.

Investments

Investments in areas related to the core business supplement our value chain: the investments in Verbund AG and Burgenland Holding AG, which, in turn, holds 49.0% of Energie Burgenland AG, allow us to benefit from the companies' concentration on renewable electricity generation from water and wind. RAG Austria AG, in turn, provides valuable support for us through its focus on the natural gas storage business in Austria.

Value chain



Markets and business areas

Austria

- → **Generation:** electricity, heat, thermal waste utitlisation
- → **Network operations:** electricity, natural gas, heat, cable TV, telecommunications
- → **Energy supplies:** electricity, natural gas, heat
- → **Environmental services business:** drinking water supplies

Bulgaria

- → **Generation:** electricity, heat
- → **Network operations:** electricity, heat
- → **Energy supplies:** electricity, heat

Macedonia

- → **Generation:** electricity
- → **Network operations:** electricity
- → **Energy supplies:** electricity
- → **Environmental services business:** wastewater treatment

Germany

- → **Generation:** electricity
- → **Energy supplies:** electricity
- → **Environmental services business:** drinking water supplies and wastewater treatment

Croatia

- → **Network operations:** natural gas
- → **Energy supplies:** natural gas
- → **Environmental services business:** wastewater treatment

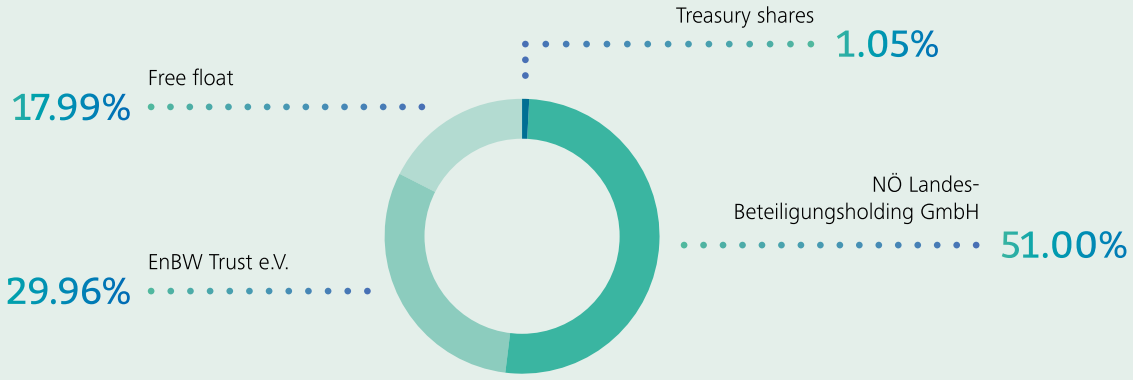
Albania

- → **Generation:** electricity

Other countries

- → **Environmental services business:** international project business – plants for drinking water supplies, wastewater treatment and thermal waste utilisation

Shareholder structure



Key data at a glance

2,444 MW electricity generation capacity

72.5% thermal

27.5% renewable

156,994 km networks

142,106 km electricity

876 km heat

14,012 km natural gas

2.0m in Austria

1.8m in Bulgaria

0.8m in Macedonia

3.4m electricity customers

0.3m natural gas customers

0.1m heat customers

4.6m customers

0.6m drinking water customers

0.2m cable TV and telecommunications customers

EUR 2.1bn Group revenue

53.7% in Austria

46.3% international

73% EBITDA from regulated and stable activities

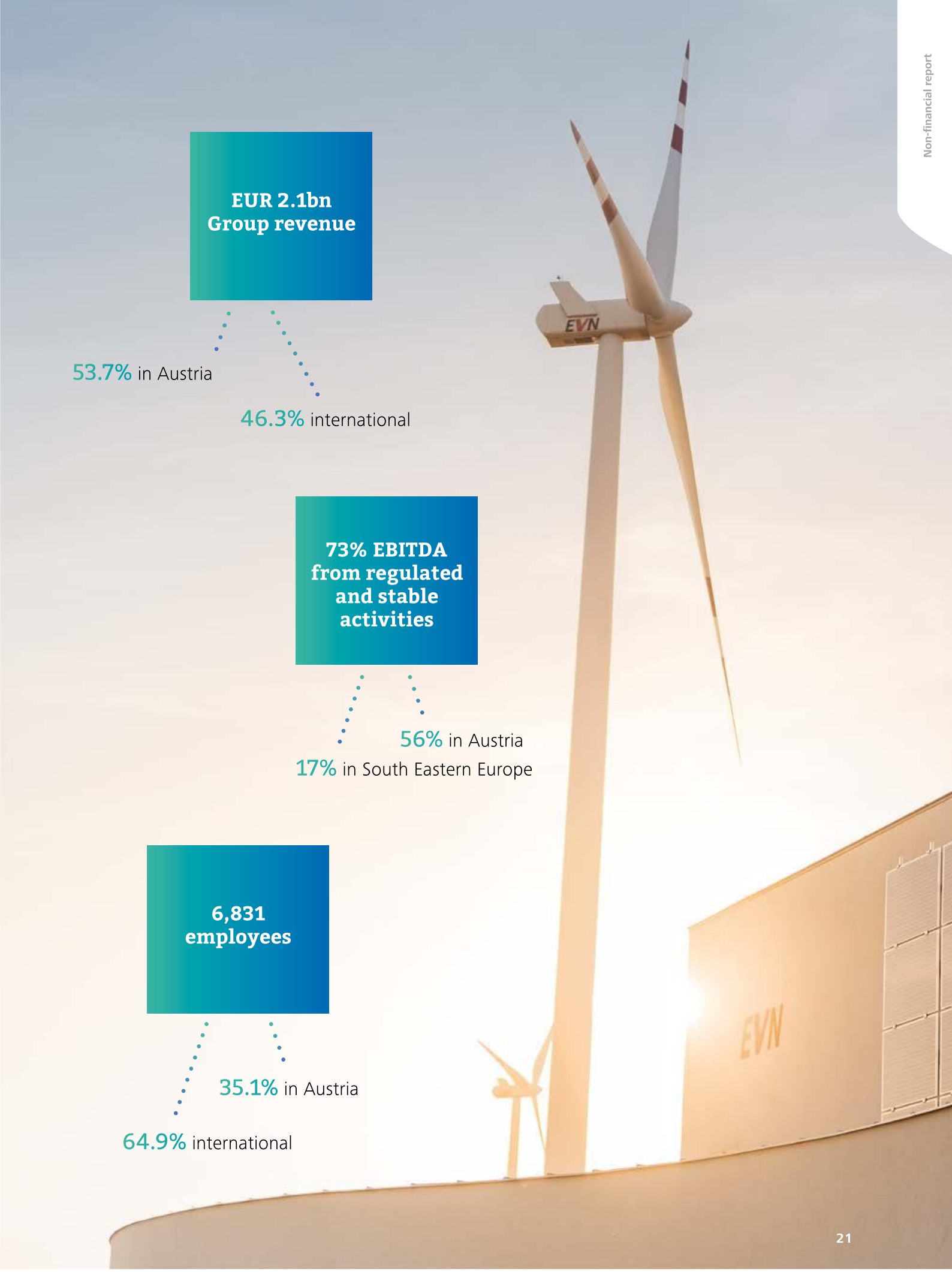
56% in Austria

17% in South Eastern Europe

6,831 employees

35.1% in Austria

64.9% international



EVN on the capital market

We work to strengthen the long-term confidence in our share and bonds with active communications, target group-oriented information for all capital market participants and a reliable dividend policy. These efforts are further supported by ratings in the A-range.

Investor relations

Our capital market activities are based on a commitment to providing timely, transparent, understandable and substantial information. Investor relations activities are focused, in particular, on systematic and active communications with all capital market participants. These communications include quarterly telephone conferences in connection with the publication of results as well as regular meetings with analysts and investors at international road shows and investor conferences. Our communication media are tailored to meet the different needs of the various stakeholder groups and also give special attention to sustainability-oriented investors and their information requirements. In this way, the Executive Board and the investor relations team work to continuously improve the awareness of and understanding for EVN and strengthen the long-term confidence in our share.

We emphasise the following core points in our equity story to analysts and investors:

- → High share of regulated and stable activities
- → Stable home market in Lower Austria
- → Integrated business model
- → Solid business development and capital structure
- → Attractive dividends

Numerous international banks publish regular analyses on EVN which cover the development of business and recommendations for the price potential of our share.

Also see www.investor.evn.at

EVN share		2017/18	2016/17	2015/16
Share price at 30 September	EUR	16.88	13.22	10.56
Highest price	EUR	18.00	13.40	10.60
Lowest price	EUR	13.07	10.47	9.65
Price performance	%	27.7	25.2	7.1
Total shareholder return	%	31.3	29.2	11.4
Performance ATX	%	0.9	37.9	7.9
Performance Dow Jones Euro Stoxx Utilities	%	–3.4	13.5	1.2
Value of shares traded[1)]	EURm	169.7	97.9	65.8
Average daily turnover[1)]	Shares	42,769	33,921	26,031
Market capitalisation at 30 September	EURm	3,036	2,377	1,899
Weighting ATX prime	%	1.09	0.81	0.93
Earnings per share[2)]	EUR	1.43	1.41	0.88
Dividend per share	EUR	0.44 + 0.03[3)]	0.44 + 0.03[3)]	0.42
Price/earnings per share	X	11.8	9.4	12.0
Dividend yield	%	2.8	3.6	4.0

1) Vienna Stock Exchange, single counting
2) Shares outstanding at 30 September
3) Bonus dividend of EUR 0.03 per share; 2017/18 financial year: proposal to the Annual General Meeting

The EVN share

Market environment and performance

The European stock markets were characterised by differing developments during EVN's 2017/18 financial year, which covered the period from October 2017 to September 2018. Moderate increases were recorded by the French and British benchmark indexes and Vienna's ATX, while the German benchmark index DAX fell by 4.5%. In contrast, the US benchmark index Dow Jones closed this 12-month period with a plus of 18.1%. The DJ Euro Stoxx Utilities, the relevant industry index for EVN, lost 3.4%, but the price of the EVN share rose by a sound 27.7%. The average daily turnover in EVN shares equalled 42,769 in 2017/18 (single counting). That represents an annual trading volume of EUR 169.7m (single counting) for EVN's shares on the Vienna Stock Exchange and 0.51% of the total trading volume in Vienna's Prime Market.

Strategy for the use of financial resources and dividend

EVN's strategy for the use of its financial resources includes establishing a balance between its investment projects and attractive dividends for shareholders. The Executive Board will make a recommendation to the 90th Annual General Meeting on 17 January 2019, which calls for the distribution of an ordinary dividend of EUR 0.44 as well as a one-time bonus dividend of EUR 0.03 per eligible share for the 2017/18 financial year. The dividend policy followed by EVN involves holding the absolute amount of the ordinary dividend at a constant level. This strategy also includes a targeted pay-out ratio averaging approximately 40% of Group net result over the long term.

Share buyback programme

The share buyback programme, which was authorised by the 87th Annual General Meeting on 21 January 2016 for a period of 30 months, expired on 21 July 2018. The Executive Board did not utilise this authorisation during the 2017/18 financial year.

Also see page 105

External ratings for the debt capital market

The diversification of our financing instruments and partners is a key component of our financing strategy. Good business relations with regional, international and multilateral banks are therefore particularly important for us, as is flexible access to national and international investors over the capital market. An important factor in this respect is formed by the external evaluations issued by the independent rating agencies Moody's and Standard & Poor's. Our goal is to maintain ratings in the A-range.

Both agencies updated their ratings for EVN in April 2018:

- Moody's: A2 confirmed, outlook raised from stable to positive
- Standard & Poor's: A– with stable outlook confirmed

Sustainability ratings and indexes

We have positioned the EVN share as a sustainable investment in recent years and, in doing so, also gained access to the growing segment of sustainability-oriented investors. In addition to traditional financial criteria, socially responsible investments (SRI) also take social, ethical and environmental factors into account. The shares of companies which meet these strict requirements are recommended by independent rating agencies and included in sustainability-oriented investment funds.

The EVN share is also evaluated by independent sustainability rating agencies and is represented in sustainability indexes. This helps sustainability-oriented investors to invest directly in companies that meet globally recognised standards for responsibility towards the environment and stakeholders:

- MSCI ESG Research
- ISS Oekom Research
- Vigeo Ratings
- Sustainalytics
- Carbon Disclosure Project (CDP)
- VÖNIX: Our share has been included in the VÖNIX sustainability index of the Vienna Stock Exchange since 2005. This index includes listed companies in Austria which are considered leaders for their social and ecological performance. The continued inclusion in this index for 2018/19 has already been confirmed.
- Sustainability index of the Ethibel forum: The EVN share is also included in the Ethibel Excellence Register compiled by the Ethibel Sustainability Index Group (ESI).

GRI indicator: GRI 102-12

A clearly focused strategy

In line with our vision, our mission and our corporate values, we follow a strategy that is focused on the interests of our stakeholders and is therefore based on the EVN materiality matrix.

Corporate values and standards of behaviour

Our vision
As an energy and environmental services provider, we meet the basic daily needs of our customers and make a sustainable contribution to their quality of life by delivering reliable, high-quality services.

Our mission
We create value by safeguarding our Group's long-term success with individual responsibility and high profitability. This allows us to offer competitive prices to our customers, a sustainable increase in value to our shareholders and attractive working conditions to our employees.

From our home base in the province of Lower Austria, we concentrate, above all, on the growing Central and Eastern European region. Our objective here is to establish a strong position.

End customers are our main focus in both the energy and drinking water businesses. In order to meet their expectations as best as possible, we have set strict quality standards for all our activities – in the area of products as well as services.

Sustainable performance in the provision of electricity, natural gas, heat and drinking water supplies, wastewater disposal and thermal waste utilisation requires excellent know-how, high efficiency, state-of-the-art infrastructure and a continuous drive to innovate.

Our values
Our strong sense of responsibility for our daily supply and disposal activities is reflected in strict standards for our business activities and the management of our Group. Compliance with ethical values and all applicable legal requirements is a matter of course.

We are committed to the concept of sustainable management and, in this sense, work to create a balance between economic, ecological and social factors. Our guiding principle is to achieve a fair balance between the concerns of everyone interested in our company – our stakeholders.

Economic responsibility for the long-term existence of our Group requires our top performance. Maximum expertise and reliability create satisfaction for our customers and partners and, in turn, safeguard our long-term success.

We meet our responsibility for the environment, in particular, through the greatest possible conservation of resources, the minimisation of emissions and the increased use of renewable energy carriers. A decisive role in this process is played by continuous innovation and efficiency improvements.

Our social responsibility is reflected in a number of ways. Concern over the well-being of our employees, fair compensation and the design of a positive corporate culture that is shaped by openness, loyalty and mutual respect are just as important as service to humanity and appropriate positioning in a society that is influenced by a wide variety of factors. We promote and support activities and initiatives – from employees as well as third parties – in the areas of art, culture, social issues and sport – on both a tangible and intangible basis. This includes high transparency and an open approach to dialogue, inside and outside our company.

In addition to these basic expressions of our vision, mission and corporate values, numerous other binding documents define the framework for behaviour and actions in the EVN Group. We are a member of the UN Global Compact and, as such, are clearly committed to compliance with the global principles of ethical and economic actions.

- The EVN Code of Conduct: see page 49, 57 and 84
- EVN's environmental policy statement: see page 40
- EVN's integrity clause for suppliers: see page 60f

- GRI indicator: GRI 102-16

Protection of stakeholders' interests

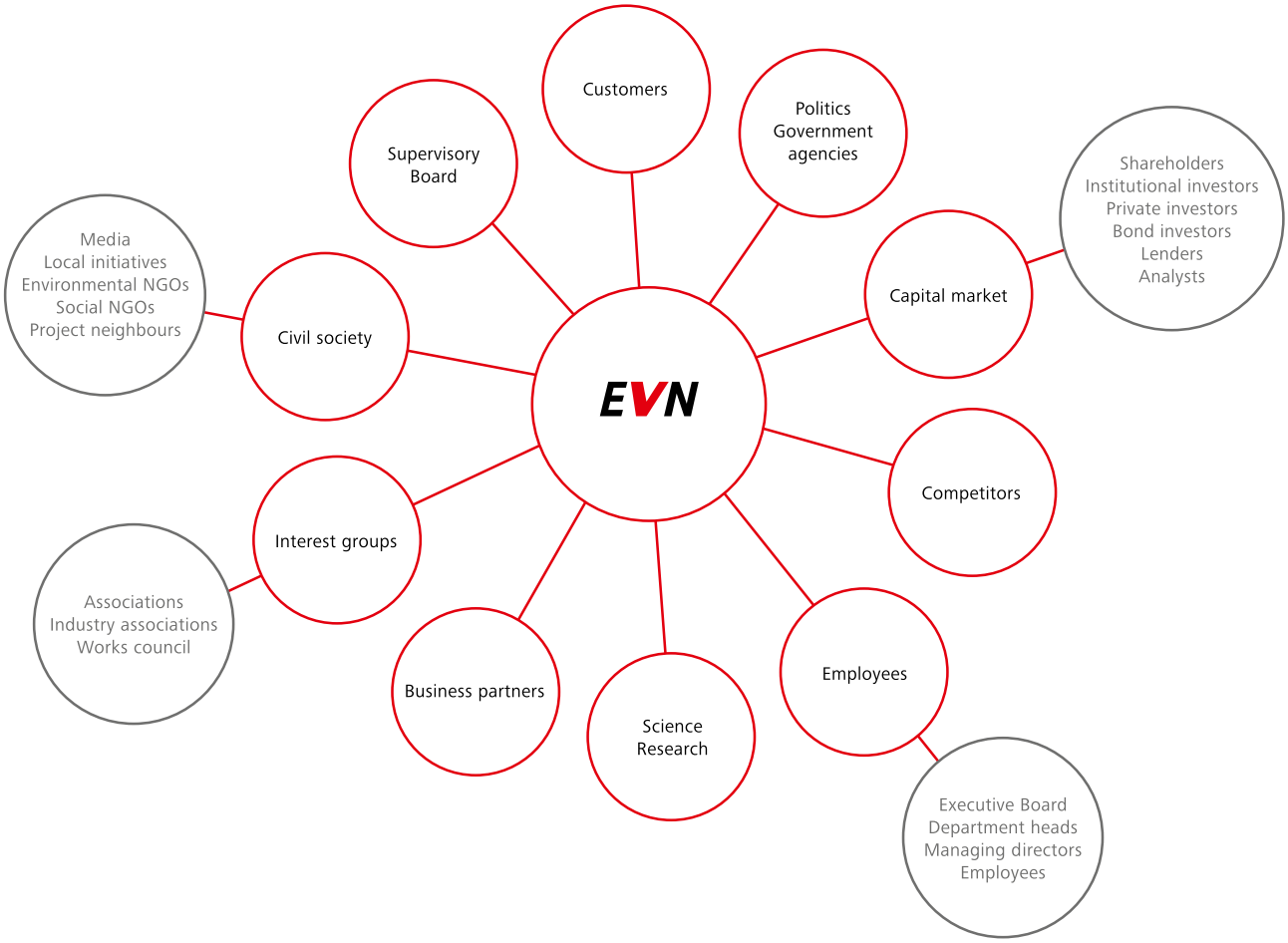
Our strategic focus is closely aligned with the interests of our internal and external stakeholders. Their integration in our business activities and our stakeholder management is based on in-depth dialogue with these various groups, whereby the most important are shown in the following illustration. The relevant stakeholder groups are identified and ranked by priority in connection with the regular updating of the materiality matrix. This process also includes a review of the importance of individual stakeholder groups for the company.

