

IF
TOMORROW
HAS ALREADY
BEGUN TODAY

WHAT ABOUT
THE DAY AFTER
TOMORROW?

YESTERDAY THINK
TODAY ACT
TOMORROW LIVE

EVN corporate policy statement

Our vision

As an energy and environmental services provider, we fulfil the daily needs of our customers. Through our reliable and high quality services, we make a sustainable contribution to their quality of life.

Our mission

We create value through high profitability and by assuming corporate social responsibility, thus ensuring the long-term success of the EVN Group. On this basis, we offer our customers competitive prices, our shareholders a sustainable enhancement of value, and our employees attractive working conditions.

From our headquarters in Lower Austria, we focus primarily on the dynamically growing region of Central and Eastern Europe, where we are seeking to establish a strong market position.

In the energy and environmental services segments, our business operations are mainly designed to serve end customers. In order to meet their expectations as optimally as possible, we have developed the highest quality standards for both our products and services.

Sustainable performance in the provision of electricity, gas, heating, drinking water, wastewater treatment or waste incineration services requires outstanding know-how, a high level of efficiency, a state-of-the-art infrastructure and a constant willingness to innovate.

Our values

We have defined highly ambitious standards of behaviour that apply to the way in which we operate and manage our Group and these correspond with the assumption of a high level of responsibility in our daily supply and waste and wastewater management activities. For us, adherence to fundamental ethical principles and all relevant legal regulations is a matter of course.

We are committed to the principle of sustainable corporate governance and therefore endeavour to balance economic, ecological and social considerations. Our main priority is to ensure a fair and reasonable balance of the needs of all company stakeholders.

The economic responsibility of securing the long-term existence of our Group demands outstanding performance on our part. A high level of competence and reliability ensure the satisfaction of our customers and business partners. In turn, they represent the underlying basis for our sustained corporate success.

In particular, we fulfil our responsibility to the environment by endeavouring to optimally husband the natural resources entrusted to us, minimise waste gas emissions and promote the use of renewable energy sources. Ongoing innovations and increased efficiency make a decisive contribution towards achieving these goals.

We also fulfil our social responsibility in a variety of ways. The commitment we demonstrate to ensuring the well-being of our employees and fair and attractive salary levels, as well as our maintenance of a positive corporate culture featuring openness, loyalty and mutual respect, are as important as our emphasis on serving people and achieving an appropriate positioning within the framework of a society shaped by a diverse range of influences. This approach encompasses a high level of transparency and the willingness to engage in an ongoing dialogue, both in- and outside the company.

In addition, EVN's environmental policy statement is available under www.responsibility.evn.at.
In the following, EVN is to be understood as meaning the entire EVN Group.

Company profile

We are a leading, international, listed energy and environmental services group based in Lower Austria, the largest of the nation's federal provinces. By means of leading edge infrastructure, we offer consumers electricity, gas, heat, water, waste incineration and other related services on a one-stop shopping basis. With our portfolio, we both secure and enhance the quality of life of over three million customers in 18 countries.

In addition to our role in Austria, we have succeeded in establishing a positioning in the energy industry in Bulgaria and Macedonia. Moreover, in the environmental sector, we possess successful subsidiaries in the fields of drinking water supply, wastewater treatment and waste incineration.

As a result of the realisation of synergy effects between the various business areas of EVN on both a national and international level, all business activities are focused on sustainable wealth creation and augmentation in the interests of our customers, owners and employees. Whereby the central principles of security of supply, a responsible approach to resources, the creation of a modern and environmentally compatible infrastructure and a systematically established image as a supplier of quality are constantly applied.



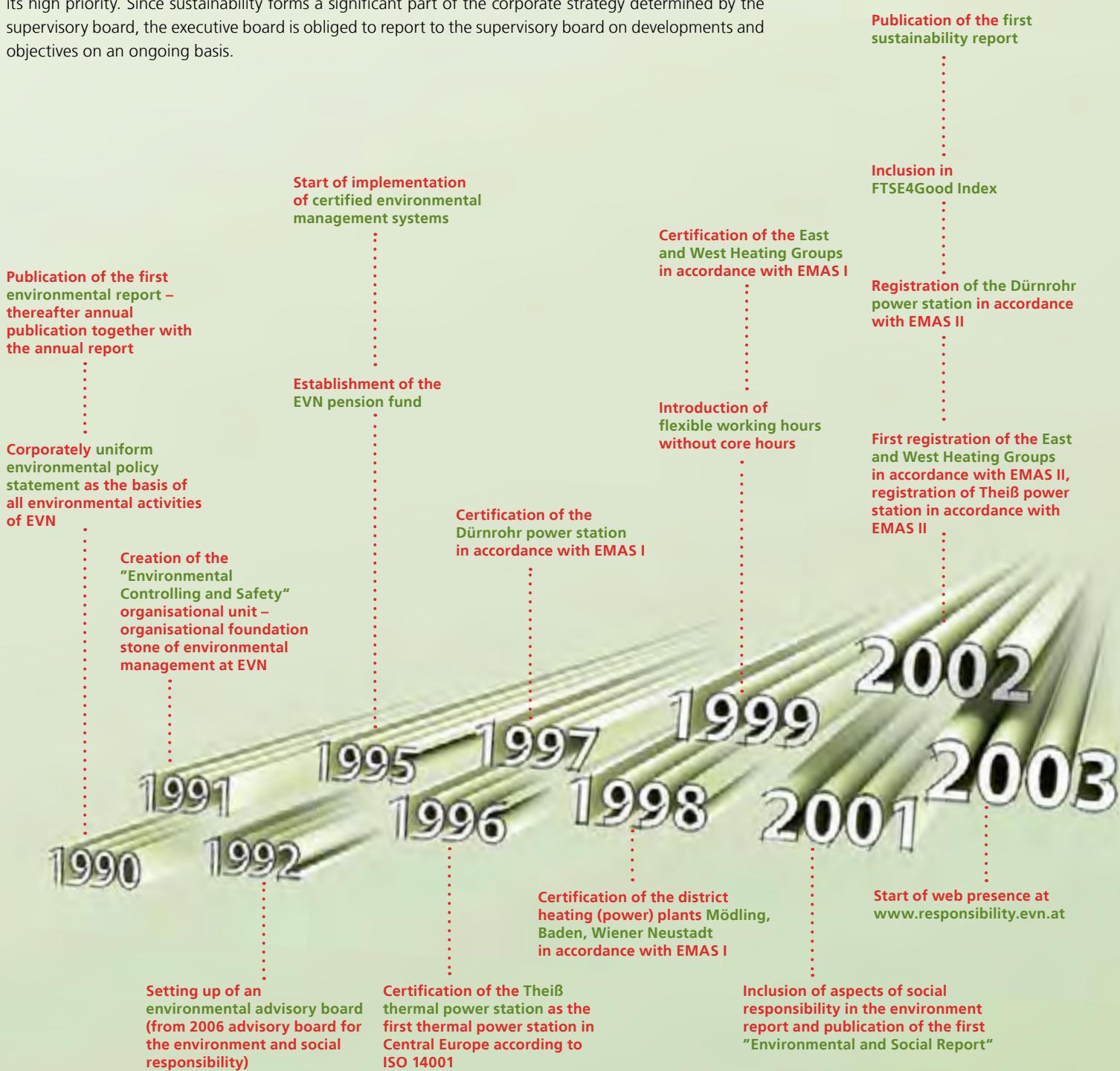
What counts is the decisions our generation takes. What we invest in. How we manage the **legacy of past generations**. And how much we pass on **to our children**. They have to live from it, the day after tomorrow.

EVN Using energy wisely.
Yesterday – Today – Tomorrow

We thought about the day after tomorrow as long ago as yesterday

Milestones of the EVN sustainability process

The official start of the EVN sustainability process was the introduction of the uniform environmental policy statement in 1990. Since then there has been continuous activity and the reporting has been constantly developed. A CSR organisation was created for the implementation and ongoing development of sustainability activities. Anchoring the subject of sustainability at the highest management level reflects its high priority. Since sustainability forms a significant part of the corporate strategy determined by the supervisory board, the executive board is obliged to report to the supervisory board on developments and objectives on an ongoing basis.





CSR HIGHLIGHTS 2008/09



In the reporting year, a code of conduct was introduced throughout the Group. It is aimed at both internal and external stakeholders and serves as a useful guideline.



The first projects under the EVN Social Fund, endowed with EUR 100,000 annually, were implemented in the year under review. The fund focuses the support for Lower Austrian institutions in the field of youth work.

EVN Macedonia was awarded four prizes for its socially and ecologically responsible activities as part of Macedonian National Corporate Social Responsibility Awards. There were prizes for the "Waste Management and Stork Protection" project as well as the school service, among others.



Comprehensive investments in infrastructure have contributed to technological losses in Bulgaria being reduced to 12% in 2008; in Macedonia, the number of power failures were reduced considerably.

EVN CSR highlights in the 2008/09 financial year

EVN sees sustainable development as an ongoing process which affects all corporate divisions and calls for clear objectives. It was possible to achieve significant progress in the year under review, however there were also setbacks and negative events.

Setbacks and negative events

Power failure resulting from severe snowfalls

Power failures are comparatively rare in Austria. They mostly result from extreme weather conditions such as, for example, the power failure in early March 2009 in southern Lower Austria, which occurred due to heavy snowfalls.

Serious accident at work

Despite the highest safety standards and continuous endeavours to further improve safety at work, there was a serious accident at work during the year under review. A member of staff of EVN Wärme in Waidhofen/Thaya received serious burns during maintenance work. The member of staff has recovered fully and is back at work.

Arbitration proceedings initiated against the Republic of Macedonia

In order to protect its investment in Macedonia, EVN has initiated arbitration proceedings against the Republic of Macedonia. Details can be seen on page 28.

High customer service quality standards were certified by the Austrian Standards Institute in accordance with ÖNORM D 1020 for Call Centres.

The "Save the World" gala took place on 24 July 2009 in the grounds of the unused Zwentendorf nuclear power station. As part of the event, people and organisations who have shown a particular commitment to conservation were honoured.



Due to comprehensive measures such as the "Working under Tension" training, it was possible to reduce the number of accidents at work in Macedonia by 24% in 2008/09.

Staff members desire for regular meetings was met by the planned feedback and orientation meetings; the pilot phase has already started.



The longest district heating transmission pipeline in Austria (31 km from Dürnrohr to Sankt Pölten) has been completed to a large extent. Starting with the 2009/10 heating period, two thirds of the heat requirement of the regional capital will be covered by EVN.



In June 2009, one of the most modern solar power plants entered service at the site of the unused Zwentendorf atomic power station. With an output of about 220 kWp, this is already one of the largest solar power plants in Austria.



In order to be able to also safeguard gas supplies in southern Austria in future, EVN will build a 120 km long pipeline – the "Südschiene" – from Gänserndorf to the Semmering by the end of 2010.

The gas crisis in early 2009 did not affect EVN since the precaution had been taken to stockpile sufficiently large quantities of gas. EVN's flexible generation mix – combined with large reserves of coal and oil – enables secure energy supplies for Lower Austria even in crisis situations.



The development of renewable energy sources in Bulgaria was advanced. evn naturkraft built its first wind farm abroad in Kavarna in Bulgaria; a solar power plant is being built in Blatec. Three hydro-storage plants are to be built together with the Bulgarian state electricity company NEK on the river Gorna Arda.

As part of the energy concept for the central region of Lower Austria, EVN implemented several projects in the vicinity of the Dürnrohr power station which are contributing to climate protection as well as representing an alternative to the use of coal. The work is proceeding according to plan.



EVN has voluntarily undertaken to reduce the NO_x-concentrations at the Dürnrohr power station from 2010 by an annual average of 25% in comparison to the volume prescribed by law.

Despite the financial crisis, EVN achieved a stable operating result. Investment was continued; bond issues secure long-term liquidity.

EVN electricity and heating generation plants in Lower Austria



In Macedonia, the subsidiary EVN Macedonia AD owns eleven hydropower plants with a total capacity of 46.5 MW.

In Plovdiv, EVN Bulgaria Toplofikatsia EAD (TEZ Plovdiv) has a district heating power plant with an electrical capacity of 85 MW.

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Scope of report EVN annually publishes a sustainability report; the reporting period of the present one is from 1.10.2008 to 30.9.2009. The report follows the guidelines of the Global Reporting Initiative (GRI) and includes the consolidated companies in the EVN Group. On the key date of 30.9.2009 this, including the parent company EVN AG, was constituted of 53 fully consolidated and five quota consolidated companies; in addition, 14 associated companies are included in the consolidated accounts at equity (for further information see EVN annual report 2008/09). It is indicated if information does not relate to all the companies. Copy deadline: 25.11.2009

Comment from the Executive Board

Commitment to sustainable increase in company value

Ladies and Gentlemen,

We – EVN – are far-sighted, are already thinking about tomorrow and beyond and, therefore, we have put together this Sustainability Report with this in mind. The current financial crisis has demonstrated the drastic effects that short-term thinking and actions can have, blamed, to a large extent, on the maximisation of profits in the short-term. We, however, are committed to providing our shareholders and stakeholders with sustainable growth in corporate value, only achievable if ecological, social and economic aspects are taken into account in a well-balanced way. In line with our business operations, as an energy and environmental services company, we need to think in generations, in order to be able to properly align our role as supplier. The resulting area of conflict is examined on page 24 of this report. In the current economic context, the associated challenges are being extended to measures for improving our operating efficiency. In the 2007/08 financial year we launched a comprehensive programme to increase efficiency. Here, too, we need to be far-sighted – in our role as a responsible employer, our priority is ensuring job security even in difficult economic times. We were successful in this respect – we were able to prevent job cuts as a result of the crisis.

GRI reporting, Application Level A+

The present Sustainability Report provides an insight into the various EVN initiatives; giving both an account of the progress made in terms of our commitment to sustainability and outlining the path which lies before us. In 1990, the first environmental report was published, which was then developed into a comprehensive Sustainability Report. In order to deliver comprehensive and transparent information to our stakeholders, the EVN Sustainability Report follows the guidelines of the Global Reporting Initiative (GRI). The Electric Utility Sector Supplements were not to be applied to this report, but due account was taken of them to a certain extent and their potential impact on ensuing reports was analysed. Our objective was to reach the GRI Application Level A+ again.

CSR organisation to reinforce sustainability awareness

In order to push forward the sustainability process and initiate and implement new measures, a Group-wide CSR organisation has been implemented. Employees have been nominated from all corporate areas both at home (Austria) and abroad, to reinforce Group-wide sustainability conditions. They receive support from the CSR advisory team. The Executive Board and the relevant Group functions are incorporated in the so-called CSR Steering Committee. An overview of our current programme of CSR measures can be found on page 62.

Progress in Bulgaria and Macedonia

One of our main objectives is also to implement the foundations of sustainability-oriented corporate management emanating from Lower Austria in our international subsidiaries. Although we have made considerable progress in this area in recent years, we have been unable to reproduce all major topics and sustainability indicators for the subsidiaries in Bulgaria and Macedonia in their entirety due to the different base level. In the reporting year improvements in occupational safety and quality in customer service were key focal points. Grid quality and metering equipment have been considerably improved further due to the consistent continuation of the investment programme.

Publication of a Group-wide Code of Conduct

EVN has been committed to the UN Global Compact since 2005 and has been dedicated to human rights protection since before that. In the reporting year a further milestone was achieved with the adoption of a Group-wide binding Code of Conduct, which is a valuable guiding principle for internal and external shareholders.

Focus on security of supply

EVN core business is to a large extent closely interwoven with aspects of sustainability which define our daily work. Here, the focus is on ensuring our approximately three million customers in 18 countries are supplied with energy and environmental services. Our scope of activity was broadened during the reporting year with the awarding of licences to distribute and supply natural gas in the Zadar administrative division in Croatia and through several new projects in the Environmental Services segment. We were also able to expand the use of renewable energy sources – our objective remains to further improve the capacity



to generate energy ecologically through using every available technology. One of the highlights of the reporting year was the entry into service of one of the largest photovoltaic (solar-powered) plants in Austria on the site of the unused Zwentendorf atomic power plant. We are also proud of our first renewable energy projects that we have been able to launch in Bulgaria.

Our subsidiaries in the Environmental Services segment – WTE, EVN Wasser and EVN Abfallverwertung – play a major role in increasing the quality of life and minimizing negative impacts on the environment. A concrete example can be found on page 44 of this report. The expansion of the waste incineration plant in Zwentendorf/Dürnrohr to line 3 will generate further reductions in the need for fossil fuels in the context of the widespread energy concept for the central area of Lower Austria. Alongside projects and research initiatives on improving the efficiency of its own generating plants, EVN helps its customers through advice and services for using less energy.

The continuous dialogue with all interest groups is a key priority for us. We would therefore like to invite you to contact us – please do not hesitate to send us your questions, but also your recommendations. Please see the end of this report for the different ways of contacting us.

We hope to arouse your interest in EVN with the present report and that we can make a contribution to the general consolidation of awareness to sustainability. At this point, we would like to thank all employees and external partners who accompany us on our way to increased sustainability.

**Herbert
Pötzschacher,
Burkhard Hofer
and Peter Layr**

Invitation to dialogue

Corporate Social Responsibility of EVN

Comparison of requests from different stakeholder groups

As a responsible energy and environmental services provider, EVN is faced with the challenge of economic, ecological and social aspects as a whole and balancing the demands of different stakeholder groups. As a consequence of this direction, entry to the UN Global Compact followed in September 2005. In line with their corporate strategy, which is presented as an overview below, EVN commits itself to sustainability in very clear terms.

Commitment to sustainability-oriented corporate management

Based on conditions in Lower Austria, EVN wants to achieve a strong position in selected markets in central, eastern and south-eastern Europe and sustain it over the long-term. EVN is perceived by its customer base as a reliable partner providing high-value services at competitive prices. It is committed to a sustainability-driven corporate direction and is persuaded that the objective of continuous growth in corporate value can only be achieved through the integration of all relevant stakeholders. Corporate strategy is supported on four cornerstones:

1. Strengthening the two-pillar strategy: Energy and Environmental Services

To diversify its operational business, EVN began expanding its business activities into the environmental services sector several years ago, in addition to its core business of energy supply, and these new activities are now organised within their own segment. Details on the Environmental Services segment can be found on pages 44ff.