Institutionalised advisory boards as well as an interdepartmental sustainability team support the Executive Board and Supervisory Board in their continuous exchange on sustainability issues:

- → EVN Customer Advisory Board
- → Advisory Committee for Environmental and Social Responsibility
- → Advisory Board of the EVN Social Fund
- → EVN Art Advisory Board

The EVN Customer Advisory Board has been established in Austria and Bulgaria to address the concerns of this stakeholder group. The Advisory Committee for Environmental and Social Responsibility has 27 members and includes independent external and internal experts as well as staff representatives. Its activities in 2017/18 focused, in particular, on digitalisation, e-mobility and energy storage for renewable electricity generation. For issues involving social commitment, the Executive Board can also draw on the know-how of the external experts who are members of the Advisory Board of

EVN's major stakeholders



the EVN Social Fund. The main goal of this social fund is to assist and support children and young people in Lower Austria who are confronted by challenging life situations. Cultural topics are covered by the EVN Art Advisory Board.

EVN has also installed a structured complaint management system for customers as well as other stakeholders.

For information on the project-related stakeholder dialogue, see page 63

For information on the EVN Customer Advisory Board, see page 36 and www.evn.at/Customer-Advisory-Board

For information on the Advisory Committee for Environmental and Social Responsibility, also see www.evn.at/Environmental-councilFor

For information on the EVN Social Fund, also see page 64 and www.evn.at/social-fund

For information on the EVN Art Advisory Board, also see page 64 and www.evn-sammlung.at

GRI indicators: GRI 102-21, GRI 102-40, GRI 102-42

Sustainability as an integral part of the corporate strategy

As an energy and environmental services provider who is responsible for daily supplies to millions of people, we see sustainability as a guiding principle for our activities. This is reflected, not least, by the fact that sustainability-related issues are handled directly by the entire Executive Board. This corporate body supervises the continuous development of our corporate strategy and company values in close coordination with the Supervisory Board. Its responsibilities also cover all sustainability activities and, consequently, sustainability management.

The CSR steering committee is the highest ranking body in EVN's CSR organisation. It comprises the members of the Executive Board as well as key managers from various areas of the company and therefore reflects European best practice standards. This broad base allows for the targeted management of CSR initiatives and continuous alignment with the corporate strategy and the goals of the individual operating segments.

Sustainability activities in the EVN Group are coordinated by the innovation, sustainability and environmental protection staff department, which reports directly to the Executive Board. This intragroup team ensures full compliance with our high sustainability standards. Its members are trained to stress the importance of sustainability and the ethical and social aspects of business operations, to communicate their know-how to the sustainability experts in the individual areas of our company and to support these men and women in implementing sustainability-related activities.

Areas of activity

The EVN materiality matrix with its eight areas of activity serves as the basis for harmonising the corporate strategy with stakeholder interests:

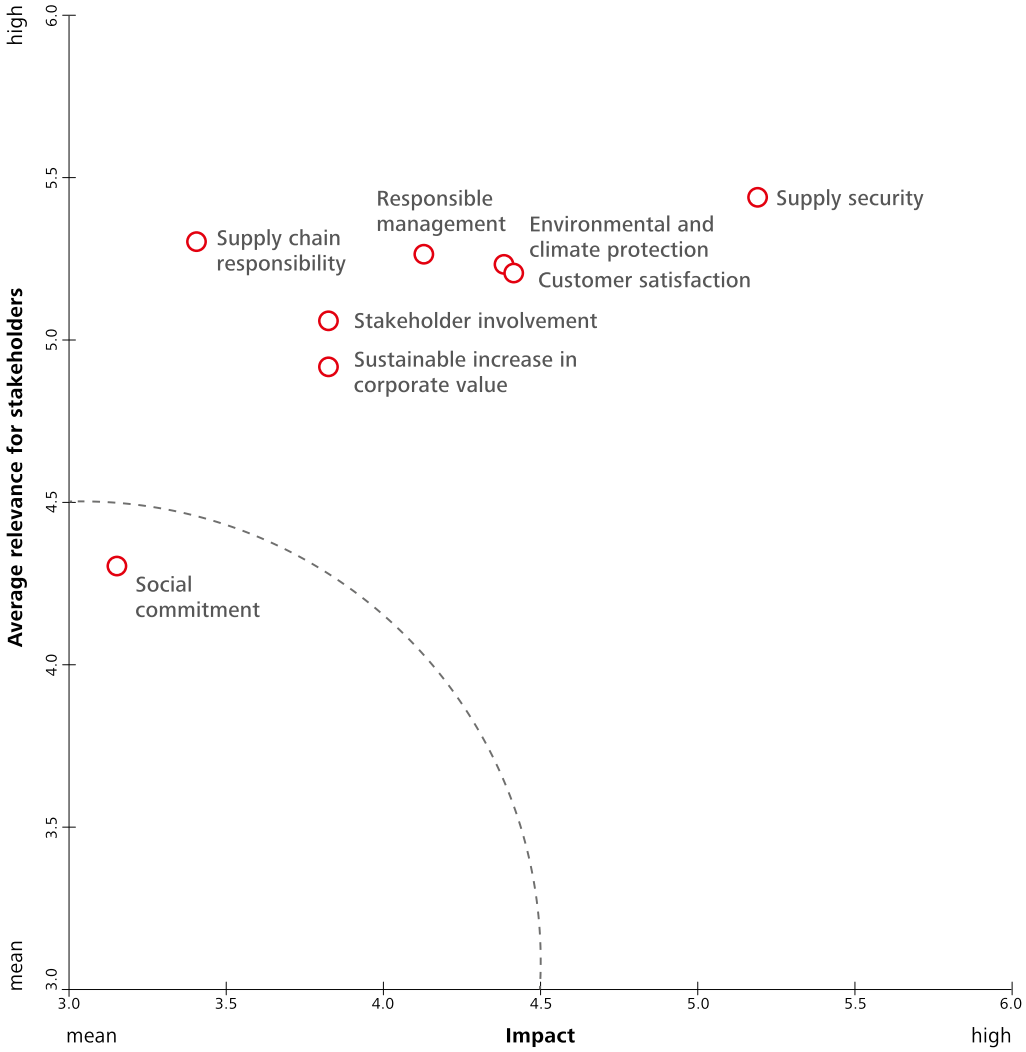
- Supply security
- Customer satisfaction
- Sustainable increase in corporate value
- Responsible management
- Environmental and climate protection
- Stakeholder involvement
- Supply chain responsibility
- Social commitment

This systematic presentation of our most important sustainability issues was revised and updated following a stakeholder survey in 2016/17. Our programme also included a workshop with external and internal experts, which helped us to identify the social, ecological and economic impact of our business activities in connection with the individual areas of activity. This structured survey process, which is scheduled to be repeated at three-year intervals, allows us to focus on the issues that have the highest importance for our stakeholders as well as a high economic, ecological or social impact. EVN's corporate strategy thereby always reflects the latest ecological and social developments and is thus strongly geared to the Sustainable Development Goals (SDG) defined by the United Nations. Our reporting is also concentrated on the major issues and areas of activity.

For information on the SDG and the respective sub-targets, also see https://sustainabledevelopment.un.org/sdgs

GRI indicators: GRI 102-19, GRI 102-20, GRI 102-26, GRI 102-29, GRI 102-44, GRI 102-47

EVN materiality matrix



Overview of the core strategies

EVN's strategy reflects the interests of our internal and external stakeholders as well as the potential positive or negative effects of our business activities on society, ecology and the economy ("impact assessment").

We see the protection of reliable, area-wide supplies of our products and services as our most important obligation to our customers. At the same time, we are well aware of our responsibility as a key market player to also make an active contribution to addressing social concerns and to protect the environment and our climate. This includes a clear focus on the transformation of the energy system towards climate-neutral generation and the equalisation of the related expected volatility with the help of energy storage systems. In addition, the continuous expansion of the network infrastructure in Lower Austria remains a central strategic goal. It gives us the necessary basis to support the energy transformation and, at the same time, to protect supply security and quality over the long term.

Our core strategies

Integrated business model as a solid basis

Sector environment and trends

Energy transformation leads to distortions on the international energy markets

Reorientation of business models by a number of energy providers (above all in Germany)

Our strategy

Diversification along the entire value chain

Stable and regulated activities form a solid backbone

→ This strategy element applies to the area of activity "sustainable increase in corporate value".

Expansion and improvement of our network infrastructure

Sector environment and trends

Strain on networks due to the transport of rising and volatile feed-in from renewable generation

Our strategy

Focus on supply security and quality

Continuous and future-oriented expansion of facilities in the regulated network segment

→ This strategy element applies to the areas of activity "supply security" as well as "environmental and climate protection".

Further expansion of our wind power capacity in Lower Austria

Sector environment and trends

Global targets for the reduction of greenhouse gas emissions

European and Austrian climate policy with clear commitment to system conversion towards renewable generation

Our strategy

Increase in wind power capacity from the current level of 318 MW to approximately 500 MW (subject to appropriate framework conditions) over the medium term

→ This strategy element applies to the areas of activity "supply security", "environmental and climate protection" as well as "sustainable increase in corporate value".

Marketing of our thermal power plants for network stabilisation

Sector environment and trends

High demand for the cross-regional exchange of services and management of shortages to balance out the increasing feed-in volumes from renewable generation and protect network stability

Our strategy

Framework contracts to provide reserve capacity for network transmission operators

Flexible feed-in of thermal generation to manage shortages

Commitment to thermal power plants as a bridge technology

→ This strategy element applies to the areas of activity "supply security" as well as "sustainable increase in corporate value".

Strong base in end customer business

Sector environment and trends

Increasing competition in the end customer market

Rising demand for digitalisation and smart technologies

Our strategy

Competent partner to our customers for supply, individual advising and products and services to support energy efficiency

Customer closeness for fast solution of concerns and needs

Expansion of digital product and service offering

→ This strategy element applies to the areas of activity "customer satisfaction" as well as "responsible management".

Optimisation of our activities in South Eastern Europe

Sector environment and trends

Energy supply in South Eastern Europe between challenging framework conditions and future potential

Our strategy

Commitment to supply security and quality, also in South Eastern Europe

Focus on measures to reduce network losses and improve the collection rate

Efficiency improvements in the operating business

→ This strategy element applies to the areas of activity "supply security", "sustainable increase in corporate value" as well as "responsible management".

Increased focus on drinking water supplies in Lower Austria

Sector environment and trends

Increase in water consumption due to demographic changes (urbanisation) and growing number of weather-related peak periods

Rising quality demands on water supplies (e. g. hardness of the water)

Our strategy

Increase in pumping station capacity to improve performance and expansion of cross-regional pipeline networks

Construction of natural filter plants to reduce the hardness of the water by natural means

Development of new drinking water sources

→ This strategy element applies to the areas of activity "supply security" as well as "sustainable increase in corporate value".

Diversification through selected projects in the international environmental services business

Sector environment and trends

Specific regional characteristics and general conditions require individual solutions for municipal water supplies and wastewater disposal

Our strategy

Concentration of our solution expertise on selected projects in municipalities and countries with strong credit standings

Creation of added value for our customers as the basis for our economic success

→ This strategy element applies to the areas of activity "sustainable increase in corporate value" as well as "responsible management".

Impact of business activities on society, the environment and the economy

The following table, which is structured according to the areas of activity on the EVN materiality matrix, provides an overview of the major potential effects of our business activities and also includes examples of instruments and measures that are designed to minimise possible negative effects. The instruments and measures are derived, above all, from the EVN Code of Conduct and the behavioural standards summarised under the term compliance. More detailed information can be found in the individual sections of the non-financial report.

Sustainability risks

The high priority given to sustainability in our company is reflected in the identification and management of sustainability and compliance risks by specialised organisational units and processes as part of our central risk management. Sustainability risks are considered an interdisciplinary issue for all risk categories, in particular risks related to supply security, sustainable management and environmental risks.

Supply security risks involve, among others, supply interruptions or danger to people or infrastructure from explosions or accidents. In order to ensure trouble-free operations and protect the technical safety of our power plants – both of which are important requirements for reliable supplies – we carry out regular inspections and maintenance work which result in planned downtime. Actual interruptions in electricity supplies are calculated and monitored according to the System Average Interruption Frequency Index (SAIFI) – which measures the mean supply interruption – and the System Average Interruption Duration Index (SAIDI) – which measures the average annualised duration of unplanned power interruptions.

Occupational safety and accident prevention are also important issues in all our business units. We guarantee the required high level of safety, above all, through training and by raising employees' awareness. In addition to legal requirements, we have developed an extensive set of internal rules which includes directives and guidelines. All work accidents in the EVN Group are recorded and analysed centrally by the occupational safety department. As shown in the following table under the "responsible management" area of activity, employee-related risks also include the loss of highly qualified staff or the intended or unintended misrepresentation of transactions or positions in the annual financial statements. These risks are addressed, among others, with the creation of an attractive work environment and flexible working time models as well as our internal control system (ICS).

The innovation, sustainability and environmental protection staff department is responsible for the identification and analysis of the ecological impact of our business activities with regard to the use of resources, energy and water consumption, emissions, biodiversity and transport as well as wastewater and waste disposal (environmental risks). Based on its analyses, this staff department also supports the operating units in preventing or minimising their effects on the environment.

Additional details on the Group-wide risk management process are provided on page 100

For additional information on SAIFI and SAIDI, see page 35

For additional information on the subjects of occupational safety, accident prevention and compliance, see page 52ff and 57ff

Details on the ecological impact of EVN's activities can be found on page 40ff

GRI indicators: GRI 102-15, GRI 203-2

Overview of the major potential effects of our business activities (selected items)

EVN area of activity and definition	Impact assessment (excerpt) "–" = negative; "+" = positive	Management instruments and measures (excerpt)	Sustainable Development Goals (SDG)
Supply security … stands for reliable supplies, also in crisis situations. The key factors in the energy area include a proactive procurement strategy, a flexible generation mix with sufficient reserve and storage capacity as well as the technical quality of the networks.	– Influence on habitats (people, animals and nature)/negative impact on biodiversity through network expansion, hydropower plants and the construction of wind power plants – Consumption of natural resources – Emissions – Impact of network breakdowns on society and the economy + Increase in the share of renewable energy + Reliable energy supplies for society and the economy + Provision of infrastructure	→ Certified environmental management systems → Goal: expand wind power to 500 MW over the medium term → Top priority for supply security and quality → EVN-internal crisis and emergency plans (e. g. flooding, hydropower plants) → Extensive monitoring activities (e. g. water quality) → Low network losses and electricity supply interruptions	→ SDG 6 Clean water and sanitation → SDG 7 Affordable and clean energy → SDG 9 Industry, innovation and infrastructure → SDG 12 Responsible consumption and production
Customer satisfaction … stands for products and services that are transparent and meet individual needs, for high service quality, for target group-oriented communications and for support for our customers in the efficient use of energy.	– Data protection incidents + Improved, more efficient use of energy + Cooperation projects protect jobs in the region + High standards for supply security + High availability of EVN power plants	→ Top priority for supply security and quality → Top priority for data protection → Extensive monitoring activities (e. g. water quality) → Monitoring of mean electricity supply interruption → Support for customers in improving consumption efficiency	→ SDG 7 Affordable and clean energy → SDG 10 Reduced inequalities → SDG 12 Responsible consumption and production → SDG 13 Climate action
Environmental and climate protection … stands for the system conversion towards climate-neutral generation with energy storage for balancing purposes. Until this status is achieved, the thermal power plants will take on a bridge function to protect supply security. Efficiency improvements and innovation initiatives make an important contribution in all areas – because our products and services should generally be as environmentally friendly as possible.	– Influence on habitats (people, animals and nature)/negative impact on biodiversity through network expansion, hydropower plants and the construction of wind power plants – Consumption of natural resources – Emissions + High standards for supply quality + Efficient and environmentally friendly energy supplies for society and the economy + Macroeconomic contribution through innovation initiatives + Contribution to meeting international and national climate targets + Reduction of greenhouse gas-relevant emissions	→ Advisory Committee for Environmental and Social Responsibility → Certified environmental management systems → Goal: expand wind power to 500 MW over the medium term → Exit from coal at Dürnrohr plant by 2025 → EVN-internal crisis and emergency plans (e. g. flooding, hydropower plants) → Wide-ranging measures for species conservation, protection of biodiversity and the protection and restoration of natural habitats → Innovation, research and development activities → High demands on sustainability along the supply chain → Ongoing modernisation of natural gas pipeline network → Focus on efficiency improvements	→ SDG 7 Affordable and clean energy → SDG 9 Industry, innovation and infrastructure → SDG 12 Responsible consumption and production → SDG 13 Climate action → SDG 15 Life on land
Sustainable increase in corporate value … stands for entrepreneurial actions that are focused, among others, on continuous adjustments to reflect our dynamic environment through targeted innovations, a value-oriented investment strategy and the stable development of dividends.	– Risk of a loss in value for equity and debt investors + Stable development of dividends + Improvement of the infrastructure in countries/regions where projects are in progress or were carried out + Job security	→ Protection of projects through guarantees → Goal: balance between investment projects and an attractive return for shareholders → EVN Code of Conduct → EVN Integrity Clause as an integral part of every supplier relationship → Corporate compliance management → Innovation, research and development activities	→ SDG 7 Affordable and clean energy → SDG 8 Decent work and economic growth → SDG 9 Industry, innovation and infrastructure

Overview of the major potential effects of our business activities (selected items)