2. Organic and external growth focussed on central, eastern and south-eastern Europe

Following acquisitions from previous years in Bulgaria and Macedonia, EVN is evaluating opportunities for growth into eastern and south-eastern Europe. In January 2008 EVN was awarded a licence to build three storage power plants on the river Devoll in Albania. Construction is in cooperation with the Norwegian Statkraft. Also in Albania, a partnership is being sought with Verbundgesellschaft to construct a hydropower plant on the Drin river.

3. Strong financials, transparency and strong dividend-oriented capital market policy

EVN capital market policy is focussed on transparent and timely dialogue with shareholders and analysts, fair interest rates on shareholder capital in the form of dividends as well as a value-oriented investment strategy.

4. Sustainable Corporate Management

First and foremost, all our activities are informed by our primary responsibility, which is towards future generations. This involves striking the right balance between economic, ecological and social factors. This Sustainability Report documents the efforts and objectives of this strategic direction.

EVN in numbers		2008/09	Change in %	2007/08
Revenue	EURm	2,727.0	13.8	2,397.0
Results from operating activities (EBIT)	EURm	175.2	5.2	166.6
Electricity generation	GWh	3,477	-13.6	4,022
Electricity sales volumes to end customers	GWh	19,541	0.9	19,372
Gas sales volumes to end customers	GWh	6,102	-9.7	6,759
Heat sales volumes to end customers	GWh	1,576	15.7	1,362
Investments ¹⁾	EURm	415.7	-	415.6
Number of employees	ø	8,937	-4.3	9,342

1) In intangible assets and property, plant and equipment

Areas of action, measures and objectives

As far as EVN is concerned, Corporate Social Responsibility (CSR) means working voluntarily towards making a contribution towards sustainable development. Here, EVN's sustainable development means a continuous process involving all areas of the company, which requires clear objectives to be formulated.

Continuous process with clear objectives

The corporate objective is therefore expressed as one of laying the foundations for sustainable corporate management, originating from Lower Austria, and extending to the subsidiaries in Bulgaria and Macedonia. Starting out from a low level, EVN has made considerable progress in these markets over recent years – most obvious improvements being seen in the areas of occupational safety, grid quality, metering equipment and increased customer service quality. Details can be found on pages 15, 20 and 27.

CSR Materiality Matrix

In order to create an overview of the multi-faceted CSR issues and their relevance, a materiality matrix has been drawn up in the reporting year in an active dialogue between the CSR advisory team and CSR network officers and the involvement of the CSR steering committee. It defines the fundamental areas of action and accounts for both the focus of action relevant to EVN, and for each individual stakeholder group. External stakeholder views, received during the 2nd EVN Group Day, were also incorporated in the matrix. The matrix nevertheless currently reflects the internal viewpoint with even more conviction; in the coming financial year, the external viewpoint should have greater influence.

CSR impact matrix defines current areas of action

During an internal workshop individual areas for action were further implemented in the matrix and new measures were derived from it. An excerpt of the current programme of CSR measures can be found on page 62.

EVN CSR materiality matrix



Selected areas of action	Exemplary measures	Further information
Climate protection and security of supply	Expansion of renewable energy sources, Increase of efficiency rating, flexible generation mix	Pages 23ff
Resource conservation	Thermal waste recycling, using waste heat	Pages 33, 45
Fair and transparent pricing	Optimisation of billing transparency and continuous increase of customer satisfaction in all markets	Pages 19ff
Responsible employer	Continuous staff development, taking into account employee requests, feedback interviews, personal protective equipment and continuous training (e.g. 'Working under Tension')	Pages 11ff

Information on further areas of action can also be found in the present Sustainability Report.

Use of steam from waste incineration plant in the thermal power station in Dürnrohr



**Construction of one of
Europe's most modern
coal-powered plants
in Duisburg-Walsum,
Germany**

CSR organisation	Comment EVN and CSR Social responsibility Markets and customers Energy and climate Reliable energy provider Ecology Economy Facts and prospects Service
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Sustainability as a core business component

Many EVN areas of activity are sustainable in themselves and define to a large extent their operational everyday business; some examples are given here:

- Energy consultancy services and customer efficiency improvements – more information on page 39.
- Generating renewable energy – current projects from page 30.
- Planning, construction and operation of drinking water supply and waste water disposal plants including waste incineration plants – information, on how EVN not only contributes to protecting the environment, but also makes financial savings, can be found from page 44.
- Increased grid quality – for improvements made in Bulgaria and Macedonia, go to page 27.

Many EVN activities sustainable per se

Sustainability is a viable option – also in financial terms

Acting in a sustainable manner has developed into a key driver for growth and innovation, and also delivers financial benefits. In order to try and quantify these benefits, potential future commitments first need to be evaluated, caused by negative impacts on society and the environment. Many actions put in place by EVN in the name of sustainability, also lead to financial benefits. For example, during the renovation of pipeline technology in the Dürnrohr power plant, power plant technology management was improved so that technical minimum load can be reduced. If the power plant cannot be shut down for time reasons and the electricity price is low (during the night, for example), the power plant is run on minimum load. This way, operating costs can be considerably lowered.

Financial benefits of sustainability measures

CSR organisation

The EVN sustainability strategy is defined by the CSR steering committee in the framework of general strategy definition and approved by the Supervisory Board. The CSR steering committee is composed of the Executive Board and Directors of Group Information and Communication, HR and Environmental Control and Safety. This way, the steering committee is supported by the CSR advisory team, that both supplies new stimulus for ideas and – in agreement with the relevant specialist department – is responsible for forcing CSR measures. In order to ensure the involvement of all corporate areas and identify potential for further CSR development in the relevant departments, CSR network officers have been nominated from all specialist departments. In this reporting year, responsibilities and processes have been implemented to a much more substantive degree. More information on the organisation of CSR at www.responsibility.evn.at.

Involving all company departments

Advisory Board for the Environment and Social Responsibility

In order to advise the Executive Board on sustainability issues, the Advisory Board for the Environment and Social Responsibility was created in 1992 (previously known as the Environment Advisory Board). Members meet annually in two meetings, to discuss current issues. In the reporting year, issues treated included 'Climate change and health' and 'carbon capture and storage in thermal power plants'. A list of Board members can be found on page 63 and at www.evn.at/committee.aspx.

Advising Executive Board on sustainability issues

CSR network officers at the workshop



Internal communication on sustainability issues

In the reporting year, two internal CSR workshops were held. Key topics included the Code of Conduct, human rights and the CSR materiality matrix. In order to optimise internal communication and increase employee involvement in CSR activities even further, a CSR Intranet platform is planned; a column in the employee magazine and the CSR newsletter for CSR network officers provide information on the latest CSR issues.

EVN and Human Rights



Commitment to UN Global Compact and human rights

EVN has made a commitment to comply with the principles of the UN Global Compact since 2005: "We voluntarily agree to completely adhere to the principles of human rights at all our business and production locations, and in particular resolutely oppose any form of child or forced labour. We expect the same of our business partners and suppliers. As an internationally active company, we also operate in countries with a less pronounced understanding of human rights issues. Notwithstanding the primary responsibility of governments to safeguard human rights, we consider it to be our own responsibility to take advantage of suitable opportunities to demand the observance of human rights even outside our direct sphere of action."

(Source: EVN Code of Conduct).

CSR Officer Peter Zaruba at the Austrian CSR Day



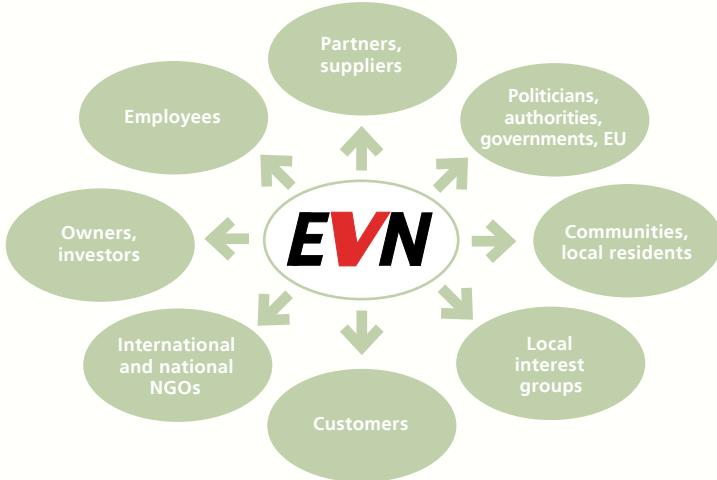
In the reporting year, a range of measures were introduced to this effect:

- The topic of human rights was the focus of a day-long CSR workshop with CSR network officers, attended by members of the Executive Board, and at which external experts presented papers.
- The EVN Code of Conduct devotes a chapter to this topic; published in the reporting year.
- The subject of 'human rights in the company' is to become a component of employee training.
- The EVN CSR Officer took part in several events run by CSR organisations; at the 2009 Austrian CSR Day he made a presentation on 'UN Global Compact: business challenge human rights', among others.

EVN in dialogue

EVN is closely involved in listening to the many and varied claims and demands of its stakeholders. In order to systematise and structure stakeholder relations, a strategic concept for stakeholder management was devised in cooperation with different departments of the company. It facilitates corporate communication, helps identify suitable dialogue and cooperation partners and provides valuable contributions for early identification of key social and ecological issues. Numerous examples of dialogue with EVN stakeholders can be found in this Sustainability Report and on the EVN website.

Concept for stakeholder management



2nd EVN Group Day

The focus of the 2nd EVN Group Day, held on 17 and 18 September 2009 at the EVN Head Office, was that of relations between EVN and the outside world. Together with key EVN stakeholders their viewpoints on EVN were presented and discussed. Current topics were also dealt with in work groups using case studies. Group Day participants included the Executive Board, additional decision-makers and international specialists. International colleagues took the opportunity to visit the Lower Austria networked energy location. Feedback on these interesting and productive days was very positive. This event helped reinforce participant corporate identification further.

Stakeholder relations EVN Group Day topic

Membership and Support for Organisations

EVN is a member of numerous organisations and associations in its sector and is also actively committed to organisations for raising sustainability awareness. A selection of key memberships can be found at www.sustainability.evn.at.



EVN Code of Conduct

The EVN Code of Conduct was drafted in a group-wide process by corporate bodies within EVN and entered into force in June 2009 following approval from the EVN Works Council. It can be viewed both on the EVN Intranet and on the website at www.evn.at/verhaltenskodex.aspx in German and at www.evn.at/code-of-conduct.aspx in English. Felix Sawerthal, Head of the Group General Secretariat and Corporate Affairs and Compliance Officer, expands on the subject in the following interview:

Why did EVN decide to create a Code of Conduct?

The globalisation of recent years in particular compelled us to compile our standard principles and behaviour guidelines in one document, to create a common consensus and a practical commitment.

How did the EVN Code of Conduct come into being?

The original impetus came from the CSR advisory team, with whom we drafted the code in conjunction with the key company departments. As a guide, we looked at other companies' codes of conduct and also sought external advice to be able to put together the special requirements of EVN in the best possible way.

What are the main topics? What are the most important tasks in your opinion?

Our Code of Conduct covers all topics which are relevant to a responsible company policy. It describes the principles for the responsible and integral treatment of management and employees. It includes duties but also gives valuable advice on ethical issues and provides solutions for different situations. This way, it offers concrete support and should provide help to prevent malpractice and wrong decisions in the future.

How do you ensure that all management and employees and also external partners abide by the rules?

Our Code of Conduct builds the binding basis for reliability, transparency, trust and quality – including for our partners and suppliers. It is the fundamental document for all employees and every new arrival in our company. The self-developed integration programme includes training, workshops and distance learning. For our international subsidiaries, we have translated our Code of Conduct into English, Russian, Bulgarian and Macedonian, doing so from the German original.

What sanctions are available in the event of corruption?

We expect law-abiding behaviour from all management and employees. Infringements and offences always imply a breach of service duties; possible punitive relevance would then be called upon to evaluate procedures. Should a case be confirmed, this would lead to labour and other civil proceedings depending on the gravity and damage caused. Therefore, all employees who find themselves in professional situations involving conflicts of interest or loyalty should report to me directly as Compliance Officer or my team immediately. We will look for the most appropriate solution together. This preventative approach is key for us.

The Code of Conduct describes the guiding principles for acting with responsibility and integrity.



Employees	Comment EVN and CSR Social responsibility
	Markets and customers
	Energy and climate
	Reliable energy provider
	Ecology
	Economy
	Facts and prospects
	Service

Social responsibility

Employees

EVN's success is based on the commitment and qualification of 8,937 employees which is why in the reporting year around EUR 2.9m were invested in training and development alone. Alongside data processing training and specialist seminars, focus is put on reinforcing social skills. In Bulgaria, an initiative to increase foreign language skills was launched in July 2008, recognised and supported by the European Social Fund. 284 employees will have attended English and German classes by the end of 2009. The management programme in Bulgaria and Macedonia was continued – in the reporting year, department and team leaders were trained; in 2010 customer centre group leaders will also follow this programme.

International development programme for new talent

Management positions at EVN are filled from within its own ranks, wherever possible. In order to promote and support qualified employees from Bulgaria, Germany, Macedonia and Austria, the 'International development programme for new talents' was launched. The international context is not the only new aspect to this programme. The approach is also new: the new talents work in genuine group projects together and therefore get the opportunity to put their skills to the test in real-life conditions. A welcome knock-on effect of the international cooperation is the getting to know other project members from other countries. 20 employees are currently taking part in the programme launched in early 2009.

Trainee programme in Macedonia

Trainee programmes have been offered in Macedonia since 2007 to get to know the company and its processes as much as possible. In 2009 38 trainees completed the twelve-month programme and rotated between different departments; each with support from a mentor. Practical activity is also being reinforced through training sessions at the EVN Macedonia Academy.

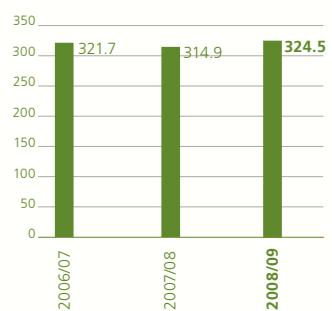
'Youth with a future' internship programme in Bulgaria

The intern programme was held in Bulgaria for the third time. 39 Bulgarian students were given the opportunity to test their know-how in practice from July to September 2009. For the first time, they were also employed in decentralised locations and in customer centres. The best amongst them were offered incentives including an internship in the headquarters in Maria Enzersdorf.

EVN apprentice promotion

In the reporting year, EVN itself trained more than 70 apprentices and also encouraged the creation of additional apprentice positions in partner companies in Lower Austria. In cooperation with the Lower Austria state guild, additional electrical installation technician apprentice positions provided by partner companies are promoted. This resulted in 25 additional apprentice positions in partner companies in the reporting year.

Average training budget per employee in EUR



More than 70 apprentices in training at EVN, also apprenticeships provided by partner companies.



Academics meeting in Plovdiv, Bulgaria



Know-how transfer and dialogue between group companies

EVN has been working with subsidiaries in Bulgaria and Macedonia since 2004 and 2006 respectively. It is a clear corporate goal to implement the foundations of a sustainability-oriented corporate management, coming out of Lower Austria, in these markets too, whereby group-wide dialogue and an exchange of experience take on a key role.

Exchange of experience with EVN academies

In order to implement training and development measures, EVN Academies have been set up in both Bulgaria and Macedonia. An Academies meeting took place in Plovdiv in early 2009 to exchange experiences. Alongside discussions and further development of training programmes on offer – in particular for customer service employees – criteria for selecting professional lecturers and the evaluation of seminars were defined.

Group Forum Legal / Insurance

Expansion of measuring and pipeline documentation in Bulgaria and Macedonia

At the end of January 2009, the staff of the Legal and Insurance departments of the EVN Group met for the first time. As well as the presentation of the Austrian Corporate Governance Code, current developments in energy law – particularly the third internal market package – were discussed. The event further focused on corruption prevention as well as a description of transactions subject to approval and insurance principles. This meeting will in future take place at regular intervals in order to intensify communication across the Group.

2nd Commercial Group Forum

Another group-wide information platform is the ‘Commercial Group Forum’ that took place for the second time on 18 June 2009. The event was the occasion to expand and develop informal contacts between employees from commercial departments as well as to communicate and discuss Group-relevant technical subjects and ensure the uniformity of tasks. Together with contributions from different group functions, experience reports from the group companies including the SAP implementation in Bulgaria, for example, were part of the programme. Due to the positive participant feedback, this event will be repeated annually in the future.

Know-how transfer in measuring and digital pipeline documentation

In order to ensure reliable operations, detailed and comprehensive documentation of the supply grid is essential. Based on the experiences and procedures in Austria, the organisation of measurement and digital pipeline documentation was started in Macedonia and Bulgaria. Satellite information systems are being implemented in all countries for measurement and processed in cooperation with government measuring organisations. The group-wide geographical information system was



initialised as the basis for the pipeline and grid documentation and for synergy purposes. Alongside the integration of public base data (including land registers, survey maps, aerial photos) the integration of new and available pipeline plans as well as internal information provision via the Intranet are important criteria. At the end of February 2009, the teams concerned met up for a first experience exchange in Skopje, Macedonia – this should become a regular event.

Change as an opportunity – Christian Reiter, Prokurist (authorised officer) EVN Bulgaria EC AD

"In recent years, we have implemented a modern organisational structure in Bulgaria with a very open communication style and a clear understanding of roles in terms of individual tasks and responsibilities. In my own work, I am going through a process of constant change, whereby the priority above all is about demonstrating the opportunities and benefits of these changes. I notice that it is important to set goals that have a motivating effect – the 'want to' plays a key role. We will therefore set our objectives for 2010 in autumn 2009. This way, both the position and abilities of individual employees and corporate goals are accounted for. We have created an atmosphere where everyone can develop further. We want to encourage employees to step out of their 'comfort zone' and give them the opportunity to grow with challenges. I believe that we, EVN Bulgaria, today – after almost five years of integration – present a stable company, that will also grow with future challenges. After over two years in Bulgaria, I can only recommend that all colleagues – in as far as their private and professional situations allow it – also to take up the challenge of working abroad."



Employee satisfaction

At the end of 2007, in the context of the 'Austria's best employer – Great Place to Work®' competition, an employee survey was carried out. 88% of employees said that "... this is a very good place to work". The overwhelming majority considers EVN as a secure company with fair payment terms and adequate social benefits. Areas for improvement include internal information flows, the management and acknowledgement from superiors and partial limited working space. As a consequence in-house workshops were held to increase potential for real improvement in individual organisational units.