EVN area of activity and definition	Impact assessment (excerpt) "–" = negative; "+" = positive	Management instruments and measures (excerpt)	Sustainable Development Goals (SDG)
Social commitment … stands for the acceptance of responsibility for people in challenging life situations, above all for children and young people. The focus is also on measures to fight energy poverty as well as on the evn art collection, EVN archive and EVN Social Fund.	+ Support for children and young people in challenging life situations + Improvement in customers' consumption behaviour + Instruction for elementary schoolchildren on the scientific and practical basics of electricity	→ Combatting energy poverty → Support for customers in improving consumption efficiency → Responsibility for art and culture through the evn art collection → EVN Social Fund → EVN School Service	→ SDG 1 No poverty → SDG 4 Quality education → SDG 10 Reduced inequalities → SDG 12 Responsible consumption and production
Stakeholder involvement … stands for a proactive dialogue with our stakeholder groups and the responsible handling of their concerns, e. g. through the involvement of neighbouring residents in the expansion and operation of our plants.	– Asymmetric inclusion of various stakeholder groups + Protection of interests of major stakeholder groups	→ EVN Customer Advisory Board → Regular stakeholder survey → Proactive stakeholder involvement → Project-related stakeholder communications → EVN materiality matrix as an instrument to reconcile corporate and stakeholder interests	→ SDG 17 Partnerships for the goals
Responsible management … stands for ethical, legally correct behaviour and the forward-looking development of the business model with a focus on digitalisation and innovative energy services. Also important is the acceptance of our responsibility as an employer in order to ensure sustainable human resources development in a constantly changing working environment.	– Risk of a loss in value for equity and debt investors – Work accidents – Fraud incidents, corruption + Job creation + Job security + Attractive working environment + Stable development of dividends + Macroeconomic contribution through training and continuing education + Macroeconomic contribution through infrastructure projects and investments	→ EVN Code of Conduct → Compliance training → EVN values → Anonymous whistle-blowing procedure → Corporate social partnership → Sustainable human resources development → Principles and guidelines of the International Labour Organisation (ILO) and UN Global Compact → High standards for health protection and occupational safety → Flexible working time models → Internal control system (ICS) → Re-entry of employees on parental leave; retention periods that exceed legal requirements → Innovation, research and development activities → Integrated business model → Focus on regulated and stable activities → Goal: ratings in the A-range → Goal: balance between investment projects and an attractive return for shareholders	→ SDG 1 No poverty → SDG 3 Good health and well-being → SDG 4 Quality education → SDG 5 Gender equality → SDG 8 Decent work and economic growth → SDG 10 Reduced inequalities
Supply chain responsibility … stands for anchoring social and ecological aspects in procurement and tenders as well as ensuring compliance with human rights by our suppliers.	– Human rights violations by suppliers and/or subcontractors + Regional creation of value through cooperation + Fair and transparent tenders	→ High sustainability demands along the supply chain → Sustainable focus of all EVN procurement procedures → EVN Integrity Clause as an integral part of every supplier relationship → Self-reporting form for all bidders in tenders → Regular review of supply chain for primary energy procurement (e. g. hard coal) → Regular control of compliance with human rights and workers' rights as part of coal procurement (e. g. on-site inspections)	→ SDG 8 Decent work and economic growth

Reliable supplies around the clock

Our central promise to our customers is to always provide sufficient, top-quality energy and drinking water whenever it is needed. In order to keep this promise, we have implemented a broad range of measures.

The non-stop operation of our network infrastructure forms the basis for supplies to customers and – at a higher level – for the smooth functioning of society and the economy. This focus is reflected in the importance our company gives to the term "supply security" – whereby we mean reliable, high-quality and uninterrupted supplies of electricity, natural gas, heat and water for our customers. Our business activities illustrate this promise to customers in many ways:

- Our investments in all supply areas are focused directly on the development and expansion of an efficient and effective network infrastructure. This includes a particularly proactive approach to the integration of the growing number of decentralised generation facilities which create substantial challenges for our electricity network operations. In this area, we expect a massive need for investments also over the coming years and have already started the necessary preparations.

- We give top priority to the reliable operation of our distribution networks but, all the same, cannot completely exclude supply interruptions. In order to restore supplies as quickly as possible in the event of grid disturbances, our emergency staff is on call around the clock, seven days a week. These experienced specialists identify the cause of the disruption as quickly as possible, isolate the dangerous areas and repair the defective equipment components. They also react immediately to weather-related damage.

- Sensitive electronic equipment and the progressive digitalisation of network operations are leading to a steady increase in the demands on technical grid properties. Our investments in this area also include improvements that help us to maintain the high quality of our supplies.

- The continuous expansion of our renewable generation capacity, in particular wind power, improves our coverage ratio and makes our energy procurement more independent.

- The availability of our own storage power plants supports the emission-free optimisation of our generation capacity based on the demand for electricity and also helps us to quickly restore network operations in the event of a power outage.

- Our thermal power plants have come to play an important role as reserve capacity for network stabilisation and the management of shortages in light of the rising but volatile feed-in of electricity from renewable sources. They will continue to be used as a bridge technology to protect supply security until the entire system is finally converted to marketable, efficient large storage facilities for the surplus production of renewable electricity. Since the 2010/11 financial year, our thermal power plants had been under contract to provide reserve capacity to southern Germany. The separation of the German-Austrian electricity price zone as of 1 October 2018 ended this practice, and our natural gas plant in Theiss now provides 430 MW of reserve capacity for the Austrian transmission network based on a contract that initially covers three years.

- We safeguard our power plant operations through proactive procurement and the storage of sufficient energy and primary energy carriers. That ensures the unlimited availability of thermal electricity production, also during longer cold weather periods.

→ In order to guarantee reliable supplies of natural gas for our customers, we stockpile large volumes of natural gas in storage facilities that are leased on a long-term basis. That ensures uninterrupted supplies, especially in periods with temperature-related higher consumption, and also covers possible shortages at the European level (e. g. due to political crises). Our investment in RAG – which is active in natural gas production as well as storage – has high strategic importance in this context.

→ Our subsidiary EVN Wärme, Austria's largest natural heat supplier, invests continuously in the maintenance and new construction of biomass heating plants and the expansion of its district heating networks. That protects supply security and also keeps a promise to customers: to provide reliable and comfortable supplies of renewable energy from domestic, CO_2-neutral biomass.

→ High-performance networks and technical infrastructure also form the basis for continuously high-quality, reliable solutions in the area of telecommunications, internet and cable TV services by our Group.

→ We made an early and decisive contribution to the spread of e-mobility in our home market with the installation of an area-wide basic supply network of e-charging stations in Lower Austria. From our perspective as an energy supplier, we are accompanying the steady expansion of the charging infrastructure in the public and, increasingly also, in the private sector with numerous initiatives to support the dynamic growth of e-mobility. Included here are joint roaming projects and other services related to charging as well as the development of new control technologies for flexible charging during the evening and night hours.

→ By steadily improving the performance of our pumping stations and pipeline network, in particular through the expansion of cross-regional connecting lines, we also safeguard reliable supplies of high-quality drinking water.

For information on the procurement of energy and primary energy carriers, also see page 59ff

EVN power generation capacities	30.09.2018		30.09.2017		30.09.2016	
	MW	%	MW	%	MW	%
Renewable energy	673	27.5	624	26.1	618	25.9
thereof hydropower[1)]	306	12.5	306	12.8	306	12.8
thereof wind power	318	13.0	269	11.2	268	11.2
thereof photovoltaics	5	0.2	5	0.2	5	0.2
thereof biomass	18	0.7	18	0.8	13	0.5
thereof other renewables[2)]	26	1.1	26	1.1	26	1.1
Thermal energy[3)]	1,771	72.5	1,771	73.9	1,771	74.1
thereof natural gas	1,037	42.4	1,037	43.3	1,037	43.4
thereof hard coal	734	30.0	734	30.6	734	30.7
Total	2,444	100.0	2,395	100.0	2,389	100.0

1) Includes purchasing rights from the Danube hydropower plants in Melk, Greifenstein and Freudenau and from investments in the hydropower plants Nussdorf in Vienna and Ashta in Albania as well as in Verbund Innkraftwerke.
2) Includes two sludge-fired combined heat and power plants in Moscow.
3) Includes co-generation and combined heat and power plants in Austria and Bulgaria; capacity data (net output) according to participation interests.

△ GRI indicator: GRI EU1

Energy generation		2017/18	2016/17	2015/16
Coverage ratio	%	30.0	32.7	32.1
Share of renewable energy in the total energy generation mix	%	40.0	34.5	34.5

Efficiency of our networks and power plants

Network losses

A direct comparison of network losses is not possible due to the differences between the customer and network structures in our various supply areas. Network losses in Austria are stable at a comparably low level of roughly 4%, not least due to our constant high investments in the network infrastructure. The comparable values for Bulgaria and Macedonia are higher, and our investment programmes are therefore concentrated on the further reduction of network losses and the resulting continuous improvement of efficiency. We have reduced our network losses in Bulgaria from 20% at the time of our market entry in 2004/05 to a recent level of 7.7% and from 25% in 2005/06 to now 14.1% in Macedonia.

Electricity disruptions[1)]

The reliability of our electricity supplies is confirmed by externally calculated indicators. The mean supply interruption – calculated according to the System Average Interruption Frequency Index (SAIFI) – equalled 1.16 for the 2017 calendar year (previous year: 0.94). This SAIFI value means an EVN customer experienced roughly one unplanned power interruption during 2017. The average annualised duration of unplanned power interruptions, as calculated according to the System Average Interruption Duration Index (SAIDI), equalled 38.09 minutes in the 2017 calendar year (previous year: 18.49 minutes) and was again lower than the Austrian average (53.22 minutes; previous year: 27.48 minutes). Information is not provided on the SAIDI and SAIFI at EVN's locations in Bulgaria and Macedonia because a clear database is not available for the necessary calculations.

1) Source: Energie Control-Austria, breakdown and disruption statistics for 2016 and 2017.

△ GRI indicators: GRI EU12, GRI EU28, GRI EU29

High availability of our power plants

In order to guarantee uninterrupted operations and the technical safety of our power plants – both of which represent the requirements for providing reliable electricity supplies to our customers – we carry out regular inspection and maintenance procedures which involve planned and coordinated downtime. Our two gas-fired power plants maintained nearly full availability in 2017/18, with the exception of scheduled inspections and marginal unplanned downtime of 2.4% at Theiss and 0.2% at Korneuburg. The unscheduled downtime at the Dürnrohr coal-fired power plant equalled 0.4%, but was higher at the Walsum 10 coal-fired power plant (27.4%) due to a special inspection.

△ GRI indicator: GRI EU30

Focus on our customers

As a service provider, our customers are the focal point of all our business activities. High customer satisfaction is one of our central goals and also has a significant influence on our strategies and actions. One very special aspect is the personal contact to our customers.

Nearly 4.6m customers placed their trust in the safe energy supplies and environmental products and services provided by EVN from a single hand in 2017/18. Two-thirds of our energy customers in Lower Austria are households, while the other third consists of commercial enterprises, industrial companies and public institutions. Our product portfolio ranges from energy and drinking water supplies to individual advising and extensive services. A professional approach is the fundamental requirement for each and every one of these activities. In the international environmental project business, we work primarily with public sector clients like cities and municipalities.

Close to the customer with a regional presence and personal advising

Our customers and their satisfaction are the focal point of all our activities. This belief is reflected in the high value given to the "customer satisfaction" area of activity in the EVN materiality matrix. Consequently, our services and advising are based on the highest professionalism and maximum customer closeness.

One of the central aspects of this orientation is permanent and easy accessibility for our customers. It is reflected in our day-to-day business, on the one hand, through our extensive network of customer centres across the entire supply area and, on the other hand, through easy ways to contact us via e-mail, the EVN service telephone or the online services on our website. In order to ensure the best possible supply security, our customer centres can also be reached at any time of the day or night to report supply interruptions.

In addition, eight centrally located EVN Service Centres in St. Pölten, Tulln, Stockerau, Horn, Deutsch-Wagram, Baden, Wiener Neustadt and, since autumn 2018, also in Bruck an der Leitha provide personal advising and individual services for energy-related issues – including, for example:

- Services related to electricity, natural gas and water (invoice information and tariff advising, registration and cancellation etc.)
- Energy advising
- Energy efficient products
- Energy services
- EVN Bonus World
- Cable TV and telecommunication services

Activities are currently underway to further expand our service centre network and thereby strengthen our regional presence. The redesign and modernisation of our very first location in Wiener Neustadt has been followed by planning for additional centres – five of which are scheduled to open in the coming months. We also opened the first EVN Info Centre in Macedonia during 2017/18, which is located in the capital city of Skopje.

For information on energy efficiency services, also see page 42

Customer Advisory Board

The EVN Customer Advisory Board is another important element for the active design and intensification of our customer relations. Regular and direct exchange with the 24 members from representative customer segments helps us to address current trends as well as the needs and requirements of our customers and to integrate this information into our services, products and communication measures. The topics dealt with in 2017/18 included our website, our concepts and strategies for the EVN Service Centres and the issue of e-mobility. The term of office for the Advisory Board, which is constituted for a period of two years, expires at the end of 2018, and the Advisory Board will start its fifth cycle with new members in 2019.

The EVN Customer Advisory Board in Bulgaria was elected for the third time in 2017. The exchange of ideas with these customer representatives also provides us with valuable suggestions and impulses, most of which are subsequently implemented. Based on the positive experience in Austria and Bulgaria, the introduction of a similar board is also planned in Macedonia.

Also see www.evn.at/Customer-Advisory-Board

Customer satisfaction

We define customer satisfaction through products and services that meet individual needs and are transparently invoiced, through high service quality, target group-oriented communications and assistance for customers in the efficient use of energy. Within these key areas, we want to create and maintain a fair and professional partnership with our customers in all of the markets we operate in. Customer service is an area where we want to distinguish ourselves from the competition with special efforts and, in this way, increase our success. The prompt processing of inquiries or active complaint management, including the development of specific suggestions for improvement after the analysis of every complaint, are examples of our commitment.

In order to continuously optimise our performance at the customer interfaces, we organise an institutionalised exchange of experience every two years with the employees working in customer-related business areas in Austria, Bulgaria and Macedonia. These meetings provide an opportunity to discuss specific content and requirements for daily service activities and to develop appropriate measures for the entire Group. The high importance given to the professionalism of our customer relations staff is underscored by regular courses and training programmes. This ongoing training process includes voice coaching as well as extensive training curricula for new employees or team-building seminars.

These initiatives have also been successful: in 2018 our customer service won the popular CAt Award, which is presented annually to call centre managers from Germany, Austria and Switzerland for projects with special innovation, inspiration and future orientation. We convinced the expert jury with our project "CR-Metamorphosis 2017, The Future is Now", which covered the successful reorganisation of our customer service department together with the involved employees. The implementation of various quality measures led to an improvement in the satisfaction of employees as well as customers, as was demonstrated by external feedback loops.

We analyse and evaluate customer satisfaction regularly on the basis of systematic customer surveys as a means of supporting continuous improvement. The data and long-term trends show the general developments in customer satisfaction and help us to analyse relevant business transactions. These results provide valuable information on opportunities for improvement, which are initially discussed with the involved departments and then used to define approaches for future measures.

Austria

Similar to previous years, we surveyed more than 5,700 household customers in Lower Austria during 2017 to determine their satisfaction with EVN. The overall satisfaction of 1.74 (on a five-step scale ranging from 1 = very satisfied to 5 = not satisfied at all) reflected a similarly high level comparable to recent years. EVN continues to rank clearly above other service companies like banks and internet corporations and on a par with insurance firms and mobile communications providers.

Satisfaction with supply security – a central driver for customer satisfaction – remains at a very high level. The same is true for the fast remedy of disruptions. The positive perception of the price-performance ratio has increased continuously, not least due to the reductions in electricity and natural gas prices in recent years. EVN's energy services are also highly valued and include, for example, energy advising, natural gas safety checks, heating equipment exchange and photovoltaic-related services.

Apart from this annual survey, we measure customer loyalty based on a monthly index which includes various indicators. This strategic monitoring instrument identifies changes in customer behaviour and the causes at an early point in time and allows for the introduction of suitable measures. The results here are also positive: we successfully matched the previous year's improvement in the customer loyalty index during the reporting period. An important contribution to this achievement was made, in particular, by our customer service – especially the good telephone contacts and the EVN Journal – and also by our energy services.

Our customer service has been certified according to the EN 15838 standard for European call centres since 2010. This guideline defines uniform requirements for the service quality of customer contact centres, whereby the focus is placed on customer satisfaction with four components: personnel, organisation, process and technology. The quality seal is awarded for a period of six years, and interim audits are carried out every two years to ensure sustainable and consistent service quality. The last audit of this type took place in November 2018. It was also aimed at receiving the first worldwide certification under ISO 18295-1, which was introduced in 2017.

Bulgaria and Macedonia
The proactive inclusion of and information for our customers in Bulgaria und Macedonia has always been an important issue. We regularly emphasise the importance of using energy responsibly, for example in our campaigns, and are also available to assist our customers in an advisory role. In this way, we present EVN not only as an energy supplier and service provider, but also want to be perceived as a fair and partnership-oriented company.

Initiatives to combat energy poverty

In awareness of our corporate responsibility, we have also worked for many years to combat energy poverty. We cooperate with regional interest groups and social aid organisations to support projects which, among others, provide specially designed support for low-income households. The focus is on energy-saving measures that often lead to significant cost savings. The "households at risk of poverty" project involves courses held by our experts for Caritas social counsellors, which cover energy-saving measures, energy saving opportunities and possible subsidies (e. g. heating cost subsidies). These "train the trainer" courses equip the social counsellors with the necessary know-how to conduct independent advising on energy savings for people threatened by poverty. We also support the social counsellors with consulting tools (e. g. guidelines and checklists) and technical aids (e. g. energy measurement instruments). Our efforts in this area are rounded out with additional training and joint on-site consultations.

GRI indicator: GRI 203-2

Product responsibility

Our principles for product responsibility are anchored in the central mission statements of the EVN Group, such as the corporate policy statement and the environmental policy statement. This underscores their key importance in our value hierarchy. In the energy business, we offer a broad range of products in every customer segment. Tariffs with fixed or variable energy prices are available as well as the – externally certified – delivery of electricity from 100% renewable sources or hybrid alternatives with a high share of electricity from renewable sources combined with electricity from conventional generation. The principle of supply security also plays an important role in the composition of our product portfolio. We rely on the broad diversification of primary energy carriers and, in the area of renewable energy, draw on hydropower, which is traditionally strong on the Austrian market, as well as wind power, solar power, biomass and biogas.

Also see www.responsibility.evn.at

Product labelling

In accordance with legally required electricity labelling regulations, our customer invoices in Austria include information on the geographical origin of the electricity delivered, its composition by primary energy carrier and the environmental impact of its generation (CO_2 emissions and radioactive waste). The electricity delivered by EVN KG to end customers in the 2017 calendar year was responsible for 103.69 g/kWh of CO_2 emissions (previous year: 192.67 g/kWh). This decline resulted from the lower use of coal in favour of an increase in natural gas in the supply mix, since the generation of electricity with natural gas reduces CO_2 emissions by roughly 60% compared with coal-based production. Nuclear-generated electricity has never been included in the electricity delivered by EVN's distribution company because here in Austria we have been committed to a zero per cent policy for many years. Independent of mandatory electricity labelling requirements, EVN has never included any grey electricity in its mix. All of the electricity delivered in 2017 originated in Austria; this was verified and confirmed by an independent auditor. The comparative data for the 2018 calendar year will only be available after the editorial deadline for this full report.