"We have implemented a modern organisation with a very open communication style in Bulgaria."

Introduction of feedback discussions as a result of employee surveys

As requested by employees in regular discussions, to be able to put forward their concerns and to receive feedback on their work performance, planned feedback and orientation interviews are to be held; the pilot phase has already been agreed. Currently around 130 interviewers are being trained in order to be able to carry out feedback interviews in all large Austrian companies within the group from early 2010.

Introduction of feedback and orientation interviews

The dialogue with employees is being continued as an on-going process. Proposals are taken on board and implemented where possible. To continue increasing satisfaction levels in the workplace, a series of additional measures are planned for future years.

Sheep take care of the grass



Employee ideas bring high savings potential



**"Those five months
as a 'full-time
daddy' were a very
wonderful and
valuable time."**



Idea management

In the context of the EVN idea management, all employees are invited to put forward ideas on different themes and to take part in idea contests. Proposals are evaluated by regular jury sittings and – when practical – implemented and rewarded. In the reporting year, in-house resource conservation was one of the themes of a new idea competition. The proposal, 'Sheep take care of the grass in the Theiß power station', to save on costs and also emissions from grass maintenance was rewarded. A total of EUR 13,500 was paid out in employee incentives in the reporting year. In the first ideas jury meeting in 2009 two ideas were considered as having a high potential for cost savings, presented below.

Tool for changing 110-kV guard wires

It is sometimes required to change the guard wire mounting, located at the top of the pylon and/or on the base plate, just underneath. Due to topographic conditions, this exchange can prove very difficult without a suitable tool. Mr Zimmel and Mr Ruzicka developed their own solution which enables a rapid and secure error rectification on single-sided 110-kV lines.

Cutting costs on transformer station sealing

Repairing an unsealed cover on a transformer boiler component is very cost intensive. Considerable savings can now be made thanks to the improvement proposed by Mr Scheiber. He suggested welding on a new cover screw with a large washer, so that more pressure can be exerted on the cover seal.

Equal opportunities and work-life balance

EVN has made it a priority to implement the foundations of the International Labour Organisation (ILO) and the UN Global Compact. In addition EVN formally backs the common declaration from Eurelectric and EPSU/EMCEF on the subject of equal opportunities and diversity in June 2003. Through flexible working times including flexitime without core working time, individual part-time models or parental leave, EVN (EVN AG and EVN Netz GmbH) is attempting to align itself with employee needs wherever possible. For example, employees have the option, in addition to statutory parental leave and with guaranteed reemployment, to stay at home until their child is 36 months old. Men also use this option. In the reporting year two men stayed at home with their children; two men worked part-time.

Fathers looking after the children – Peter Hackl, Accounting

"Everyone was surprised when I told them that my wife and I wanted to share staying at home and looking after our child. My son was only one year old at the time. Looking back, this 'full-time dad time' was a beautiful and valuable time. I was able to experience my son's development much more intensively and am convinced that it enabled me to create closer ties with him. I can only recommend that to every father. The timing of the parental leave was designed in such a way that I was back at work just in time for financial year-end. In my absence, my work was 'taken care of'. So, a big 'Thank you' to my colleagues!"

New, transparent remuneration system in Macedonia

The new remuneration system, launched during the reporting year, enables discrepancies between the same job groups to be kept to a minimum, whereby objective criteria including training, qualification and complexity of the job are used. In addition, the new remuneration system was closely linked to the current central organisational structure, which enabled agreement between job descriptions and job groups to be reached.



Health & Safety at Work (HSW)

HSW improved in Bulgaria and Macedonia

A focal point of the integration of subsidiaries in Bulgaria and Macedonia is continuous improvement in Health & Safety at Work (HSW), as well as standardisation and the upgrading of personal protective equipment (PPE). The number of accidents at work continued to drop in the 2008/09 financial year. This was possible through both the continued provision of the very latest protective equipment but also through special efforts in raising the awareness of HSW amongst employees. EVN Health and Safety experts visited 97 departments in Bulgaria, Macedonia and Austria and raised awareness levels amongst 4,200 employees. A modern training centre was also inaugurated in the Macedonian city of Makedonski Prod, where, alongside training courses in 'Working under Tension', working with new materials and tools is also part of the programme. A total of 708 employees have already completed training courses in this new centre, which has played a key role in cutting the number of work accidents in Macedonia by 53% compared to the 2007/08 financial year. In Bulgaria and Macedonia, 5,798 employees took part in a total of 471 routine courses on the subject of Occupational Safety and Fire Prevention. 1,306 employees completed the 58 courses on 'Working under Tension' and a further 439 attended one of the 29 First Aid courses on offer.

Continuous improvement of safety at work

Emergency first aid team in Maria Enzersdorf

A team of seven first-aiders has been working together since early October 2008 in the EVN central office, which also includes active and experienced ex-paramedics for even more security. The team supports the existing legally required first aid team and are supervised by the company doctor and regularly trained. The equipment is also being extended: An emergency rucksack is now available alongside the defibrillator.

Emergency – First Aid team for improved safety

Measures for better health

- Precautionary tests including comprehensive advice on lifestyle habits and risks
- Psychological advice and supervision
- Fitness and active movement programme, in particular the EVN Culture and Sports Club (KSV)

EVN takes its social responsibility seriously

Social commitment

To fulfill its responsibility to the different interest groups, EVN is involved in numerous initiatives above and beyond its core business activity and focuses efforts on children and young people. Below you will find a selection of projects and initiatives, a detailed presentation can be viewed at www.responsibility.evn.at.

First EVN social fund projects now implemented

The objective of the social fund, launched in autumn 2008, is to combine and add transparency to existing EVN social sponsoring activities. The fund receives EUR 100,000 per year and focuses on the support of Lower Austrian institutions involved in youth work; projects are selected following unanimous recommendation from the social advisory committee, who convene twice a year to form an expert committee. Until now, several organisations including the Morgenstern Association or the Dorothea Training Centre have been supported, both taking care of young people in difficult personal situations. The Caritas child bereavement group in Mistelbach and the intercultural Lower Austria refugee social psychotherapy centre have been supported.

Initiatives in Bulgaria and Macedonia (select)

EVN Bulgaria and EVN Macedonia support diverse organisations. In 2008/09, in Bulgaria, these included the Bulgarian Red Cross in Kardzhali, the retirement home in Stara Zagora or the 'Rada Kirchov' children's home in Plovdiv. EVN Macedonia funded ventures such as an eye clinic, providing it with ultramodern facilities for retinopathy diagnosis and treatment.

Energy saving lamps for socially-oriented stores

EVN has provided SOMA stores in Lower Austria with 10,000 energy saving lamps. These stores provide everyday goods at affordable prices to those in financial need. The EVN donation of energy saving lamps is the first of its kind in Austria.

'Save the World Awards' in the Zwentendorf atomic power station

On 24 July 2009 the 'Save the World' gala was held on the site of the unused Zwentendorf atomic power station, where people and organisations, who are involved in a special way in the conservation of the planet, were presented with awards.

'Good business' market place

In order to bring together companies and NPOs, the Fundraising Association Austria and respACT were invited to the 'Good business' market place on 21 April 2009. Here, arrangements were negotiated on material expenses or labour; no money changed hands. EVN was able to transact two items of 'business' with Caritas and the Austrian Red Cross.

EVN run for a good purpose

This year's EVN run around head office was the occasion to donate EUR 2 per lap to the Association for Integration and Sign Language. 50 employees and eight children ran a combined total of 630 laps.



Support for children and young people

EVN projects with children and young people are a focal point for social responsibility, where the promotion of knowledge on the subject of energy and safety can take centre stage.

Expansion of the EVN Activities box for kindergartens

Safety and energy is the subject of the first expansion of the EVN 'Energy bundle Joulius' activities box, sent out to 950 Lower Austrian kindergartens in June 2009. The subject was interesting and playful for children from the ages of 2.5 to 6 years old. In a 'listening game' (a radio play for young children), narrator Erich Schleyer explained how to use energy safely. Colouring books for each child and specialist texts and games rounded off the package. The 'activities box' is being expanded every year; focal point for 2010 will be the subject of saving energy.

EVN Schools Service

Every year, EVN educationalists visit over 15,000 school children in Lower Austria to tell them about issues relating to energy and energy saving. Opportunities to visit power station sites are an additional highlight. Teaching aids, classroom planners, CD-ROMs, experiment cases and models are provided free of charge to 1,458 Lower Austrian schools.

EVN Schools Service also operates in Macedonia and Bulgaria

A Schools Service has also been available in Macedonia since October 2007. In the 2008/09 school year 189 classes were visited; 14,335 children were divided into age-groups and each was given a closer look at the right way to use energy and sensible consumption of energy by specially-trained teams. Feedback was positive, and many schools have now announced their interest in the programme. Initial initiatives were also launched in Bulgaria. Two primary schools in Plovdiv are running projects and competitions on the subject of sensible electricity consumption and energy efficiency.

More information on the EVN school and kindergarten activities in Lower Austria can be found at www.young.evn.at and for Macedonia at www.kids.evn.com.mk.

'PiPo 2009' for outstanding project development in schools

For several years now, EVN has been supporting the private training initiative 'Learning With a Future', encouraging multi-sensorial learning with elementary school children. 'PiPo – quality symbol for outstanding project development' awards are presented to teachers who have demonstrated special commitment. More information at <http://pipo.lmzukunft.at>.