In Bulgaria, electricity for the regulated market segments must be purchased from the state-owned energy supplier. This company does not label its products, and no other options are available. Our Bulgarian sales company therefore has no influence over the electricity mix. A similar rule applies in Macedonia: our distribution company is legally required to purchase the electricity for customers in the regulated market segments from the state-owned electricity company ELEM and therefore also has no influence over the composition of the delivered electricity. The sales company is not required to label the electricity.

For information on energy procurement, also see page 59f

Also see www.evn.at/Herkunft (available in German only)

GRI indicator: GRI 417-1

Customer health and safety

We minimise the potential health and safety risks from our products with careful, responsible actions along our entire value chain. EVN's quality management plays an important role in this process by defining high standards for all relevant product-related activities and processes and ensuring reliable compliance with these standards. Included here are the (further) development of our product portfolio, our innovation, research and development activities as well as processes for the certification, manufacture, production, distribution, marketing, sales promotion, use, maintenance, disposal and recycling of our products. In keeping with our comprehensive responsibility approach, our products and services are continuously monitored with respect to customer satisfaction, health and safety based on comprehensive quality assurance procedures.

△ GRI indicators: GRI 102-11, GRI 416-1

Data protection

The professional protection and non-disclosure of personal data and business information has always been standard procedure for our company and, consequently, is also included as a separate subject in the EVN Code of Conduct. Based on seven principles, all employees are instructed to ensure the careful handling of personal and confidential data in their daily activities. The high importance of this subject is also reflected in our corporate organisation: data protection is anchored in the corporate compliance management staff department, and the chief compliance officer, who reports directly to the Executive Board, also serves as EVN's data protection officer.

An important focal point of activities in 2017/18 was the implementation of the EU General Data Protection Regulation (GDPR) as of 25 May 2018, whereby the preparations which began two years ago were intensified during the reporting year. Six project groups of experts developed the necessary interdepartmental measures to meet these new requirements. The related measures included, among others, the development and application of a deletion concept which meets data protection regulations, internal data protection guidelines, data protection consent declarations, suitable processes and instruments to handle the rights of involved individuals and contractual agreements with third parties. Considerable time was spent on information and training measures: in addition to the adjustment of existing and the preparation of additional internal data protection guidelines, mandatory e-learning tools were introduced for all employees and special training courses were organised for employees who work with personal data. A greater awareness for this issue throughout the Group was further created by detailed programmes for managers and the managing directors of subsidiaries. Data protection was also the subject of our regular reports in the Intranet, the employee newsletter and information events for employees.

Responsibility for the environment and climate

Environmentally and climate-friendly actions are an integral part of all our activities – because this is the only way we can be economically successful over the long term. It is no coincidence that "environmental and climate protection" is one of the priority areas of activity on EVN's materiality matrix.

EVN's environmental policy statement defines the overriding goals and values for our responsibility towards the environment and climate. It contains a number of fundamental principles and directives which include the minimisation of environmental impact, resource conservation and climate protection through the use of state-of-the-art environmental engineering and the continuous improvement of environmental performance, e. g. through certification.

Also see www.evn.at/environmental-policy-statement

Environmental management at EVN

EVN's environmental management system – which, as an integrated management system, also includes occupational safety standards – is certified according to ISO 14001 and EMAS (Eco-Management and Audit Scheme). These certifications cover all our thermal power plants in Lower Austria and more than 57 heat generation plants. Our thermal waste utilisation plant in Zwentendorf/Dürnrohr is also certified under ISO 9001 and according to the specifications of the monitoring lable "specialised waste management company". An integrated quality and environmental management system was also implemented in Bulgaria and Macedonia, whereby the Bulgarian system meets the requirements of ISO 9001:2008, ISO 14001:2004 and BS OHSAS 18001:20017.

For information on the impact of business activities on society, the environment and the economy, also see page 30ff

GRI indicator: GRI 102-31

Emissions

Direct and indirect greenhouse gas emissions

We calculate the direct and indirect greenhouse gas emissions reported in this chapter according to the rules and factors defined by the EU Emission Trading Guideline for the individual countries. This procedure involves the calculation of CO_2 emissions based on the standard calorific value and standard emission factors as well as factors from the fuel analysis. Other biogenic CO_2 emissions are not taken into account because the possibilities for data collection are inadequate. In allocating emissions to the individual categories (scopes), we follow the recommendations issued by the Greenhouse Gas Protocol (GHG Protocol) of the World Resource Institute (WRI). The values shown below always refer to the respective financial year.

The absolute volume of direct greenhouse gas emissions (Scope 1) fell by 9.6% year-on-year to 2,533,359 t CO_2 (previous year: 2,802,582 t CO_2). It is attributable to a 16% decline in the production volume at EVN's thermal power plants.

Direct GHG emissions (Scope 1)[1) 2)]		2017/18	2016/17
Austria and Germany	t CO_2 e	2,390,458	2,628,249
Bulgaria	t CO_2 e	140,573	172,042
Macedonia	t CO_2 e	2,327	2,291
Total	t CO_2 e	2,533,359	2,802,582
	t CO_2 e/GWh	310.91	317.13

1) EVN's direct emissions (Scope 1) include the CO_2 emissions from its own plants and facilities, which result from the use of primary energy carriers (hard coal, natural gas, heating oil) for energy generation and for its own use and transportation (fuels).
2) Calculation method: CO_2 emissions from electricity and heat production + own consumption for production; the intensity is based on the entire electricity and heat production in GWh (=denominator).

Indirect GHG emissions (Scope 2, location-based)[1) 2)]		2017/18	2016/17
Austria and Germany	t CO_2 e	189,060	209,021
Bulgaria	t CO_2 e	56,637	54,781
Macedonia	t CO_2 e	8,821	9,527
Total	t CO_2 e	254,518	273,329
	t CO_2 e/GWh	445.87	441.94

1) Indirect emissions (Scope 2) are emissions attributed to the production of the volumes of electricity, heat and cooling used by EVN.
2) Calculation method: Conversion of electricity and cooling volumes into MWh based on the electricity mix of ENTSO-E, respectively a country-specific electricity mix; conversion of heat volumes based on the CO_2 factor (the CO_2 factor is derived from heat production and the entire CO_2 volume).

Indirect GHG emissions (Scope 2, market-based)[1) 2)]		2017/18	2016/17
Austria and Germany	t CO_2 e	172,067	199,681
Bulgaria	t CO_2 e	56,667	54,881
Macedonia	t CO_2 e	8,821	9,527
Total	t CO_2 e	237,555	264,090
	t CO_2 e/GWh	413.91	440.66

1) Indirect emissions (Scope 2) are emissions attributed to the production of the volumes of electricity, heat and cooling used by EVN.
2) Calculation method: Conversion of electricity and cooling volumes into MWh based on the electricity mix of ENTSO-E, respectively a country-specific electricity mix; conversion of heat volumes based on the CO_2 factor (the CO_2 factor is derived from heat production and the entire CO_2 volume).

Other indirect GHG emissions (Scope 3)[1) 2)]		2017/18	2016/17
Total	t CO_2 e	8,207,686	8,722,077
	t CO_2 e/GWh	445.73	470.34

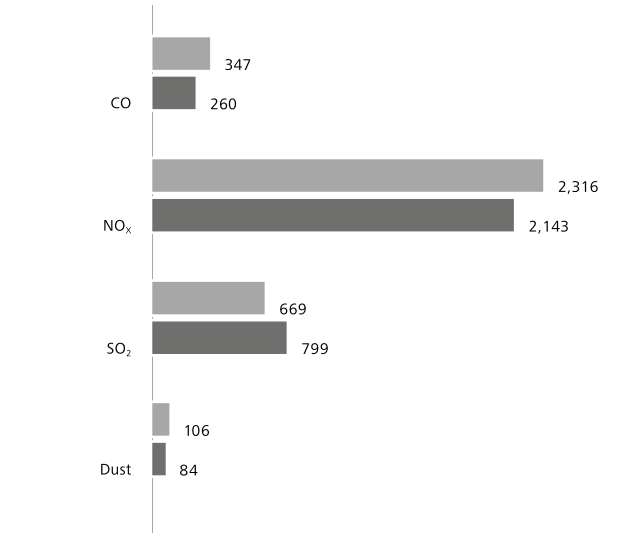
1) Scope 3 emissions include further indirect emissions, which arise in the supply chain (emissions from the extraction and transport of primary energy carriers) through the electricity and natural gas sold to and used by end customers and from the travel by EVN employees with public transportation.
2) Calculation method: Network sales volumes (adjusted for own generation; converted into CO_2 based on EVN's electricity mix) + natural gas sales (based on standard factors from the Austrian greenhouse gas inventory) + travel activity (CO_2 reported by travel agencies)

Intensity of GHG emissions[1) 2)]		2017/18	2016/17
Total CO_2 emissions	t CO_2 e/GWh	466.07	485.75

1) Total specific emissions from Scope 1–3 in relation to the sales volumes of electricity and natural gas (18,413 GWh of electricity and 5,178 GWh of natural gas for 2017/18)
2) Upstream CO_2 effects from the primary energy carriers, calculated on the basis of the UNFCCC factors.

△ GRI indicators: GRI 305-1, GRI 305-2, GRI 305-3, GRI 305-4, GRI 305-5

Specific emissions of the EVN thermal and district heating (power) plants[1)]



1) Annual average of the plants in Austria, Germany and Bulgaria; in Macedonia, there are no emissions from electricity production.

GRI indicator: GRI 305-7

Measures to reduce greenhouse gas-relevant emissions

Continuous investments in projects to prevent greenhouse gas-relevant emissions allow us to meet our strategic goal to raise the share of environmentally friendly energy generation through the further expansion of renewable generation capacity, above all from wind power. Our target is to increase EVN's installed wind power capacity to approximately 500 MW (contingent on the right framework conditions) over the medium term. In 2017/18 we created the basis to save a further 66,000 t CO_2 per year through the commissioning of two new wind parks in Oberwaltersdorf and Sommerein.

GRI indicator: GRI 305-5

Environmental protection and resource conservation

Energy efficiency measures and the responsible use of energy

Energy efficiency measures

Over the years we have implemented a wide range of measures to continuously improve our own energy efficiency and, at the same time, reduce the emissions from our production and energy procurement activities and the use of energy by our customers. As an energy supplier in Austria, we have also been legally required to implement energy savings measures for end customers at an amount equal to 0.6% of the previous year's energy sales volumes since 1 January 2015. The target for the 2017 calendar year was 55.36 GWh (previous year: 56.8 GWh), which we met with a wide variety of measures.

Examples of the measures for the various customer segments (households, commercial and industrial as well as cities and municipalities) are:

- Energy advising
- Energy services (among others, to identify energy saving opportunities)
- Energy-efficient products (targeted subsidies for the purchase of energy-efficient products and equipment, also through the EVN Bonus World)
- E-mobility
- Construction of innovative electrical heat and warm water systems
- Replacement of boilers
- Conversion to efficient LED street lighting in municipalities
- Substitution of district heating from EVN Wärme for less efficient heating systems
- Installation of photovoltaic equipment and storage batteries to increase decentralised generation while, at the same time, optimising consumption (demand-side management)

We even exceeded the legally defined target for 2017 if we include our own internal energy efficiency measures – for example, the conversion to energy-efficient LED lighting and on-demand equipment or the installation of photovoltaic equipment to cover our own electricity requirements. A number of these measures resulted from the continuous improvement process which represents an integral part of the environmental management system at our generation plants.

EVN's direct and indirect own energy consumption by primary energy sources		2017/18	2016/17
Non-renewable energy carriers[1]	MWh	5,817	5,834
Renewable energy carriers	MWh	570,840	618,475
Electricity	MWh	418,964	461,511
District heating	MWh	149,107	154,482
District cooling	MWh	2,769	2,481

1) Includes natural gas and heating oil (heating oil is used in Macedonia and Bulgaria only).

△ GRI indicators: GRI 302-1, GRI 302-3, GRI 302-4, GRI 302-5

The energy intensity[1] of our company totalled 31.8 MWh of primary energy for each GWh of energy sold in 2017/18 (previous year: 34.0 MWh). The use of new technologies and continuous optimisation measures, also in connection with additional voluntary targets linked to our EMAS certifications, help us to realise further efficiency improvements.

1) Energy intensity indicates EVN's own consumption of electricity, natural gas, heat and heating oil as a percentage of the total energy sales volume.

Measures to reduce energy consumption

A project we carried out in Austria during October 2016 involved the conversion of the steam collectors in the machine hall of the Korneuburg power plant to hot water operations and the connection to the district heating system. This resulted in savings of roughly 968 t CO_2 during the first full heating season (i. e. 2017/18).

In Macedonia, we have set high goals for the construction of photovoltaic equipment for private households and industrial use. Our first household plant is currently in the development phase, and the contracts for a number of others will be signed shortly. We want to install 10,000 of these systems, in total, over the next three years, which would save more than 2 t CO_2 per household each year.

Our activities in Macedonia also include support for the purchase and increased use of e-scooters and e-cars as well as corresponding electricity charging stations in Skopje and other urban areas of the country. That would make an increasing number of short inner-city trips CO_2-neutral.

Responsible use of resources

Materials and supplies

The materials used in our company consist mainly of primary energy carriers such as fossil fuels, waste and biomass. We also use various supplies as secondary components in our energy generation and wastewater treatment plants. Only a limited amount of recycling material is used with these components for technical reasons.

Water and wastewater

At EVN, we use the resource water for normal household purposes (e. g. in sanitary facilities) or as process water (e. g. in heating networks or for lubrication). We draw the required quantities from municipal drinking water supplies or from our own ground wells. The cooling water used in our plant operations comes from surface water.

All of the ordinary household wastewater is cleaned in municipal treatment plants before it reaches any surface water. The quality-monitored wastewater flows from our power plants are discharged primarily into the Danube River after treatment and in accordance with the applicable environmental regulations. This practice does not cause any relevant damage. In 2017/18, the cooling water flow rate at our Lower Austrian thermal power plants totalled 276.0m m³ (previous year: 285.5m m³). This corresponds to 0.46% of the average annual volume of the Danube recorded at the Korneuburg gauge[1] (measuring point number 207241), which amounted to 59,802m m³ and remains clearly below the allowed threshold of 5%.

1) Source: "Austrian Hydrographical Annual 2015", Federal Ministry of Agriculture, Forestry, Environment and Water Management (by now Federal Ministry for Sustainability and Tourism)

In cases where the type or quantity of a wastewater stream differs from ordinary household wastewater and connections to a sewage system are available, EVN concludes contracts with sewage treatment plant operators based on the indirect discharge ordinance. These contracts contain detailed provisions for the allowable amount of wastewater, the main substances it may contain and the required wastewater inspections. Direct discharges into surface water are regulated by the wastewater emission ordinance and various water-related guidelines. Our wastewater streams are also tested regularly by accredited external institutions. We, of course, comply with all requirements defined by various public authorities for cooling water discharge temperatures (cooling water may only be discharged up to a specific temperature, whereby separate limits are set for the cooling water and surface water).

Material[1] and other supplies – used in energy generation, wastewater treatment[2], thermal waste incineration		2017/18	2016/17	2015/16
Renewable energy carriers				
Biomass	Terajoule[3]	3,389	3,400	3,032
Non-renewable energy carriers				
Fossil fuels[4]	Terajoule[3]	31,562	35,781	34,910
Non-renewable materials				
Limestone	t	20,547	21,657	25,537
Ammonia	t	957	1,073	1,346
Ammonia water[5]	t	1,672	1,579	1,509
Demineralised water	m³	219,133	213,627	180,800
Lubricating oils[5]	t	2	2	2
Hydrochloric acid[5]	t	192	188	189
Sodium hydroxide[5]	t	113	62	69
Dosing media	t	9	9	10
Rock salt[5]	t	101	85	85
Lime hydrate	t	343	312	288
Precipitants	l	1,631	1,296	1,311
Flocculating agents	l	386	334	310
Citric acid	l	6	2	2
Urea	t	15	15	15
Other energy carriers				
Waste[6]	Terajoule[3]	5,635	5,559	5,298

1) At the EVN thermal power generation and heating power plants in Austria, Germany and Bulgaria, thermal waste utilisation plant in Dürnrohr/Zwentendorf
2) At the EVN thermal power generation and heating power plants in Austria and Germany, at evn wasser and in the WTE Wassertechnik wastewater purification plants
3) Information provided in terajoules (TJ) because of the different fuel qualities
4) Natural gas, hard coal, heating oil
5) Amount includes Bulgaria beginning with the 2017/18 financial year
6) For incineration by the thermal waste utilisation plant in Dürnrohr/Zwentendorf

Material utilisation – network construction in Lower Austria[1]		2017/18	2016/17	2015/16[2]
Additional power lines	km	356	302	278
Additional natural gas pipelines	km	10	15	9
Additional heating lines	km	18	15	15

1) Includes overhead lines as well as underground cables and pipelines.
2) The difference in the final total for the pipeline networks resulted from a change in the measurement method.

GRI indicators: GRI 301-1, GRI 301-2

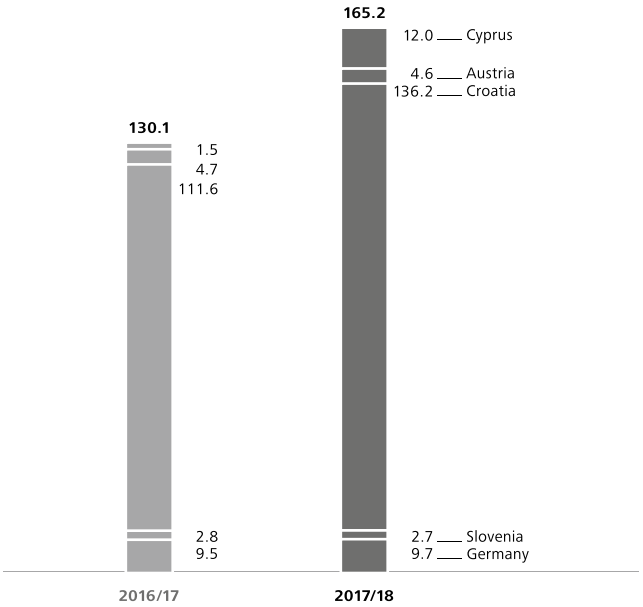
The seepage water or rainwater from our own landfills is normally used for flue gas cleaning and, in this way, recycled.