Energy rabbit Joulius teaches safety with energy

'Alcohol and smoke-free parties' in the Theiß power plant

The Theiß power plant has been a popular venue for EVN 'Young Energy' school parties for nearly ten years. Over 15,000 young people party every year here – supervised by the EVN youth team – under the 'Alcohol and smoke-free parties' motto. Fun and well-being are well taken care of. Employees from the Lower Austrian children and youth court are also present and set up relaxed discussions on themes including 'violence in schools' or 'Alcohol and nicotine'. This year, there was new cooperation with schools for the first time: In the context of a junior company, the schoolchildren took care of the catering for the parties and enjoyed early practical experience at the same time.



Supporting culture, science and sport

EVN has partnerships with universities and technical colleges in Lower Austria, Bulgaria and Macedonia. This cooperation helps both research projects and support for studies in the form of internships or help with scientific work. Specific cultural and sports activities are also promoted. The focus is on regional, cultural events including the Lower Austrian regional exhibition, the Lower Austrian cultural industry, the Märchensommer or the Grafenegg music festival. As main sponsor of the EVN Junior Cup, EVN supports youth football in Lower Austria. In addition, EVN also sponsors the Lower Austria cross-country skiing association, the Lower Austria women's handball team Hypo and the Ladies Golf Open in Föhrenwald.

evn collection as an investment for the future

The focal point of the evn collection, started back in 1995, is international, contemporary art. The company collection is a platform for presenting the visual arts and is aimed at employees and art enthusiasts outside the company. The collection is based on works from the late Eighties until the present day and a team of experts acts as its curator. It can be considered as an intellectual but also material investment in the future of the company. A large part of the works have been exhibited in the communication areas in the head office building in Maria Enzersdorf since 2002. More information can be found at www.evn-collection.at.

Archaeological digs beside the 'Südschiene' pipeline route

Archaeological finds are regularly unearthed during pipeline construction. This was the case with EVN's largest gas construction project to date, involving the laying of a gas pipeline from Gänserndorf to the Semmering. Even before work began, the entire development was discussed with the state office of historical monuments. In the first six months of construction, 35 finds including several hundred objects were unearthed and salvaged. The most important find was Lombardic body armour with shield and sword as burial objects.

evn archiv as a Competence Centre for the history of EVN

The evn archiv is a competence centre for the history of EVN and its predecessor companies. In the reporting year, an outstanding collection in the form of archive documents from Austria Ferngas Gesellschaft (AFG), extending from 1962–2008, entered the records at evn archiv. AFG had the task of opening up ways of importing natural gas; one example of this, back in 1968, involved laying the groundwork for the first import contract from what was then still the Soviet Union. Following the liquidation of the AFG, the AFG archive was transferred into the records held by evn archiv.



Major find during
the 'Südschiene'
construction

Markets and customer orientation

The main objective and the most important responsibility towards its customers, as far as EVN is concerned, is a nationwide and permanently reliable supply of their energy and environmental services. That's why customer satisfaction and transparent and fair prices take top priority.

Market and competition

The EVN service portfolio covers electricity, gas and heat supply, water supply and waste water disposal and waste incineration and the associated services. Therefore, EVN is required to focus attention on the Austrian energy market, which has been deregulated for several years, as well taking into account the relevant provisions in Bulgaria and Macedonia. In Bulgaria, the electricity market was deregulated in July 2007, however an actual competitive situation is yet to be put in place. The electricity market in Macedonia is currently still extensively regulated. More details on the legal status of EVN can be found on page 39 of the annual report.

EVN customers	30.9.2009
Austria	
– Electricity network	803,000
– Gas network	288,000
– Heat	41,000
– Water	493,000 ¹⁾
Bulgaria	
– Electricity	1,605,000
– Heat	36,000
Macedonia (electricity)	720,000
International drinking and wastewater business (PE²⁾	11 million

1) Of which 50,000 supplied directly
 2) Population equivalent: Industrial waste water converted to household water

Customer satisfaction success factor

In order to increase customer satisfaction levels and to be able to derive the arising potential for improvement, EVN runs annual surveys in Lower Austria. The result of the 2008 survey confirmed the high overall satisfaction of Lower Austrian domestic customers. With an average score of 1.71 on a scale of 1 to 5, where 1 is the best, based on the school grade system, EVN customers expressed continued strong levels of trust and satisfaction. All customer contacts for this customer service barometer are carried out by a market research agency; in 2008 almost 7,000 customers were interviewed.

An analysis of the customer survey shows that the strengths of EVN include the high level of security of supply, the telephone customer support, the opportunity for customers to read their own meters as well as the repair of faults. As far as improvement potential is concerned, customers expressed a desire to see more straightforward and transparent billing. Customer wishes and suggestions are logged in the so-called quality closed loop, which ensures the implementation of concrete measures and solutions.



Optimizing billing transparency

In the reporting year, an EVN work group has drafted a new billing layout. In parallel, there were also activities aimed at improving billing transparency from the Energie Control GmbH (ECG), federal competition authorities and the Association of Austrian Electricity companies (VEÖ). ECG published a so-called 'toolbook' for billing design; VEÖ published a sector-wide proposal for billing design in the summer of 2009. EVN observes current developments and will fully comply with the guidelines of the 3rd domestic market package on reinforcing consumer rights, in particular – should it become legally binding.

Competent customer service ensures high levels of customer satisfaction

Modern Customer Relations Centre



High customer service standards in Bulgaria and Macedonia, too

In 2007 the Customer Relations Centre opened in Bulgaria. In the reporting year, processes were optimised further. On average, up to 4,200 customer phone requests are answered every day. In the context of the EVN complaints management, around 900 customer complaints are followed up every month – the reading and billing of electricity consumption as well as supply quality are therefore central themes. The careful processing of each individual case showed that, more than half of the incoming complaints could be invalidated. A further service offensive was launched with the ‘Mystery Shopping’ programme. Here, ‘test customers’ evaluate the quality of customer service. Results so far can be analysed as very positive, although they provide valuable insights for further optimisation of customer service.

EVN Macedonia employees on customer service work

Alexander Savikj: “Our aim is to meet the customer’s needs as best as we possibly can. We are here 24 hours a day, 7 days a week and are available by phone, E-mail or through the website.”

Zoran Ivanovski: “As a Call Centre employee, I’m happy when the customer is happy.”

Marija Popovska: “There are plenty of reasons to complain – bill amounts, meter exchanges, pylon relocations etc. We strive to reduce the number of complaints and answer questions as quickly as possible.”

Award ceremony for the winners of the QUIP, the EVN quality competition



Customer orientation day 2008

On 21 November 2008 the first EVN customer orientation day took place, where employees, who are in direct contact with the customer, were given a closer look at the subject of customer orientation through a show put on by a theatre group. As part of the event, the 9th edition of the QUIP awards, an EVN quality competition for improved advice and service quality have been presented.

Exchange programme for service advisors in the Customer Relations Centre

In order to continually improve service skills, 19 employees who answer the Austrian EVN service number 0800 800 100, had the opportunity in the reporting year, to get a taste for work in the customer service centres for one week and also to try their hand at personal customer contact. This programme not only promotes mutual understanding, but also increases mutual acceptance and understanding of the most different aspects of each other’s organisational unit. The main objective is to further optimise customer service and develop employee specialist skills.

EVN Customer Relations Centre ÖNORM D 1020 certified

The high quality standards in the customer service department were confirmed by the Austrian standards institute and obtained ÖNORM D 1020 certification for Call Centres. The ÖNORM D 1020 stipulates guidelines for customer service department procedures. Functions evaluated include employee, technological, process and working environment. The official awarding of the ÖNORM D 1020 certification to EVN took place in October 2009.

ÖNORM D 1020 certification award



Consequences of the financial crisis and socially acceptable handling of late payment

Due to the widespread financial crisis, there was a decline in sales concerning both industry and domestic customers in voltage levels above 20 kV. Decreasing consumption in the private customer sector is less the result of the slump in the economy but more generally energy-saving measures such as heat insulation and renovating older properties. Increased payment difficulties due to the crisis or price increases have not been observed. If customers are unable to pay their bills on time, EVN offers individual support and the opportunity to pay in instalments. In Bulgaria and Macedonia in particular, EVN is faced with poor payment practice and ability, whereas a considerable improvement in payment procedures was observed in the reporting year. Despite a socially appropriate procedure (see info boxes on page 22) EVN has been compelled to interrupt energy supplies due to long-term payment arrears.

Factors influencing pricing in Lower Austria

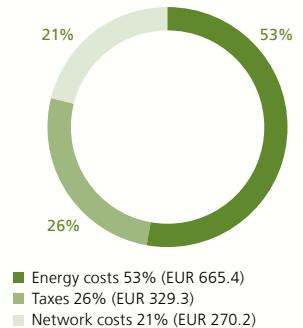
In line with security of power supply, EVN has a long-term procurement strategy and buys primary energy and electricity on the futures market. Information on price development can be found on page 43 of the annual report.