However, water is important for our company in a broader context: in addition to the provision of drinking water in Lower Austria by evn wasser, we also carry out international projects through our German subsidiary WTE Wassertechnik. This business is responsible – depending on the particular contract – for the planning, construction, financing and/or operation of plants for drinking water supplies and wastewater disposal. Our goal here is to construct efficient and ecologically compatible plants. We meet this goal by effectively merging the elements of water and energy – the energy sources along the entire process chain are harnessed, which allows for energy self-sufficient and environmentally friendly operations as well as the feed-in of energy into the public network.

In the area of wastewater disposal, the plants operated by WTE Wassertechnik treated roughly 165.2m m³ of wastewater in 2017/18 with a mean purification performance of 87.7%[1] (previous year: 88.3%; 130.2m m³). The resulting sewage sludge is

Wastewater treated

m m³



used partly for agricultural applications and compost production and partly deposited in landfills or used to generate heat. The more than 100 wastewater treatment plants planned and built by WTE Wassertechnik since its founding purify the wastewater from approximately 16.8m people and return it to the water cycle. We are responsible for operations at 23 of these plants, and a further four plants are currently under construction.

1) Average value over the parameters for chemical oxygen requirements, biological oxygen requirements, total nitrogen and total phosphorous. The per cent value represents the quantity of pollutants removed.

△ GRI indicators: GRI 303-1, GRI 303-2, GRI 303-3, GRI 303-4, GRI 306-5

Water

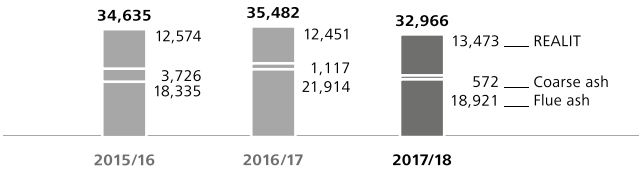
m m³

			2017/18	2016/17	2015/16
Water withdrawn[1]	**Total**		**314.2**	**322.8**	**316.0**
	thereof by source	Surface water	279.0	288.9	284.7
		Groundwater	34.9	33.5	30.9
		Delivered water	0.4	0.4	0.4
Water released[1]	**Total**		**281.6**	**291.3**	**286.9**
	thereof by destination	Surface water	279.0	288.9	284.7
		Water released to third parties (municipal wastewater treatment)	2.6	2.4	2.2
	thereof by treatment	No treatment	279.0	288.9	284.7
		Treatment level – wastewater purification (municipalities)	0.3	0.3	0.3
		Treatment level – wastewater purification (EVN Group)	2.4	2.1	1.9
Water consumption[2]	**Total**		**32.6**	**31.5**	**29.1**

1) All of the water withdrawn and released is fresh water (≤ 1,000 mg/l total dissolved solids)
2) Drinking water supplies from purified ground water by evn wasser

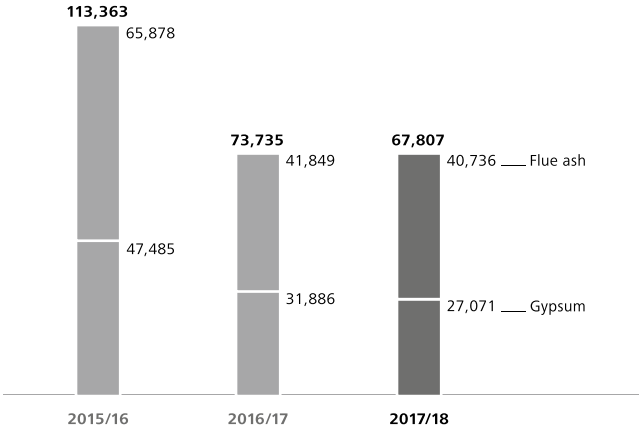
Utilised quantities of power plant by-products – Austrian power plants

t/year



Utilised quantities of power plant by-products – Walsum 10 power plant

t/year



Waste

Material and substance flows in the EVN Group are closely monitored and controlled to avoid waste, support recycling and ensure appropriate disposal – in that order. In addition, material and equipment suppliers as well as disposal partners are selected on the basis of ecological criteria.

All regularly incurred hazardous and non-hazardous waste is transferred to licensed disposal specialists based on framework contracts. These specialists dispose of the waste in an environmentally compatible manner consistent with the legal regulations applicable in the respective countries. No hazardous or non-hazardous waste was disposed across national borders in 2017/18.

We utilise all flue ash, coarse ash and REALIT (a waste product from flue gas cleaning). Roughly one-half of the biomass ash from district heat production is transferred to a disposal firm and then utilised.

All environmentally relevant incidents are recorded in a standardised reporting system that covers the plants in Austria, Germany, Bulgaria and Macedonia. There was only one environmentally relevant incident in 2017/18, which resulted from the theft of a transformer in Gänserndorf, Lower Austria.

△ GRI indicators: GRI 306-2, GRI 306-3, GRI 306-4

Development of waste quantities[1)]		2017/18	2016/17	2015/16
Hazardous waste and residual materials	t	19,348	11,744	13,128
Non-hazardous waste and residual materials	t	159,088	168,273	164,754
Export of hazardous waste				
Hazardous waste	t	0	0	0

1) With no construction residue or power plant by-products

Biodiversity

We are committed to minimising the impact of all our business activities on nature. Our top priority is the protection of flora and fauna and the preservation of the natural habitats of animals and plants in the areas surrounding our plants and projects. Not only the responsible realisation of construction projects, but also the responsible operation of our plants is a matter of course. That means:

- → Minimisation of resource and land use
- → Minimisation of negative effects on the landscape
- → Minimisation of energy losses in energy generation and transmission

As a result of our infrastructure – which consists primarily of power plants and networks – the potential impact of our business activities chiefly involves habitats in the water and in the air. Hydropower plants can have an influence on biodiversity, above all because of the limited passage through rivers, while the effects of thermal power plants are related to the temperature of the cooling water released into the rivers. Wind power plants and overhead power lines can represent a danger for various types of birds or bats when they are located at the same height as their flight routes.

Approximately 27% of the area in Lower Austria[1)], approximately 4% of the area in Bulgaria[2)] and approximately 9% of the area in Macedonia[3)] are designated as protected regions. In order to minimise the impact of our business activities on these regions, we rely on responsible network planning and construction.

1) Source: www.noe.gv.at/noe/Naturschutz/Schutzgebiete_Naturdenkmaeler.html and www.naturparke.at/naturparke/niederoesterreich; October 2018
2) Source: Executive Environment Agency Register of protected areas in Bulgaria; October 2018
3) Source: Republic of Macedonia, Ministry of environment and physical planning; Designated Areas; October 2018

△ GRI indicators: GRI 102-15, GRI 304-1

Protected areas (excerpt)[1)]

Location	Area (m²)	Protected area	Property partly/completely/ adjoining a protected area	Type of plant
Austria	**3,086,858**			
Dürnrohr	1,238,942	–	–	Thermal power plant
Theiss	172,878	Natura 2000	Partly	Thermal power plant
Korneuburg	72,768	–		Thermal power plant
Wienerbruck	163,922	Protected landscape area/Natura 2000	Completely/partly	Hydropower plant
Ottenstein	756,443	Protected landscape area	Completely	Hydropower plant
Dobra	127,647	Protected landscape area	Completely	Hydropower plant
Thurnberg	374,670	Protected landscape area/Natura 2000	Completely/completely	Hydropower plant
EVN headquarters	134,429	–	–	Office building
Baden	12,205	–	–	District heating plant
Mödling	18,154	–	–	District heating plant
Dürnrohr	14,800	–	–	Thermal waste utilisation
Bulgaria	**517,304**			
Plovdiv – North	215,000	–	–	District heating plant
Plovdiv – South	42,673	–	–	District heating plant
Blatez	22,027	Natura 2000	Completely	Photovoltaic plant
Trastikovo	79,997	Natura 2000	Adjoining	Photovoltaic plant
Kavarna	157,607	Natura 2000	Completely	Wind park
Macedonia	**48,513**			
Matka	35,080	Monument of nature	Completely	Hydropower plant
Bitola	11,283	National park	Adjoining	Office building/workshop
Kratovo	2,150	Monument of nature	Adjoining	Office building/workshop

1) A complete list cannot be provided because of EVN's large number of locations. The selection of the locations was based on the type and extent of the effect or the size of the area.

Endangered animal and plant species as defined by the International Union for Conservation of Nature (IUCN) and included on national lists in Austria, Bulgaria and Macedonia in 2018

Category	Animals	Plants
Critically endangered	53	3
Endangered	78	13
Vulnerable	151	12
Near threatened	154	16
Least concern	1,388	644
Total	**1,824**	**688**

Measures to protect and restore natural habitats

In realising construction projects, we work to minimise the effects on biodiversity with ecological planning and construction monitoring. We also implement a wide variety of measures and programmes to protect the natural habitats in our area of influence. These activities often take place in close cooperation with external experts from NGOs and local authorities. Current projects to protect biodiversity include, among others:

- → Underground cables as a substitute for overhead lines wherever technically and economically possible
- → Power poles in colour schemes and heights that fit in with the landscape
- → Cable installation through ploughing as an alternative to digging
- → Extensive restoration measures after excavation work
- → Cooperation with BirdLife Austria to insulate power poles as protection for the imperial eagle in the Laaer Basin
- → Operation of online monitoring equipment to continuously test the water quality at various levels in the Ottenstein reservoir
- → Sponsorship for the expansion of the Buchberg conservation area to protect biodiversity (LIFE+ project for economy and nature in Lower Austria)
- → Joint project with the Association for the Protection of Great Bustards in Austria (continuation of the EU LIFE+ programme)
- → Species protection measures at selected wind power projects (e. g. joint concept with BirdLife to develop compensatory measures to create alternative habitats for birds)
- → Creation of spawning aids in the form dead wood at the Ottenstein reservoir together with project partners as a measure to meet the EU Water Framework Directive
- → Installation of fish bypasses at small-scale hydropower plants
- → Project for sustainable fisheries management along the Ybbs
- → Construction of nest platforms to protect the endangered white stork in Bulgaria and Macedonia
- → Joint project with the Bulgarian Association for Bird Protection to protect the imperial eagle (EU LIFE+ programme)
- → Joint project with the Green Balkans, a Bulgarian environmental protection association, to protect the black vulture (EU LIFE+ programme)
- → Project to protect snakes through the use of ultrasonic devices for rodent prevention in network infrastructure plants in Macedonia

The alternative sites (unused land) reserved for wind power plants in Lower Austria during 2017/18 totalled approximately 120 ha (previous year: approximately 107 ha) and substantially exceeded the required area. The alternative sites for pipeline routes are reported in publically available documents on the environment and environmental impact assessments.

The Dürnrohr power plant – a natural oasis

In 2016 we commissioned a further habitat study – which followed the last evaluation of this type in 2009 – on our location in Zwentendorf/Dürnrohr. The goal of the survey was to register the fauna and flora on the 140 ha power plant grounds and the adjoining areas which are also owned by EVN. The analysis showed that an impressive variety of species has developed on the enclosed and hardly used area over the years. According to the experts, this is due, not least, to the location near the Natura 2000 Tullnerfeld Donauauen area.

Specifically, the survey identified more than 1,100 animal and plant species – which represents a significant increase compared with the last survey (2009: 389 animal and plant species). In addition to many endangered animal and plant species as well as several in danger of extinction, a "first" was registered for Lower Austria with the sighting of a calligypona reyi (a species of plant hopper).

△ GRI indicators: GRI 304-2, GRI 304-3, GRI 304-4

Value-oriented and responsible management

As a responsible and sustainably operating energy and environmental services provider, we place great importance – in accordance with our stakeholders – on the following strategic areas of activity in the EVN materiality matrix: "responsible management", "sustainable increase in corporate value" and "supply chain responsibility".

We place great importance on ethical and legally compliant behaviour by our employees, suppliers and business partners. Compliance with this maxim throughout the Group is ensured by a wide range of measures, whereby the Code of Conduct with its ten subject areas represents the guiding principle. Our priorities also include the continuous development and adaptation of our business model to reflect our dynamic environment. Today's increasing digitalisation represents an essential basis for these activities, as it is opening new and far-reaching opportunities in all our business areas. Our value-oriented investment strategy, targeted and innovative energy services – for example, the web-based photovoltaic and energy management package joulie which was developed in 2017/18 – as well as a stable dividend policy represent important focal points. Our qualified employees play a central role in EVN's business activities. We are well aware of their high strategic importance and, consequently, are committed to actions that underscore our position as a responsible and fair employer. That forms the foundation for targeted and efficient human resources development in a continuously changing working world.

Key figures on EVN can be found on the front cover of this report and on page 90ff

Principles and models for our employee relations

In 2017/18, the EVN Group employed men and women from different countries, cultures and generations. In order to meet our brand promise with the same high standards in all countries despite this diversity, we defined and anchored three key values – ensure, encourage and enable – throughout the corporation several years ago. These values represent an integral part of key documents which describe our corporate and management culture, e. g. the managerial mission statement and the feedback and orientation sessions. They are intended to inspire our employees to make an individual contribution to sustainable quality and healthy growth and, in this way, support the success of our company as a whole. We also motivate our employees not only by meeting our legal obligations as an employer, but by providing numerous additional voluntary benefits. The following fundamental principles define our corporate culture:

- Equal treatment, equal opportunity and diversity
- Work-life balance
- Health care, occupational safety and accident prevention
- Corporate social partnership and internal communication
- Human resources development and advancement

Detailed information on EVN's key values can also be found under www.evn.at/hr-principles

GRI indicator: GRI 102-16

Equal treatment, equal opportunity and diversity

Our workforce reflects EVN's international market presence and includes men and women from over 20 countries. Most of these employees come from Austria, Bulgaria und Macedonia. In view of the different working conditions in the countries where we are active, we have committed ourselves as a Group to implement the principles of the International Labour Organisation as a means of creating a uniform minimum standard. As a member of the UN Global Compact, EVN has also explicitly confirmed its intention to act in accordance with the global principles of ethical business behaviour. Closely connected with this commitment is the challenge to eliminate all forms of discrimination based on nationality or ethnic background, gender, sexual orientation, culture, religion, age or state of health. People with the same professional and personal qualifications are given equal treatment in hiring, further training and career development, working conditions and compensation.

The EVN Group had an average of 6,831 employees on a full-time equivalent basis in 2017/18. As of 30 September 2018, the workforce consisted of 23.1% women and 76.9% men. A total of 82 women (21%) and 310 men (79%) joined the company during the reporting year. In order to increase the percentage of women in our workforce, we launched the Women@EVN programme in 2010/11. It includes requirements-oriented seminars, internal networking opportunities and several other initiatives to improve the framework conditions for our female staff and, in particular, to sup-

Employee key indicators		2017/18	2016/17	2015/16
Number of employees (as of the balance sheet date)	Number	7,200	7,181	7,118
thereof women	%	23.1	23.3	22.6
Number of employees on a full-time equivalent basis (FTE), annual average	Number	6,831	6,840	6,830
Apprentices[1)]	Number	71	62	57
Employee fluctuation[2)]	%	1.9	2.6	2.4
Average employment period	Years	16.9	16.8	17.0
Average age	Years	44.3	44.3	44.2
Revenue per employee	EUR	303,415	323,923	299,642
Sick days per employee	Number	11	10	10
Cost of personnel in relation to revenue	%	15.5	14.3	15.3

1) Apprentices in Austria only due to dual education system
2) Excluding retirement

port qualified women in developing a career path with a management focus. Specific measures to improve the equal opportunities for EVN's female employees in Macedonia have also been in place since 2015/16. Over the medium term, we are working to increase the percentage of women to a level that mirrors the current educational levels of women in the applicable professional groups. The remuneration of all EVN employees – independent of their gender – is already based on a collective bargaining agreement or on the respective responsibilities and qualifications. At EVN, there is no difference in the compensation paid to women and men who have the same training and perform the same activities.

In addition to our own staff, a total of 202 leased employees also worked for the EVN Group as of 30 September 2018. Therefore, their share of EVN's activities compared to directly employed workforce is not significant. We use personnel leasing for several reasons: first, as a preliminary step to a conventional employment relationship (integration leasing); second, for tasks and projects covering a limited time period; third, to handle peak work periods; and fourth, in business areas with an uncertain market situation. The remuneration of leased employees is based on the salary or wage defined by collective bargaining agreements or legal regulations for our employees in comparable positions. Training programmes are open to all employees, independent of their employment relationship. In keeping with our commitment to equal treatment and opportunity, we also support the integration of people with special needs in our workforce. We employed 130 persons with special needs in 2017/18, representing 1.8% of the total workforce.

△ GRI indicators: GRI 102-8, GRI 202-1, GRI 401-1, GRI 405-2

Employee fluctuation 2017/18[1)]		Austria	Bulgaria	Macedonia	Other countries	Total
<30 years		12	7	16	1	36
thereof women	Number	4	2	8	0	14
thereof men	Number	8	5	8	1	22
30–50 years		26	20	26	9	81
thereof women	Number	8	9	12	0	29
thereof men	Number	18	11	14	9	52
>50 years		6	0	14	1	21
thereof women	Number	1	0	4	1	6
thereof men	Number	5	0	10	0	15
Total	Number	44	27	56	11	138

1) This indicator does not include transfers within the Group and retirements.

Newly hired employees 2017/18		Austria	Bulgaria	Macedonia	Other countries	Total
<30 years		87	81	31	7	206
thereof women	Number	26	16	4	3	49
thereof men	Number	61	65	27	4	157
30–50 years		65	60	29	19	173
thereof women	Number	16	12	1	3	32
thereof men	Number	49	48	28	16	141
>50 years		3	0	2	8	13
thereof women	Number	0	0	0	1	1
thereof men	Number	3	0	2	7	12
Total		155	141	62	34	392
thereof women	Number	42	28	5	7	82
thereof men	Number	113	113	57	27	310

World of work at EVN

We help our employees to achieve a balance between their working and family life with a variety of measures. An important – and official – step in this direction was the signing of a "charter on the new compatibility between parents and business" in May 2011. Our employees in many areas have complete freedom to define their working hours. This independence is based on a flexitime model without core times, which allows for the free organisation of working hours unless otherwise required for operational reasons (e. g. shift work). We also offer various part-time working models which play an important role, above all, in the professional advancement of women. In addition, opportunities for mobile working were introduced in 2017/18. We also support employees with family responsibilities with facilities that include a parent-and-child office and our supervised summer holiday programme for children.

Work-family balance, re-entry

Every salaried employee in Austria is principally entitled to parental leave after the birth of a child. There are no comprehensive regulations of this type to date in Bulgaria or Macedonia. As the most important measure, we offer our employees in Austria the option of taking parental leave beyond the legal entitlement until their child is 36 months of age. We facilitate the return to work with active contact throughout the leave period, for example through specific information events or participation in EVN's extensive training programme which also continues to be open to employees on parental leave. Men are also increasingly using the available models: in 2017/18, 35 women and 22 men were on parental leave. Nearly all mothers and fathers return to our company after this time. No employees left the company after parental leave in 2017/18 (previous year: also no resignations after parental leave). Of the employees who returned, all were still employed by EVN after twelve months.

In autumn 2017 we ranked third in the Lower Austrian competition for the "most family-friendly company in Lower Austria 2017". This award is presented by the provincial government every two years to companies which, with their exemplary family-oriented corporate culture, are considered pioneers for equal opportunity and the work-family balance.

△ GRI indicator: GRI 401-3

Diversity of employees 2017/18		Austria	Bulgaria	Macedonia	Other countries	Total
Gender						
Women	%	20.1	25.9	22.4	31.7	23.1
Men	%	79.9	74.1	77.6	68.3	76.9
Type of employment[1]						
Worker	%	4.0	–	–	23.8	2.7
Employee	%	96.0	100.0	100.0	76.2	97.3
Contract type[2]						
Part-time in total	%	10.9	0.3	6.0	10.2	6.3
Part-time women	%	8.5	–	3.9	9.4	4.7
Individuals with special needs	%	2.1	1.9	1.3	1.8	1.8

1) In Bulgaria and Macedonia, there is no distinction between employee and worker.
2) EVN only uses limited one-year employment contracts for new employees. Further data was not collected in this respect because this category is irrelevant.

Additional benefits

The employees in a number of EVN companies are also entitled to voluntary benefits independent of their age, gender or the scope of employment.

→ **Supplementary health insurance:** We offer supplementary health insurance at favourable conditions as a voluntary benefit to our employees in Austria and Bulgaria. Framework agreements with insurance providers in the individual countries ensure optimal medical care for all participating employees.

→ **Pension benefits:** All our Austrian employees with permanent contracts are entitled to participate in a supplementary, fund-based pension programme after a one-year waiting period. This programme complements the legal pension scheme ("ASVG" pension) and gives employees the opportunity to accumulate additional retirement benefits in the form of a private pension with the company's support. This pension fund, which is not held by the EVN Group, is a defined contribution scheme, in which the amount of the future pension is derived from the employer and employee contributions up to the date of retirement. EVN's contribution in 2017/18 equalled at least 2% of each eligible employee's remuneration and was paid from the company's general resources. The contributions by employees are voluntary, whereby roughly 44% of the workforce in Austria took advantage of this offer in 2017/18. Our responsibility as an employer is also illustrated by the introduction of voluntary pension insurance for all our full-time and part-time employees in Bulgaria.

Support for employee commitment to social causes

Many of our employees not only work for the company, but also make valuable contributions to society through their volunteer work in organisations like the Red Cross or the local fire brigade. In total, 386 EVN employees are currently active volunteers in these types of aid organisations. We support this commitment, in our function as an employer, by excusing employees from work for up to half of the invested time in case of an operation.

We spent a total of EUR 13.9m on employee benefits (pension contributions, other employee benefits) in 2017/18 (previous year: EUR 16.9m), which represents 4.3% of personnel expenses (previous year: 5.3%).

△ GRI indicators: GRI 201-3, GRI 401-2, GRI 403-6, 403-8

Health care, occupational safety and accident prevention

Occupational safety and accident prevention have high priority in all our business units. We therefore also place great importance on the best possible training and continuing education for employees on health and safety issues and have assigned these responsibilities to a separate occupational safety department. Its activities include supplementing the applicable legal regulations with an extensive set of internal directives and guidelines which describe the safety risks associated with our activities and define the necessary countermeasures. This department has also issued a safety manual that addresses the special working conditions in the energy sector, and additional manuals have been prepared for specific areas like hydropower plants or wind power equipment. Each of these documents

is updated on a regular basis. In Austria, Bulgaria and Macedonia, all EVN employees and leased personnel are covered by these measures and represented by safety officers in working committees that monitor and discuss the workplace safety programmes. Representatives of our works council are also involved in all workplace, health and safety issues.

The Health@EVN programme was established in 2016/17 to support healthcare advancement in line with three goals: health protection, healthier living and fitness. The focal points of the programme in Austria during 2017/18 included a stop-smoking project and motivation towards more exercise. A free app and motivation talks in cooperation with external sport institutes were offered. We are also increasing the development and implementation of health programmes in Bulgaria and Macedonia. Activities in Bulgaria covered lectures by doctors on general health protection as well as a seasonal focus on nutrition, exercise or stress on the job through an exchange of experience between employees, information brochures and focus groups. In Macedonia, our subsidiaries organised lectures by physiotherapists as well as talks by nutrition experts, e. g. on special workday menus.

△ GRI indicator: GRI 403-2

In connection with the extensive measures to support healthcare and occupational safety, we also concentrate on the following issues:

Occupational medical care and employee health
We routinely offer our employees extensive occupational medical care, above and beyond legal requirements. In Austria, two occupational health physicians are available to answer questions on maintaining and improving workplace health and attend to employees within the framework of labour protection laws. The many related measures include medical check-ups, vaccinations, eye and hearing tests as well as psychological counselling, coaching, tips on healthy nutrition and special offerings for groups of employees who are exposed to particular risks. Healthcare programmes were also implemented by our subsidiaries in Bulgaria and Macedonia to increase awareness and, in doing so, improve the health of employees. Although we do not operate in countries where there is an increased risk of infectious diseases or working conditions which could permanently endanger our employees' health, Group guidelines such as the "EVN Pandemic Prevention" are in force at all Group subsidiaries to deal with emergencies.

In addition to company-sponsored measures, the EVN culture and sports club offers employees a wide range of activities which are also focused on health protection.

Occupational safety
We work to guarantee a high level of safety in our company through regular training and targeted awareness-raising measures. Examples include the seminars on "Work safety – electricity", "Working with voltage" and "Construction of high- and low-voltage overhead lines: the safety-related aspects of power line construction". These courses provide the involved employees with a mix of theoretical and practical training on the safety aspects of their day-to-day work. In addition to our extensive offering of training programmes, we also organised the first EVN safety day in 2017/18. This event will be held annually in the future to create a regular platform for the subject of occupational safety and to establish an even better exchange of information between EVN's safety experts and our local safety officers. The forum will also be responsible for coordinating future occupational safety measures.

Accident and lost days statistics	2017/18	2016/17	2015/16
Deaths after work-related injuries	–	–	–
Occupational accidents[1)]	78	77	70
thereof severe accidents with lost days > 6 months	8	1	7
Staff sick days[2)]	2,573	1,759	2,626
LTIF[3)]	6.7	6.6	6.0

1) Number of occupational accidents with lost days (excluding commuting accidents or minor accidents)
2) Lost days are working days only; excluding weekends resulting from work-related accidents (excluding commuting accidents).
3) Lost Time Injury Frequency Index – frequency of occupational accidents per one million working hours

In the interest of prevention, we record and evaluate all occupational accidents centrally and implement appropriate measures where necessary. Close contact between the safety officers in the business units and our safety experts ensure that identified risks and the related prevention measures are included in all safety and health protection documents. The first contact for employees in the event of an accident is the responsible safety officer who has the necessary technical expertise for the specific work process as well as occupational safety know-how.

Our accident analysis is based on experience values and expanded to include the regular analysis of "near-miss" incidents (e. g. near accidents, unsafe actions, dangerous situations and adverse conditions). In addition, the safety committee established by the Austrian energy branch has created a network which allows companies to share valuable experience on risk analysis. The most frequent causes of injury, with nearly one-third of all work accidents, are tripping, stumbling and twisted ankles, followed by physical strain during work procedures, falls, cuts and stab wounds. Major potential hazards for serious accidents with long work absences are, for example, traffic accidents, falls from power poles and torn ligaments or broken bones during power line inspections.

△ GRI indicators: GRI 403-1, GRI 403-2, GRI 403-3, GRI 403-4, GRI 403-5, GRI 403-6, GRI 403-8, GRI 403-10

Corporate social partnership and internal communication

We take major business decisions in a transparent manner in agreement with our managerial mission statement and in accordance with applicable legal regulations. The employee representatives – in addition to EVN AG, all other major companies in our Group have these types of designated representatives – are therefore informed of major business decisions on a regular and timely basis and involved in advance in the decision processes. This approach is followed in strategic decisions as well as changes and adjustments involving employees. Our policy in the past has always been to develop and carry out the restructuring measures made necessary by economic or social challenges in a socially acceptable manner and in agreement with the trade unions – and we intend to follow these principles in the event of similar situations in the future. We provide our employees and employee representatives with information at regularly scheduled meetings and, in the event of operational changes, always comply with the legally required notification periods.

Over 90% of all employees in our Group (especially in Austria, Bulgaria and Macedonia) are represented by works councils or unions, and their remuneration is protected by collective bargaining agreements, tariffs or legal minimum wage regulations. The employee representatives in Austria, Bulgaria and Macedonia regularly play an important role in collective negotiations. The remuneration scheme for over 90% of EVN's employees is based on the collective bargaining agreements that apply to the main business locations (Austria, Bulgaria, Macedonia and Germany).

The ratio between the highest salary and the average salary[1)] at EVN equalled approximately 7.8:1 in Austria during 2017/18.

1) The calculation is based on the average value.

We also handle employee-related issues in workplace, health and safety committees that include, among others, representatives of the works councils or unions. In addition, members of the works council serve on the Supervisory Board and the Advisory Committee for Environmental and Social Responsibility. Apprentices have a voice in the works council through elected youth representatives. The South East European subsidiaries are members of the European works council, which holds regular meetings and serves as a platform for communication and exchange for the EVN employees in Austria, Bulgaria and Macedonia.

Our "EVN Intern" magazine provides employees with regular and extensive information on corporate developments. The EVN Intranet also contains a broad overview of current events in the company, information on energy supplies and reports by the employee representatives as well as information on current seminars and other training events. In order to support the preferred internal filling of positions, job advertisements are also first posted on the Intranet.

Supporting and maintaining employees' satisfaction is one of our central concerns. We therefore conduct regular surveys to compile data for relevant indicators and, at the same time, collect suggestions for improvement. EVN's idea management also gives employees an opportunity to submit their ideas and suggestions and therefore contribute to the success of our company. These inputs are rewarded with bonuses if they are implemented.

□ For information on the remuneration of the Executive Board, see page 76 and 191f

△ GRI indicators: GRI 102-38, GRI 102-39, GRI 102-41, GRI 202-1, GRI 402-1

Human resources development and advancement

The qualifications of our workforce represent an important element for protecting the sustainable success of our company. Consequently, preserving and increasing our employees' high level of expertise represent a key focal point of our human resources management. The respective EVN Academies are responsible for organising the related training and professional development programmes in Austria, Bulgaria and Macedonia. The most important activities and initiatives continued or initiated in the area of human resources during 2017/18 included, among others, the continuation of the management support programme and the anchoring of the dual training system in Bulgaria and Macedonia.

We invested a total of EUR 2.3m in continuous training and education during 2017/18 (previous year: EUR 2.0m), which represents EUR 335.9 (previous year: EUR 288.6) per employee. Each employee spent an average of 33.8 hours (previous year: 31.3 hours) on these programmes. Our offering in Lower Austria concentrated on specialist seminars (e. g. advanced technical training, coaching to prevent falls and qualification courses for energy advisors) as well as modules to strengthen social skills, which are now increasingly offered in the form of e-learning or web seminars. Training in Bulgaria focused on technical and social skills, as in Austria, in 2017/18 and also included courses to strengthen the focus on customers. In Macedonia, training programmes were directed to health and safety, customer orientation and service quality.

For further information on the measures for and focal points of training and continuing education, see www.evn.at/hr-development/education-and-training

GRI indicators: GRI 404-1, GRI 404-2

Securing skilled labour requirements

The average age of EVN employees currently equals 44.3 years, but is projected to rise in the near term due to the expected increase in the legal retirement age. We are working to meet the future need for specialists and managers resulting from retirements with specifically designed training programmes and measures to support the transfer of know-how between older and younger employees.

Apprentice training has always been a high priority for EVN. In order to optimally round out our training programmes, we offer the dual programme of theoretical vocational school education and practical on-the-job experience in our Austrian and German companies. This traditional model is supplemented by internal courses and seminars as well as support for double and multiple qualifications. Most of our apprentices remain as employees after completing their programmes, which allows us to cover most of our requirements for skilled specialists internally. In order to attract future talents, we are regularly represented at Austrian and international apprenticeship and career information fairs and give schoolchildren and students an opportunity to put their theoretical knowledge to use and gain their first practical experience in internships.

EVN's dual training system in Macedonia

None of the countries in South Eastern Europe has a dual training concept similar to the Austrian apprenticeship model and, for that reason, we are attempting to establish a similar EVN-internal structure in Macedonia through a joint project with a local school. This three-year programme gives electrical engineering students an opportunity to round out their studies with practical work experience at EVN – on the one hand, through daily work in our local district headquarters and, on the other hand, through special training in social skills. EVN's technical experts accompany the students during the entire programme and are also available for an exchange of experience. The 36 students in the first project generation successfully completed their first year in 2017/18, and the second generation with 21 students has already started with the new 2018 school year.

This project is the first of its type in Macedonia and has received the support of the local Ministry of Education and Science as well as European institutions which specialise in this form of training. We have also received special recognition from the Macedonian Chamber of Commerce, which has reacted very positively to our investment and this form of support for the country's education process.

Leadership development and talent management are another important focal point for the EVN Academy. The related programmes are designed to prepare selected employees to assume leadership and expert tasks over the medium term and help them to utilise internal career opportunities. The participants are offered a specially designed, individualised management training programme. Through the qualification and advancement of employees with potential, we support the internal recruitment of managerial staff. One programme implemented to reach this goal is the EVN Summer University, "EVN SUN", a continuing education and networking platform for future managers which is carried out each year in cooperation with the Danube University Krems.

GRI indicator: GRI 404-2

Inclusion and support of regional employees

The inclusion of and support for regional employees leads to a greater understanding of the unique characteristics of the local culture as well as increased economic benefits for business activities. We therefore attempt to hire nearly all of the employees and management staff (roughly 90%) in our markets from the respective region. Strengthening local management capacity represents an important aspect of our corporate strategy.

GRI indicator: GRI 202-2

Feedback and orientation sessions

Our feedback and orientation sessions (FOS) are held annually in all major EVN companies and provide, among others, a framework for the definition of specific goals for each employee. This important management instrument allows for an appraisal by the employee's supervisor and structured reciprocal feedback on work performance and quality. More than 90% of the workforce are covered by the FOS concept and receive regular feedback on their performance and development plans.

GRI indicator: GRI 404-3

Employees per operating location 2017/18

GRI indicators: GRI 401-1, GRI 102-8, GRI 405-1

Human rights, ethics and integrity

Compliance and the EVN Code of Conduct as the defining terms and values

At EVN we view "compliance" as the generic term for the strict observance of fundamental ethical principles and legal requirements through the actions and behaviour of all our employees – also with regard to suppliers and business partners. The EVN Code of Conduct describes and regulates, among others, the aspects of our business activities in the areas of human rights, governance, compliance, corporate ethics, the prevention of corruption, public appearance and competitive behaviour. It includes corporate principles that go beyond legal requirements and defines behavioural guidelines for EVN's employees. Reliability, transparency, trust and quality in our interaction with internal and external partners represent the central guidelines. The Code is based on internal organisational guidelines and applicable national laws as well as international regulations that include the OECD guidelines and agreements, the UN Global Compact and policy statements and principles issued by the International Labour Organisation (ILO).

The EVN Code of Conduct is published on our website. It is available in German, English and the languages of our foreign subsidiaries to allow access in an easily understandable form throughout the entire Group. Interested business partners can obtain detailed information on our compliance management at any time. Our suppliers and service providers are also required to follow these same principles and values and are therefore required to comply with the EVN integrity clause and its explicit instructions on the issue of human rights.

For EVN's integrity clause for suppliers, see page 60f

Also see www.evn.at/Code-of-conduct.aspx

Human rights

Our clear and unlimited commitment to the respect, observance and protection of human rights and ethical principles at all our locations is evidenced by the high importance given to this issue as one of the ten subject areas in the EVN Code of Conduct. EVN is committed to compliance with the ten principles of the UN Global Compact and, in particular, decisively rejects any form of child labour or forced labour.

As an international corporation, we are also active in countries with a less developed understanding for human rights issues. Although the respective governments are primarily responsible for protecting human rights, we consider it our responsibility – within our possibilities – to also encourage compliance in this area outside our direct scope of activity.

Prevention of corruption

We are a determined advocate of the fight against all types of corruption and create a greater awareness for this issue among our employees with behavioural guidelines and specific training programmes. Our view of corruption is very broad and includes illegal payments (e. g. bribes, kick-back payments, fictitious services, false classification/account assignment) as well as all forms of gratuities (e. g. gifts, invitations, subjective benefits, immaterial advantages like awards and patronage). All EVN employees and their close family members are prohibited from accepting any form of payments or gratuities – with the exception, for example, of small mementoes that reflect local or national practices.

The prevention of corruption, in this sense of the term, is an important objective for EVN. Our related efforts include the identification of compliance risks by corporate compliance management, a staff department. This identification is based on a catalogue of criteria which covers key elements of the operating environment, the country, branch and scope of business activities as well as the initiation and processing of business transactions.

GRI indicators: GRI 102-16, GRI 205-1

Organisation of compliance management

Corporate compliance management (CCM), a staff department reporting directly to the Executive Board, is responsible for the operation and continuous improvement of our compliance management system (CMS). The CMS defines a standardised framework for the entire Group, which is designed to support the honest and legally compliant behaviour of our employees in their everyday business activities. It is built on three main elements:

- → Prevention through the creation of awareness and training
- → Identification of violations of the Code of Conduct
- → Reaction through information and improvement

Group-wide identification of compliance risks

Compliance risks, which explicitly also cover human rights and the prevention of corruption, are identified systematically for the entire Group on a regular basis and from different viewpoints. These risks are surveyed as part of the annual risk inventory because any violations represent a risk factor for EVN's risk management. The reviews carried out by the internal audit department also cover the observance of all compliance-relevant directives and rules.

CCM has scheduled the next comprehensive Group-wide assessment of compliance risks for the 2018/19 financial year, whereby the focal points will be "the prevention of corruption", "business partners and suppliers" and "antitrust law". The goal is to further expand the identification and increase the detailed analysis of

risks in order to improve the CMS through the development of new targeted measures, for example in the training area.

GRI indicators: GRI 205-1, GRI 412-1

Whistle-blowing procedure

Our employees have access to a confidential and anonymous whistle-blowing procedure, which permits the reporting of concerns over unethical or illegal actions via the EVN Intranet or designated compliance e-mail addresses. Special compliance e-mail addresses also allow business partners to use the whistle-blowing procedure. A Group directive defines the procedures for dealing with the reported concerns and protecting the whistle-blower against reprisals.