Influence factors on the price of electricity and gas

The price of electricity is particularly affected by the cost of primary energy sources, crude oil, natural gas and coal, as well as the price of CO₂ emission permits. The purchase price for energy on the international procurement markets has increased sharply since around the middle of last year in particular. A principle reason for this was the increasing worldwide demand for primary energy sources coupled with static supply before the financial crisis. In the second half of 2008, the crisis led to a spontaneous reduction in energy consumption which also had a knock-on effect on the price of energy. After the slump, energy prices – oil in particular – have been climbing again slowly since the start of 2009. With the forecasted economic recovery, this increase can be expected to continue. In addition, future climate change objectives will also lead to an increase in energy prices.

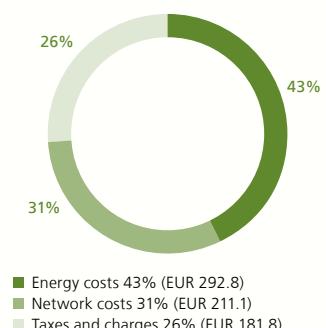
The price of natural gas is determined – with a time delay of around six months – above all by the international prices for crude oil, which are primarily based on supply and demand. Measures to ensure security of power supply through a flexible energy mix including gas storage, coal or oil reserves, for example, also affect pricing.

Gas price structure in Lower Austria at 30.9.2009¹⁾



1) Supposition: Household with an annual consumption of 20,000 kWh; including "FreiTag", the EVN KG energy bonus, whereby private customers can access up to one month free energy per year.

Electricity price structure in Lower Austria at 30.9.2009¹⁾



1) Supposition: Household with an annual consumption of 3,500 kWh; including "FreiTag", the EVN KG energy bonus, whereby private customers can access up to one month free energy per year.

Energy efficiency is a technical term used to describe how efficiently a process is operating i.e. the ratio of energy obtained from energy employed. An example: A light bulb's energy efficiency increases if the bulb is able to light the room using less energy for exactly the same length of time and with exactly the same brightness.

Energy efficiency as a key basis for a future-proof energy system

Affordable energy supply is a key customer concern and a deep-rooted social problem. Low energy prices which are not economically viable cannot be a sustainable solution. EVN's objective is long-term success and also to be able to supply energy with economically and ecologically sound conditions. This is why energy efficiency plays an important role according to the claim to 'Use energy wisely'.

For many years, EVN has been a reliable partner – energy consulting and services as well as E-mobility present new business areas which will gain in importance. The portfolio will continuously be expanded to include new services. More information on energy consulting and services can be found on pages 39ff.

Electricity theft solutions through active dialogue with the local population

One of the major challenges facing EVN following their arrival on the Bulgarian market in 2004 was in the Stolipinovo district of Plovdiv, where around 40,000 Roma and other minority ethnic and religious populations live. They had access to public – and therefore free – electricity for a long time. Many buildings were constructed without the necessary permits and were not able to be connected to the public infrastructures including electricity and water networks. As a result, the supplier's or neighbour's line was often 'tapped', i.e. illicitly diverted. This had a negative impact on relations between Roma and ethnic Bulgarians and also did nothing to promote a favourable attitude towards the need to settle power bills. In this context, before privatisation, there were daily power cuts across the whole residential area: from dusk to dawn.

New meter technologies based on remote reading, which enabled individual addresses to be switched on and off and a consistent monitoring of consumption, was the technical answer to unpaid bills. In close collaboration with NGOs and representatives from the Roma community, the EVN developed an offer for the local community: a full renovation of the regional infrastructure, meters brought down to eye-level, extensions to existing credits with simultaneous commitment to consistent payment and emergency switch-offs. Using leaflets, discussions and information events, EVN attempted to raise awareness of the efficient use of energy and thereby helping the new customers to lower monthly bills.

In close cooperation with the authorities, many official customers, who until then had been excluded, were officially connected to the power grid. In order to enable even the poorest families, who cannot afford the connection charges, to be supplied with electricity, EVN launched a pilot project with Open Society Institute and Microfund, a financial institution offering small-scale credit. In addition, two payment offices were set up in Stolipinovo to facilitate bill payment.

EVN's efforts paid off: The collection rate increased on monthly average from around 3% to 85%, technological losses in the low voltage network fell from more than 40% to about 6%. The EUR 2.5m investment pays for itself economically in a few years, in social terms, the EVN process has boosted its reputation enormously. In this context, this procedure is currently being used in other settlement areas in South East Bulgaria to find an appropriate solution.

Energy and Climate

At European as well as national level, important pointers have emerged in the legislation governing ways of improving climate protection and energy efficiency; this process is also going to be continued. The EVN feels itself to be committed to these objectives and is making a key contribution towards the achievement of Austria's climate targets through the way it is pressing forward with renewable energy sources, efficiency-boosting measures, and through the extensive range of consultancy support it is providing for its customers to help them reduce their requirement for energy.

EVN contribution to climate protection

The objectives of European and national climate protection policy

The European Union has adopted a climate protection package which commits it to the following targets by 2020 (the "20-20-20 targets"):

European Union Climate protection package

- To increase the proportion of renewables in end-user power consumption to 20%

Due to the burden sharing, which takes national potential into account, a target for Austria of 34% has been defined, and this is also enshrined in legislation. The target for Bulgaria has been set at 16%. The proportion of renewable energy sources in the transport sector in Austria is to be raised to 10% by 2020 through the use of biogenic fuels and 'electric-mobility'.

- Energy efficiency to be increased by 20%

This target includes the generation and distribution of power, and end-consumer usage. To minimise end-consumer usage, the range of energy consultancy and energy services is to be further reinforced (see Page 39).

- A 20% reduction in greenhouse gas emissions

The previous target, which involved a 20% reduction in greenhouse-related emissions by 2020 compared to 1990 levels was extended by a new proposal, cutting them by at least 50% by 2050. The Copenhagen Climate Conference in December 2009 is to set further important steps and targets in European climate policy.

Lower Austrian climate programme for 2009–2012

With clearly defined targets and measures, including in the energy generating and consumption sectors, construction and renovation and mobility/transport, the 2009–2012 Lower Austrian Climate Programme is mapping out a sustainable way forward. Details of the complete climate programme (still mostly in German) can be found at www.noe.gv.at/Umwelt/Klima/Klimaprogramm.html.

Objectives and measures in Lower Austria

Eco-Electricity amendment has been passed

On 23 September 2009 the long-awaited Eco-Electricity amendment was passed by the Austrian National Assembly (the 'Nationalrat'). The annual funding available in support of new 'green power' plants is to be raised from EUR 17 to 21m. The term for the power feeding tariffs guaranteed to power-generating companies is being extended to 15 years for technologies dependent on raw materials, and to 13 years for all other 'green power' technologies. Funding is available, for example, to solar, wind, biomass, biogas and small hydro power stations. By way of example, EVN is now working towards the implementation of three wind farms in Lower Austria, and these projects are already at a very advanced stage.

Increased funding for eco-power plants

**Emission in Austria down
by 13% by 2012**

Emission certificate trading system

To make a sufficiently large contribution towards the achievement of the Austrian emission reduction target of 13% by 2012, a trading system based on greenhouse gas certificates has been implemented. In the 2nd trading period (2008–2012), plant operators envisage the distribution of free-of-charge certificates based on historical emission levels, taking due account of savings achieved; furthermore, plant operators are themselves obliged to purchase emission certificates. To a defined maximum extent, there is also provision for employing emission certificates from specific climate protection projects (certified emission reductions (CER) and/or emission reduction units (ERU)). In the context of the National Allocation Plan II (2008–2012), EVN received CO₂ certificates worth around 1.58 million, which is around 0.5–0.8 million tons less than the annual average value. To cover its own CO₂ requirement, EVN participates in the emission certificate trading process. In Bulgaria it is a pioneer and is the first company to be involved in the trading process with CO₂ certificates.

At the present time, the parameters for the 3rd trading period (2013–2020) are being defined. The intention is, with effect from 2013, to auction off all certificates for the electricity sector. In part as a consequence of the poor state of the economy and the associated reduction in CO₂ emissions, the price of CO₂ certificates dropped in early 2009, for a brief period to below EUR 10 per ton. As a consequence of the anticipated economic upturn, prices have recovered slightly since the early part of 2009.

**EVN operates
63 wind power
plants in seven
wind farms**



Security of electricity supplies and climate protection as a challenge

The energy business is in a state of upheaval – ever more people around the globe are seeking to obtain finite resources and this, long-term, will cause demand to rise continuously, which will in turn cause parallel increases in the prices of raw materials and energy. Furthermore, the most significant reserves of raw materials are geographically concentrated, for the most part in politically less than stable regions. Industrial nations are looking to free themselves from the dependency on energy imports. The debate on climate change is also raising energy awareness of the customer, who is advocating a sustainable energy supply. This provides EVN with the challenge of guaranteeing a future economical and ecological sustainable supply for their customers at affordable prices, as well as the need to use diminishing resources even more carefully.