Compliance violations represent a breach of employees' responsibilities and may lead to consequences under criminal law. Confirmed suspicions would result in prosecution under labour and/or civil law, depending on the severity of the case and the scope of the damage. Therefore, employees who unintentionally come into conflicts of interest or loyalty during the course of their work are advised to contact EVN's compliance officer directly and without delay.

No suspected violations of the underlying principles or rules of the Code of Conduct, nor cases of discrimination based on ethnic, national or social origin, skin colour, gender, sexual orientation, religion or political orientation were reported over the whistle-blowing platform during 2017/18. Moreover, no reports on incidents of this type were reported to the compliance e-mail addresses in Bulgaria or Macedonia.

Review of business partners

Our business partners are also required to comply with high, strict ethical standards, above all with regard to human rights, working conditions and labour laws, environmental and climate protection and business ethics. The EVN Group attempts to avoid business relations with companies that have been proven to be directly or indirectly involved in or accused of offences against human rights or under corruption, antitrust or commercial law. Our review process, which also includes the screening of sanction lists, follows a risk-based approach that is specifically focused on branch and country risks. For Austria and the international project business of WTE Wassertechnik, we also use the compliance database and software of a specialised external service provider. Risk-minimising measures are implemented if the screening reveals any sensitive issues.

GRI indicators: GRI 102-17, GRI 205-3, GRI 406-1

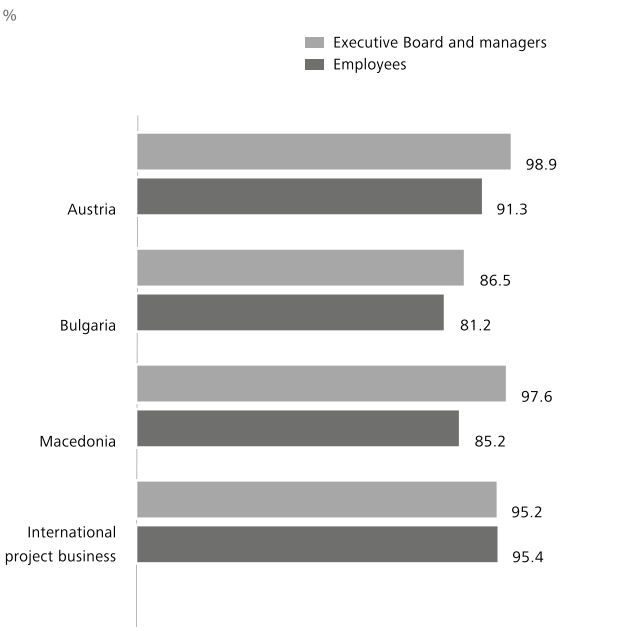
Compliance training

The members of the Executive Board and management bodies as well as all managers and employees across the Group receive regular coaching on correct and ethical behaviour. This information is generally presented in training courses and workshops which concentrate on human rights, corporate ethics, the prevention of corruption, public appearances and competitive behaviour. These programmes range from mandatory and standardised modules for new employees to supplementary e-learning software and special courses for areas exposed to increased risk. The special courses are directed, for example, to employees in highly competitive business sectors and the international project business as well as employees with contacts to public authorities.

CCM also cooperates with managers to strengthen and improve our compliance principles and rules and our ethical values. Another goal of these multi-hour workshops is to enable managers to transfer the defined content to their staffs. The positive experience from the first events of this type – which were held in Austria with 80 managers in 2016/17 – were used during the 2017/18 financial year at similar workshops in Macedonia (118 participants) and for employees working in the international project business (20 participants). In Bulgaria, these workshops will be held for roughly 40 managers in 2018/19.

GRI indicators: GRI 205-2, GRI 412-2

Participation in mandatory compliance training
(as of 30.09.2018)



Legal actions

In 2013 the Bulgarian Commission for the Protection of Competition (CPC) initiated legal proceedings, among others, against EP Yug (formerly EVN Bulgaria EP) and EVN Bulgaria EC. The proceedings involve allegations of insufficient support as well as the obstruction of the free market registration process and the change of suppliers by customers. The CPC levied a fine of approximately EUR 1.9m (converted) in December 2017, and EP Yug and EVN Bulgaria EC subsequently filed an appeal with the Administrative Supreme Court. These proceedings are still pending, as are the proceedings opened by the CPC against EP Yug and EVN Bulgaria EC in 2016 over similar allegations.

The conviction in one case involving EP Yug was cancelled, respectively reversed by the Administrative Supreme Court. This case involved alleged violations of Article 15 (unlawful agreements, resolutions and concerted practices) and Article 21 (misuse of a monopoly or controlling market position) of the Bulgarian Competitive Protection Act.

A positive conclusion was also reached in the proceedings initiated by the Bulgarian regulatory authority against EP Yug for alleged violations of record-keeping requirements related to the replacement of commercial meters. A fine of approximately EUR 1.5m (converted) imposed in 2017 was cancelled, and a further fine of roughly EUR 1.5m (converted) was reduced to roughly EUR 38,000.

△ GRI indicator: GRI 206-1

Suppliers

Supply chain

EVN's business activities as a whole and, above all, the investment focal points on network infrastructure, renewable generation and drinking water supplies require extensive cooperation with construction firms, plant, pipeline and cable line builders as well as suppliers of electro-technical equipment and components, pipes, transmission and cable lines, meters, hardware, software and work clothing.

Our German subsidiary WTE Wassertechnik – which is active in the international project business through the planning and construction of plants for drinking water supplies, wastewater disposal and thermal waste utilisation – serves as a general contractor and commissions subcontractors, in particular construction firms and suppliers of machinery, electro-technical equipment and components, to perform additional services.

Procurement of energy and primary energy carriers

Electricity

We cover the electricity requirements of our Austrian customers with our own plants, medium-term supply contracts and – via EnergieAllianz – purchases over the wholesale market (EEX). These purchases are made directly over the electricity exchange, through bilateral transactions with various trading partners or on over-the-counter (OTC) platforms. We also purchase green energy, which is allocated in accordance with the Green Electricity Act based on our share of the electricity sales volume in the respective regulatory area.

For information on electricity labelling, see page 38

For information on the development of the EEX exchange prices, see page 89f

Our electricity subsidiaries in Bulgaria and Macedonia are required by law to purchase the electricity for sale to customers in the regulated market segments from the state-owned producers, i. e. NEK and ELEM respectively. The remainder of the electricity required for customers in the already liberalised segments is purchased over wholesale markets.

Natural gas

A large part of our natural gas purchases are based on long-term supply contracts. We purchase the remaining supplies on wholesale markets over national and international OTC trading centres and exchanges, for example in Austria (CEGH) or Germany (NCG). Most of the wholesale natural gas purchases are also handled by EnergieAllianz. The majority of imports – from the European point of view – come from Russia and Norway.

Hard coal

A three-tiered supply chain covers the purchase of hard coal for our plant in Dürnrohr, Lower Austria. Purchases are made directly by EVN via coal wholesalers or trading and forwarding agents (Tier 1) which, in turn, buy the coal from processing companies or exclusive exporters (coal wholesalers) (Tier 2). These firms purchase their coal supplies directly from the mining companies (Tier 3). In 2017/18, we purchased coal stocks from four Tier 1 suppliers. Roughly 30% of hard coal deliveries came from Europe, while the remaining 70% came from America and Russia. Our hard coal requirements will decline gradually over the medium term since coal-fired operations in Dürnrohr are scheduled to end by 2025. Coal purchases for the German Walsum 10 power plant, in which we hold an investment of 49% – as well as the operations of this plant – are managed by the joint venture partner Steag and are therefore outside our sphere of influence.

CO_2 emission certificates

We purchase 100% of the emission certificates required for our electricity generation over the market. Certificates for heat generation have been allocated free of charge since 2013 at a level equal to 80% of the previously determined CO_2 emissions for each plant. We purchase the remainder of the required certificates on the wholesale market through EnergieAllianz.

△ GRI indicators: GRI 102-9, GRI EU5

Organisation of procurement activities

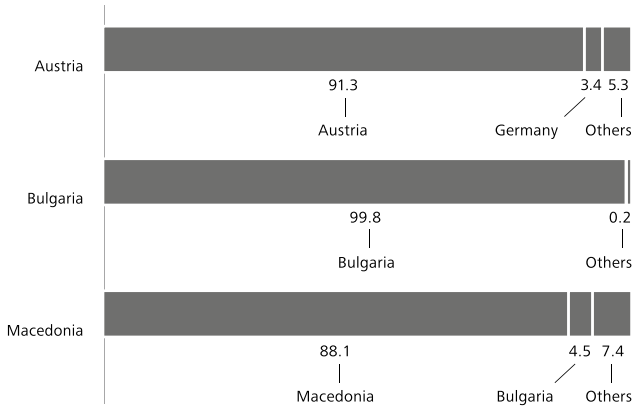
Responsibilities for the procurement of products and services in the EVN Group are based on the relevant activity.

Procurement activity	Responsible organisational unit
Products and services	Procurement and purchasing
Primary energy and primary energy carriers	Energy procurement and supply
International project business (environmental services business)	Environment

The corporate procurement and purchasing department handled an order volume of approximately EUR 648.0m in 2017/18 (previous year: approximately EUR 550.0m) and maintained direct contacts (Tier 1) with roughly 1,470 suppliers and contractors during this period. The major component of the procurement volume at the main business locations in Austria, Bulgaria and Macedonia (in each case, over 85%) was attributable to suppliers from these countries.

Countries of origin of suppliers at main operating locations

%, Basis: Order volume



Since the beginning of May 2018, we have been handling procurement contracts with a value of EUR 100,000 or more over a web-based procurement portal. It allows us to manage the entire procurement process – from EU-wide announcement to the tender, offers and contract award – online. This new portal not only improves the structure and organisation of our procurement activities, for example through the identification of opportunities for process optimisation and documentation. The wide-ranging rollout of e-procurement paves the way, in particular, for the introduction of strategic procurement. Our new platform significantly improves transparency and allows for viable supplier management, not least in regard to the strict sustainability criteria which are anchored in our integrity clause. It also allows us to meet the legal requirements for electronic communication with bidders and suppliers.

△ GRI indicator: GRI 204-1

High sustainability demands

EVN is committed to fair, partnership-based and transparent business relations with its suppliers. We place high demands on sustainability, but always in keeping with economic efficiency. The underlying principles are anchored in a separate area of activity in our materiality matrix under "supply chain responsibility". Our high demands are reflected in EVN's integrity clause, which requires suppliers to meet strict standards in areas that include human rights, labour practices, protection of the environment, resource conservation and business ethics.

↻ Also see www.evn.at/integrity-clause

The integrity clause is a central component of each order – it applies Group-wide to all suppliers of products and services and to all sub-suppliers in the international project business without exception. In 2017/18 we immediately terminated our business relations with one supplier after a violation of labour regulations was identified. There were no other complaints over compliance with the integrity clause by suppliers during the reporting year.

EVN is classified as a sector contractor under EU public procurement law in many areas and is therefore subject to the applicable provisions of the Austrian Federal Procurement Act. We comply in full not only with these regulations, but also with the principles governing competition in the EU. New bidders are regularly included in tenders. As a sector contractor, we are also legally required to include a reference to the complaint office in Lower Austria with every tender offer. This office can be used to file complaints and request explanations, free of charge and without mandatory legal counsel. There were no justified objections in recent years.

Documentation of sustainability criteria

The implementation of our new e-procurement portal was accompanied by additional measures to further standardise and improve compliance with our high sustainability demands on suppliers. Every interested bidder in Austria must complete a self-reporting form for the integrity clause at the time of full registration. All potential suppliers therefore complete standardised, systemised questions at an early point in time on sustainability, risk assessment and behavioural rules in the areas of environment, health and safety, human and labour rights, business ethics, supply chain, and occupational safety and accidents. We also include explicit sustainability criteria in the evaluation of selected tenders.

Our regular reviews in the area of primary energy procurement place a special focus on the hard coal supply chain. We can therefore confirm that all coal mines which supplied hard coal for EVN's energy generation in 2017/18 meet wide-ranging international standards and are certified under ISO 14001 (environmental management). One mine in America that supplies EVN with hard coal is also certified under OHSAS 18001 (Occupational Health and Safety). Regular on-site inspections and controls are also carried out in the area of hard coal procurement to ensure compliance with human rights, workers' rights and living and working conditions. Any objections identified during these inspections are reported directly to the operators who are asked to solve the problems. An on-site inspection of a coal preparation plant in 2017/18 did not lead to any objections.

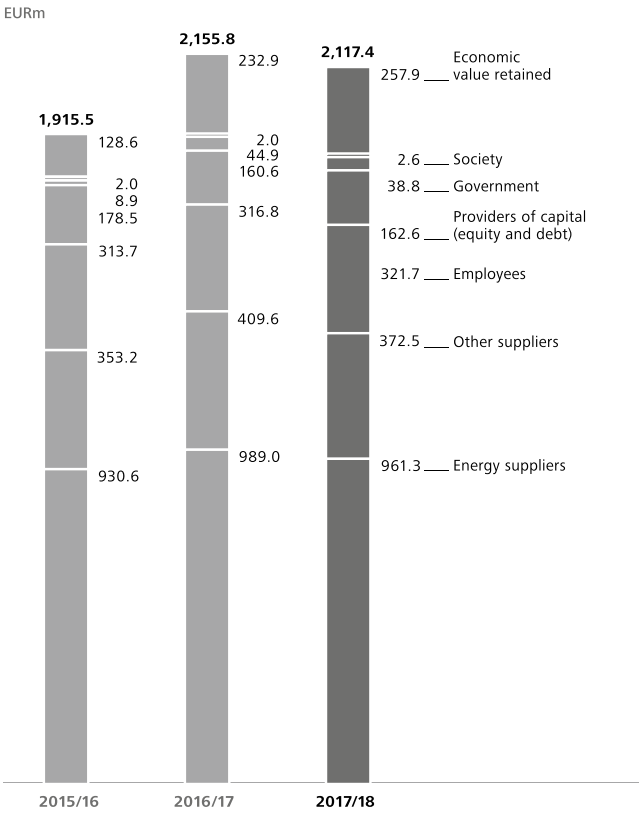
△ GRI indicators: GRI 308-1, GRI 414-1

Sustainable performance for stakeholders and society

As an international company that is firmly rooted in its home region, EVN works to create and maintain an equitable balance between the interests and demands of all its stakeholder groups. This balance also includes a strong commitment to social responsibility.

Our business activities bring us into contact with various stakeholder groups and, in this way, form the basis for our shared responsibility for the development of society in our markets. We meet this responsibility through a wide-ranging bundle of measures in accordance with the management approach defined by the EVN Code of Conduct. The overriding principle is the appropriate and balanced treatment of the issues raised to our company by the various stakeholder groups. Our activities in this area range from an active stakeholder dialogue and stakeholder management to a wide variety of social and cultural initiatives.

Value creation and distribution



Value creation for our stakeholders

EVN's economic success is significantly influenced by our stakeholders who, at the same time, share in our financial results. Our most important stakeholder groups – shareholders, society in general, the public sector, employees, suppliers and debt investors – also receive a direct financial benefit from our activities.

On the revenue side, in particular the income generated by our business operations and investments contributes to the creation of value. This value is distributed primarily to our investors and lenders (dividends, interest), to society as a whole (donations, sponsoring, social programmes) and to the public sector (taxes, duties) as well as to our employees (wages, salaries, social security contributions) and suppliers (primary energy carriers, materials and purchased services). The graph on the left shows the economic value generated by EVN as a total over each bar. The difference between revenues and the amounts distributed represents economic value retained, which is available, among others, for the further development of our company through important future-oriented investments.

△ GRI indicator: GRI 201-1

Integration of stakeholders

We see the social acceptance of our activities as a basic requirement for EVN's long-term, sustainable success and good reputation. This is reflected in the importance given to a regular, proactive and open dialogue with our stakeholders, which is anchored as a management principle in the EVN Code of Conduct. A separate guideline for stakeholder management was also issued to ensure the regular inclusion of stakeholders at the strategic level. The foundation for the structured harmonisation of our corporate strategy with stakeholder interests and the analysis of the social, ecological and economic impact of our activities is built on the exchange with all key stakeholder groups as part of the updating of the materiality matrix every three years.

□ For details on stakeholders and the EVN materiality matrix, see page 25ff

Project-related stakeholder dialogue

From small-scale hydropower plants, pipeline projects and wind parks to biomass heating plants – all our projects are planned and realised with the active participation of neighbouring residents, citizens' groups, NGOs, political representatives, local initiatives and associations. The early, wide-ranging and open inclusion of these groups not only leads to broad acceptance and planning security, but often provides valuable information on the best possible resource-conserving realisation. We therefore include ecological and social aspects in the development of all our projects from the very beginning.

A central role in this process is played by the project communications unit, which institutionalises EVN's project-related stakeholder management and dialogue. Extensive dialogue is intended, in particular, to support the following goals:

- → Support for the feasibility of projects
- → Reduction of risks and prevention of damage to EVN's image
- → Positive perception of the company and its activities
- → High acceptance by internal and external stakeholders

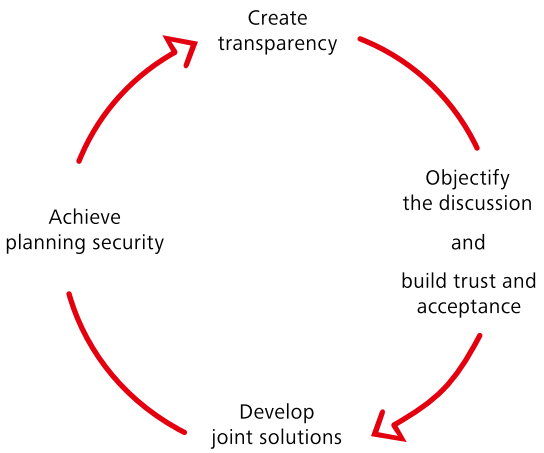
The insights gained through stakeholder communications flow into the due diligence audits that are conducted before the start of every project. This understanding also represents an integral part of internal decision-making processes by the Executive Board and/or the Supervisory Board, depending on the scope of the project.

△ GRI indicator: GRI 102-29

Project communication with NGOs and interest groups

We believe in an open and detailed exchange with relevant NGOs and interest groups, not only in connection with specific projects but also on a number of other issues. Trusting and sustainable long-term relations – in particular with groups which are sometimes critical of EVN's activities – help us in the planning and communication of these activities. Last but not least, a good discussion climate and mutual understanding create the necessary requirements for the joint development of alternative solutions that are acceptable to all project parties beyond conventional conflict lines. Apart from increased planning quality and security, the proactive inclusion of NGOs and interest groups often leads to more intensive and professional communications with neighbouring residents and local initiatives. The experience with previous projects also plays an important role here.

Our premises for successful project communications



Project communication with local stakeholders

One particular focus of our stakeholder management efforts for specific projects is a professional dialogue with the directly involved residents. The timing and form of information are critical for the acceptance by and satisfaction of the people who live and work in the immediate area. In particular, we concentrate on:

- → Early identification of the expectations and diverse requirements of the various interest groups
- → Professional, structured and proactive communications with all local stakeholders
- → Transparent and extensive presentation of all relevant project information in easily understandable information materials, and the continuous development and improvement of these materials
- → Use of modern, open information formats for project communications
- → Coordination of communications with political decision-makers, support for municipalities in their communications and mediation in conflict situations

Our project communications always take place in close coordination and cooperation with the project managers and other responsible persons. The continuous improvement of these employees' communication skills is also part of our activities.

Local stakeholders can, of course, contact us at any time to discuss their concerns. In addition to direct contact with the project manager, this is also possible over the EVN service telephone or via e-mail (info@evn.at).

GRI indicators: GRI 413-1, GRI 413-2

Crisis management

We have prepared comprehensive crisis, emergency and contingency plans and implemented training programmes for major segments of our business, especially for risk scenarios that may affect the population. Crisis situations are simulated regularly at all EVN locations. In addition, internal and external exercises and training sessions on crisis management are held in Lower Austria. The emergency staff receive regular training, while duty personnel take part in annual training courses, and all employees attend annual security training courses. Crisis management systems have also been installed in Bulgaria and Macedonia.

Support for interest groups and initiatives

We play an important role in the functioning of public life and the economy through the operation of our infrastructure and wide-ranging services. In order to meet these commitments as best as possible, we are a member, on a voluntary or legally required basis, of numerous national and international organisations and interest groups, e. g. Oesterreichs Energie, which is the sector association of the Austrian electricity industry, or chamber institutions such as the Association of Gas- and District Heating Supply Companies, Eurelectric, European Distribution System Operators (for Smart Grids), the Energy Management Institute (Bulgaria), the Economic Chamber of Macedonia etc. Examples of EVN's support for sustainability-based external initiatives include, among others, the OECD Guidelines for Multinational Enterprises, UN Global Compact, respACT – austrian business council for sustainable development and the Austrian Society for Environment and Technology (ÖGUT). All activities involved with these memberships take place in agreement with the rules of conduct defined by our compliance management system. In accordance with legal regulations, EVN is also listed in the Austrian lobbying and interest group register and the transparency register of the European Union.

For information on active memberships, also see www.evn.at/memberships

GRI indicators: GRI 102-12, GRI 102-13

Social commitment

We are well aware of our responsibility towards various interest groups and also meet this responsibility through numerous initiatives outside our operating business to improve the quality of life. Following are several examples of these activities in a social context:

- **Youth and school platform:** One focal point of our social responsibility is the support of knowledge on "(the careful use of) energy, energy efficiency and energy savings". The EVN School Service was created for this purpose in Lower Austria, Bulgaria and Macedonia to organise projects, lectures and competitions with children and young people. A total of TEUR 437.6 was spent on these projects during the 2017/18 financial year.

  Also see www.young.evn.at

- **EVN Junior Ranger Programme:** On the Ybbs River, where we operate a number of small hydropower plants with fish ladders as well as a project for sustainable fisheries management, we organised a training programme for ten young people in spring 2018 which led to their certification as "EVN Junior Rangers". The programme was held on four Saturday afternoons and included theoretical and practical instruction by experts on hydrobiology, flora and fauna in water meadows, river ecology and fisheries as well as nature and river conservation.

- **EVN Social Fund:** The EVN Social Fund, which has an annual endowment of roughly EUR 100,000, supports institutions in Lower Austria that work with children and adolescents. Decisions on the projects to be sponsored are taken by an expert committee that meets twice each year. The recommendations for the use of funds are made unanimously to the Executive Board based on a predefined criteria catalogue. In 2017/18, we supported 14 projects with a total of TEUR 119.4.

  Also see www.evn.at/social-fund

- **evn collection:** The evn collection of modern international art was established in 1995 and is curated by well-known experts on the EVN Art Advisory Board. Our corporate collection is seen as a platform for interaction with the fine arts and is directed to employees and their families as well as art lovers outside the company.

  Also see www.evn-sammlung.at

Sustainability programme

EVN's sustainability programme was developed in an iterative process during target discussions. Specific area focal points were identified and Group-wide sustainability targets and measures were defined on the basis of the EVN materiality matrix. We also identified the targets and measures that currently make a tangible contribution to reaching the 17 Sustainable Development Goals (SDG) set by the United Nations. The following section shows the assignment of the identified targets and measures to the respective SDG. Our sustainability programme is updated and expanded regularly in cooperation with all departments.

The EVN materiality matrix: see page 27

For information on the SDG and the individual targets, also see https://sustainabledevelopment.un.org/sdgs

Corporate goals by area of activity (excerpt)

Supply security

Target: maintain the Group coverage ratio at 30% of electricity sales

→ Status: 30.0% own coverage in 2017/18 (previous year: 32.7%)

Target: maintain high network quality and low disruption times in spite of the increasingly volatile and decentralised generation capacity on the market

→ Status: minimal downtime in industry comparison (2017: 38.09 minutes; 2016: 18.49 minutes – Austrian average: 53.22 minutes; previous year: 27.48 minutes); for detailed information, see the data on electricity disruptions on page 35

Environmental and climate protection

Target: expansion of wind power capacity to 500 MW over the medium term

→ Status: installed capacity of 318 MW as of 30 September 2018 (previous year: approximately 269 MW)

Target: increase in renewable generation to 50% of total electricity production

→ Status: 40.0% of energy generation from renewable sources in 2017/18 (previous year: 34.5%)

Target: end of hard coal-fired operations at the thermal power plant in Dürnrohr by 2025

→ Status: target set in 2017/18

Responsible management

Target: increase the share of women in the company (to reflect the current educational levels of women in the applicable professional groups)

→ Status: 23.1% share of women in the company during 2017/18 (previous year: 23.3%)

Target: continuous reduction of the LTIF; attainment of a very good level in industry comparison

→ Status: Lost Time Frequency Index (LTIF) in 2017/18: 6.7 (previous year: 6.6)

EVN has defined the following project targets and implemented the following measures, among others, to meet these corporate goals:

Project target	Measures	Milestone Deadline	Status as of 30 September 2018	Sustainable Development Goals (SDG)
Supply security				
→ Supply security for customers in electricity, natural gas, heat and water → Protection of supply security during system conversion to renewable energy	→ Investments in network expansion to integrate renewable generation → Expansion and new construction of cross-regional drinking water networks → Decentralised generation capacity for network stabilisation	Continuity in investment strategy – continuation of investment offensive in network infrastructure area	→ Steady and strong focus on maximum availability of supplies and services → Start of construction on new transport and connecting lines	→ SDG 7 Affordable and clean energy (7.1, 7.2) → SDG 6 Clean water and sanitation (6.3) → SDG 9 Industry, innovation and infrastructure (9.4)
→ Protection of drinking water quality → Optimisation of quality assurance process	→ Quality improvement through water softening → Use of additional continuous monitoring systems under evaluation	Commissioning of natural filter plant at Wienerherberg in spring 2019	→ Further development of quality assurance process → Construction of natural filter plants to reduce the water hardness by natural means → Natural filter plant at Wienerherberg currently under construction, further projects in planning	→ SDG 6 Clean water and sanitation (6.3)
Environmental and climate protection				
→ System-wide development towards decentralised renewable generation → Supplemented by controllable central and decentral energy storage	→ Investments in renewable energy as key measures for climate protection → Increase electricity storage and solution flexibility → Develop and test innovative storage solutions	Ongoing	→ 318 MW installed wind power capacity and 306 MW installed hydropower capacity → Existing power plant pool converted to meet network support requirements → Various tests and research series carried out at Prottes large battery storage facility (e. g. equalisation of voltage and frequency fluctuations in network operations; "black start capability" of a wind park in combination with the battery) → Power-to-gas-/Wind-to-hydrogen-project completed → Power-to-heat plant in Theiss commissioned → Decentralised energy solutions for customers (photovoltaic, storage, energy management) included in offering; market introduction of joulie (sales instrument that permits the simple configuration of photovoltaic equipment with fast price calculations; joulie supports the increase in own consumption and helps to improve savings by optimising the power-on time of electrical equipment; joulie visualises consumption and electricity production)	→ SDG 7 Affordable and clean energy (7.1, 7.2) → SDG 9 Industry, innovation and infrastructure (9.4) → SDG 12 Responsible consumption and production

Project target	Measures	Milestone Deadline	Status as of 30 September 2018	Sustainable Development Goals (SDG)
Energy efficiency → for the responsible and reasonable use of resources and → the provision of EVN's products and services	→ Implementation of energy efficiency measures for customers and in the company → Support for customers in efficient energy consumption → Reduction of internal requirements at generation plants → Implementation of energy efficiency measures at EVN building	Ongoing continuation of energy efficiency measures in the core business (products and services)	Compliance with legal requirements defined by the Austrian Energy Efficiency Act plus additional efforts by EVN and customers	→ SDG 7 Affordable and clean energy (7.3)
Improvement in EVN's environmental performance	→ Institutionalised environmental management and controlling → EMAS for heat and electricity generation plants	Annual environmental programmes with improvement measures	Environmental programme 2017/18 completed	→ SDG 7 Affordable and clean energy (7.3) → SDG 8 Decent work and economic growth (8.4) → SDG 15 Life on land (15.5)
Further development of sustainability initiatives in South Eastern Europe	→ Investments in electricity networks and meters → Reduction of network losses → Further development of environmental and nature protection (waste management and bird protection) → Activities to increase customers' energy efficiency and technical understanding	Ongoing	→ Focus on investments in network-relevant infrastructure → Cooperation with public authorities, NGOs and customers on environmental protection and the improvement of energy efficiency	→ SDG 7 Affordable and clean energy (7.3) → SDG 9 Industry, innovation and infrastructure (9.1, 9.4) → SDG 12 Responsible consumption and production (12.4, 12.5) → SDG 15 Life on land (15.5)
Recycling of by-products and waste products	→ Complete recycling of REALIT, coarse ash and flue ash → Evaluation of opportunities to utilise biomass ash as a composting additive	Gradual increase in the percentage of recycling	Ongoing	→ SDG 12 Responsible consumption and production (12.5)
Reduction of environmentally relevant chemicals	→ Preparation of general list of operating materials for assessment and selection of products	Completion of reverse osmosis plant at end of 2018	Under construction	→ SDG 12 Responsible consumption and production (12.4)

Responsible management

→ Increase the share of women in the company → Increase the interest of women for technical professions	→ Create attractive working times for men and women; increase flexibility of working hours and locations → Support for training measures specifically directed to women and development of networks with other successful women from external areas → Stronger presence at relevant educational and training trade fairs to increase the overall percentage of women in technical professions → Targeted opinion-building in management circles	Ongoing	→ Share of women in recruiting currently exceeds the percentage of women in the Group → Above-average participation of women in human resources development programmes → Two additional women in the second management level	→ SDG 5 Gender equality (5.5)

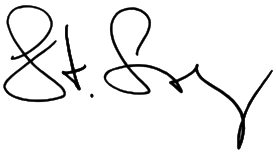
Project target	Measures	Milestone Deadline	Status as of 30 September 2018	Sustainable Development Goals (SDG)
Protect the company's future viability, with a focus on results-oriented work and employee satisfaction	→ Continuous development of the corporate organisation to adapt to the steadily changing working world → Support for mobility and decentralised work, among others through investments in state-of-the-art mobile end user devices → Process support for employees and regular exchange of experience to optimise the working world with external and internal stakeholders	Ongoing implementation	Very advanced in EVN's external organisation, gradual implementation in the headquarters	→ SDG 8 Decent work and economic growth (8.2)
Sustainable increase in corporate value				
Further development of business model to include digitalisation	→ Increased focus on electricity network controls → Digital interaction with customers → Protection of critical infrastructure → Provision of innovative energy services → Activities in research and technology development	Ongoing	→ Gradual introduction of automated controls for internal and external assets → Roll-out of online configurator for customers (joulie) → Pilot project (Seitenstetten) for network stability in reaction to increased use of e-mobility, technology test programme started	→ SDG 9 Industry, innovation and infrastructure
Support for expansion of alternative drive systems in mobility	→ Development of an extensive charging infrastructure for customers → Creation of a platform for the customer-friendly charging of e-vehicles throughout Austria → Gradual conversion of EVN motor vehicle pool to alternative drive vehicles	→ Ongoing expansion of charging network → Gradual conversion to e-autos by EVN planned (beginning in 2018; e-vehicles to comprise 20% of the auto fleet by 2022)	→ Currently 385 EVN e-charging stations with 1,215 EVN e-charging points in Lower Austria → Roll-out of EVN's e-mobility app "Autoladen" → Platform operational since March 2017 → Over 40 e-vehicles in use	→ SDG 7 Affordable and clean energy → SDG 9 Industry, innovation and infrastructure (9.4)
Supply chain responsibility				
Focus of all EVN procurement processes on sustainability	→ Revision of integrity clause for suppliers → Systematic application of a self-declaration form for all bidders in tenders → Analysis and classification of relevance of sustainability aspects in procurement processes and development of target-oriented measures	Extension to all relevant procurement processes by 2019	→ Survey of measures completed for the procurement of construction and waste disposal services → Self-declaration form in use	→ SDG 8 Decent work and economic growth

Project target	Measures	Milestone Deadline	Status as of 30 September 2018	Sustainable Development Goals (SDG)
Stakeholder involvement				
Updating of EVN's stakeholder dialogue on sustainability	→ Further development of current stakeholder dialogue for the external evaluation of EVN's areas of activity	External evaluation of areas of activity every three years	Revision of stakeholder dialogue concept started	→ SDG 17 Partnerships for the goals

This sustainability programme is an expression of our efforts to connect the areas of activity in our materiality matrix with concrete project goals and measures. We want these areas of activity to have a significant influence on our daily activities as a company, just the same as the core strategies which place our responsible and sustainable orientation in a medium- and long-term context. The communication of our sustainability programme in concrete terms is also intended to strengthen the commitment of our employees because we want our actions to always be in harmony with our strategy and in the best interests of our stakeholders.

Maria Enzersdorf, 20 November 2018

EVN AG
The Executive Board



Stefan Szyszkowitz
Spokesman of the Executive Board

Franz Mittermayer
Member of the Executive Board

Independent assurance report on the non-financial report

We have performed an independent assurance on the consolidated non-financial statement as well as the sustainability disclosures and indicators in the "Full Report" (the "NFI-reporting") for the financial year 2017/18 of

EVN AG,
("the Company").

Management's responsibility

The Company's management is responsible for the proper preparation of the NFI-reporting in accordance with the reporting criteria. The Company applies the legal requirements of the Austrian Sustainability and Diversity Improvement Act (§ 267a UGB) and the sustainability reporting guidelines of the Global Reporting Initiative (GRI Standards, option "Comprehensive") as reporting criteria and publishes the NFI-report in the Full Report 2017/18.

The responsibility of the legal representatives of the company includes the selection and application of reasonable methods for sustainability reporting as well as the use of assumptions and estimates for individual non-financial disclosures that are reasonable under the circumstances. Furthermore, the responsibility includes the design, implementation and maintenance of systems and processes relevant for the preparation of the sustainability reporting in a way that is free of – intended or unintended – material misstatements.

Auditors' responsibility

Our responsibility is to state whether, based on our procedures performed, anything has come to our attention that causes us to believe that the NFI-reporting of the Company is not in accordance with the legal requirements of the Austrian Sustainability and Diversity Improvement Act (§ 267a UGB) and the sustainability reporting guidelines of the Global Reporting Initiative (GRI Standards, option "Comprehensive") in all material respects.

Our engagement was conducted in conformity with the International Standard on Assurance Engagements (ISAE 3000) applicable to such engagements. These standards require us to comply with our professional requirements including independence requirements, and to plan and perform the engagement to enable us to express a conclusion with limited assurance, taking into account materiality.

An independent assurance engagement with the purpose of expressing a conclusion with limited assurance is substantially less in scope than an independent assurance engagement with the purpose of expressing a conclusion with reasonable assurance, thus providing reduced assurance.

The procedures selected depend on the auditor's judgment and included the following procedures in particular:

- Inquiries of personnel on corporate level, who are responsible for the materiality analysis, in order to gain an understanding of the processes for determining material sustainability topics and respective reporting boundaries of the Company;
- Risk assessment, including a media analysis on relevant information concerning the sustainability performance of the Company in the reporting period;
- Evaluation of the design and implementation of the systems and processes for the collection, processing and control of the disclosures on environmental, social and employees matters, respect for human rights and anti-corruption and bribery, including the consolidation of the data;
- Inquiries of personnel on corporate level responsible for providing and consolidating and for carrying out internal control procedures concerning the disclosures on concepts, risks, due diligence processes, results and performance indicators;
- Inspection of selected internal and external documents in order to determine whether qualitative and quantitative information is supported by sufficient evidence and presented in an accurate and balanced manner;
- Inquiry of the responsible data gatherer for Bulgaria via phone to assess local data collection and reporting processes and the reliability of the reported environmental data;
- Analytical evaluation of the data and trend explanations of quantitative disclosures, submitted by all sites for consolidation at corporate level;
- Evaluation of the consistency of the for the Company applicable requirements of the Austrian Sustainability and Diversity Improvement Act (§ 267a UGB) and the GRI Standards (option "Comprehensive") with disclosures and indicators of the NFI-reporting;
- Evaluation of the overall presentation of the disclosures;

The procedures that we performed do not constitute an audit or a review. Our engagement did not focus on revealing and clarifying illegal acts such as fraud, nor did it focus on assessing the efficiency of management. Furthermore, it is not part of our engagement to review future-related disclosures and statements from external information sources and expert opinions.

This assurance report is issued based on the assurance agreement concluded with the Company. Our responsibility and liability towards the Company and any third party is subject to paragraph 8 of the General Conditions of Contract for the Public Accounting Professions (AAB). The respective latest version of the AAB is accessible at http://www.kpmg.at/aab.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the NFI-reporting of the Company is not in accordance with the legal requirements of the Austrian Sustainability and Diversity Improvement Act (§ 267a UGB) and the sustainability reporting guidelines of the Global Reporting Initiative (GRI Standards, option "Comprehensive") in all material respects.

Vienna, 20 November 2018

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft signed by:

Rainer Hassler
Wirtschaftsprüfer (Austrian Chartered Accountant)

This report is a translation of the original report in German, which is solely valid.