Area of conflict between security of electricity supply, climate protection and cost-efficiency

Within the framework of the Austrian Energy Strategy 2020, currently being drafted by different work groups, including EVN, security of electricity supplies, environmental compatibility, cost and energy efficiency, social compatibility and competitiveness have been defined as framework objectives. These five objectives are all of equal value; no single objective may supersede another or be taken in isolation. However, the following examples are intended to demonstrate how possible courses of action can give rise to conflicts of objectives:

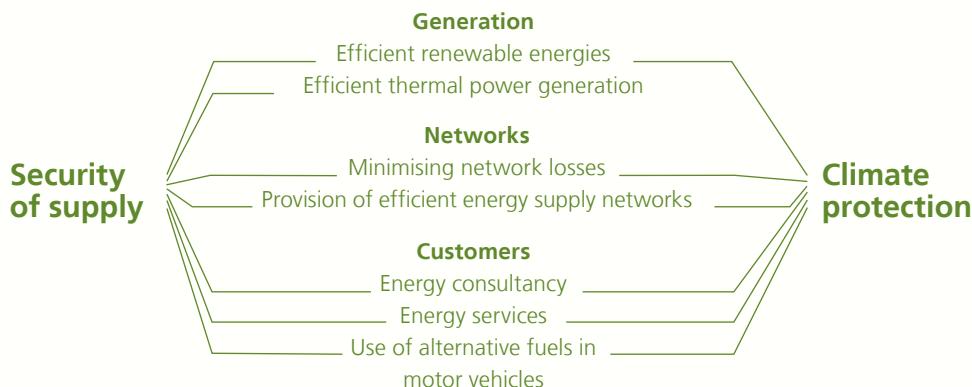
A cost-efficient energy supply is qualified through the objective of energy system sustainability, because the switch to an increasingly ecological energy supply leads to a rise in energy costs and the impacts on social compatibility that come with it.

In the context of security of electricity supply and climate protection, the expansion of hydropower is a priority, although this expansion is associated with impacting the countryside. An increased use of wind power also modifies the natural landscape.

Several organisations are calling for the phasing out of all Austrian coal-fired power stations and/or the expansion of conventional power stations to be suspended. These measures would, however, considerably jeopardise security of electricity supply and raise the dependence on imports. More information on the future of coal power and its role in maintaining security of electricity supply can be found on pages 36–37.

Phasing out of coal-fired power stations is a risk for security of supply

Area of conflict between security of energy supply and climate protection



Measures to safeguard supply

EVN's main obligation towards its customers is the guaranteed nationwide provision of its services. EVN therefore makes every effort possible to ensure a trouble free and safe supply, and provides a nationwide repair service to rapidly restore energy in the event of an emergency. Austria is one of the countries with the lowest level of electricity supply interruptions. In Austria, power cuts are usually the result of extreme weather conditions including the loss of supply in southern Lower Austria in early March 2009 caused by heavy snowfalls, for example. The frequency and duration of power cuts in Lower Austria are within the national averages. The flexible power generating 'mix' from thermal power plants and an increasing share of renewable energies reinforces the flexibility and independence of electricity and heat supply.

Number of power cuts very low when compared internationally

The electricity supply contract between Verbundgesellschaft, EVN and Wien Energie, concluded during the reporting year and concerned with the delivery of around 10 TWh of electricity until 2013 – the equivalent of electricity supply to a total of approximately 3 million households until 2013 – represents a considerable contribution to security of electricity supply.

Electricity supply contract between Verbundgesellschaft, EVN and Wien Energie

Secured supply even during the gas crisis of early 2009

More than half of Austria's gas requirements are covered by natural gas from the Russian Federation. There have been several supply problems in recent years; early 2009 actually saw a total suspension of supply, which also concerned Austria. By way of precaution, sufficient amounts had been stored, which meant this crisis did not affect EVN customers. Depending on the temperature, the stored gas was enough for several months supply to private customers.

Not affected by gas crisis thanks to gas storage



**Peter Layr, member of the Executive Board:
“The ‘Südschiene’ makes a major contribution towards increasing the security of supply to Lower Austria and beyond our national borders.”**

EVN's flexible generation 'mix' – in conjunction with large coal and oil reserves – ensures a secure electricity supply to Lower Austria even in crisis situations. The large thermal power stations can be run with an alternative fuel (oil or gas). This way, the Theiß power station switched from gas to oil for ten days at the start of January 2009.

EVN's major shareholding in the second-largest Austrian oil and gas producer, Rohöl-Aufsuchungs AG (RAG) also helps to safeguard Austria's gas supply. In addition to natural gas sales and production, RAG's activity also includes the storage of natural gas and is currently massively expanding natural gas storage capacity. In 2011 the total storage capacity should amount to 2.4 bn m³ – or over a quarter of Austria's annual requirement.

Trends in the gas supply sector

According to estimates from the Austrian Energy Agency, natural gas requirements will increase by around 50% by 2020 (reference 1990). Internal resources are insufficient to cover the increased requirements. The import quota of Russian natural gas will therefore rise considerably by 2020.

‘Southern rail’ ensures Austrian supply

In conjunction with partners, EVN Netz GmbH is constructing the inter-regional high-pressure natural gas pipeline 'Southern rail' in order to be in a position to ensure future gas supply to Southern Austria. The 120km-long pipeline, with a stretch erected by EVN in Lower Austria – EVN's biggest gas pipeline project to date from Gänserndorf to the Semmering should be completed by the end of 2010. The investment costs amounted to about EUR 114m.

Entry into service of the 380-kV pipeline and the Theiß substation

The 380-kV pipeline from Etzersdorf to Theiß with the new 380-kV substation at Theiß entered into service on schedule in November 2008. 51 new pylons were put up and 70 existing pylons were removed for the short 17 km-long 380-kV pipeline. The key infrastructure project is one of the best-tested infrastructure projects in Lower Austria. The permit contains over 200 requirements. An ecological construction supervision accompanied the construction and also supervises future legal compensation measures. This way, around 33,000 trees and bushes were planted in the pipeline's forest aisles.

This entry into service replaced the existing 110-kV pipelines which are now exclusively used for regional supply. In addition, the project plays a considerable role in electricity supply security for the whole of Lower Austria, because the largest EVN power station, the Theiß power station, could be connected to the power grid.



380-kV line and transformer sub-station in Theiß contribute towards the security of electricity supply



Ongoing investments in the modernisation of infrastructure

Extensive investments to increase power supply security in Bulgaria and Macedonia

Since entering the Bulgarian market in 2004, considerable amounts have been invested in improving the grid quality. In particular, investments in new meters including the general improvement of plants have played their part, so that 2008 technological losses were able to be reduced to 12%.

In the reporting year, Plochnik, the last inhabited zone in the Plovdiv area not connected to the electricity grid was supplied. In order to raise quality levels of district heating supply and reduce technological losses during remote heat transfer, comprehensive maintenance work was carried out in the TEZ Plovdiv district heating power plant.

The focal point of investments in Macedonia is in the improvement of the distribution grid and in the modernisation of small hydro power plants. Over 380 km of low voltage grid, 500 km of medium voltage grid, 100,000 electricity meters and 400 transformer stations were either built or modernised. These measures enabled a considerable reduction of power cuts. In addition, the implementation of the geographical information system and the distribution management software meant that not only the number of interruptions, but also the duration of the damage rectification have decreased.

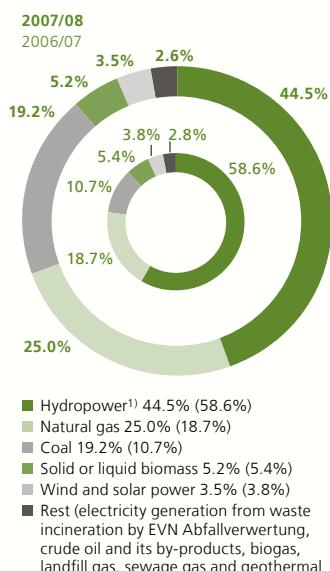
Investment of EVN Bulgaria and EVN Macedonia in the 2008/09 financial year totalled EUR 104.8m.

Technological losses reduced
in Bulgaria

Number of power cuts in
Macedonia considerably
reduced

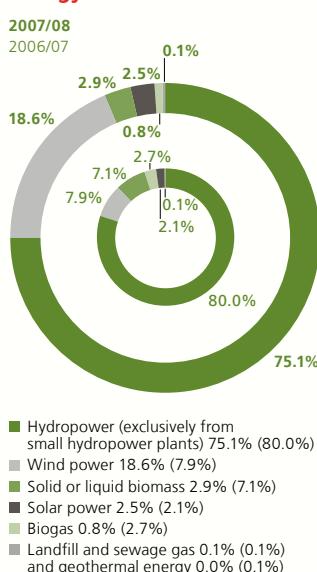
Reliable energy providers in Lower Austria and south-eastern Europe

Composition of electricity from EVN KG in terms of primary energy sources



1) 5.1% (4.4%) of the energy derived from hydropower was generated by small hydropower plants.

Composition of electricity from Naturkraft Energievertriebsgesellschaft m.b.H. in terms of primary energy sources



Transparent disclosure of the origin of electrical power in Austria

The EVN Energievertrieb GmbH & Co KG (EVN KG) is responsible for sales of electricity and gas to end users under the aegis of EnergieAllianz Austria GmbH, a joint sales subsidiary of EVN, the electricity and gas supplier BEWAG and BEGAS from Burgenland and Wien Energie from Vienna. End customers are supported and advised by 26 EVN customer centres. The EVN trade in electrical power – the marketing of the power it generates itself as well as the sourcing of the additional quantities of electricity required to meet customer demand – is handled by e&t Energie Handelsgesellschaft mbH, a jointly-owned subsidiary of the EnergieAllianz Austria partners.

The legally binding electrical power ID code on invoices is checked by the auditor KPMG Austria GmbH. The environmental implications of the entire primary energy mix at EVN KG 2007/08 amount to 289.77 g/kWh CO₂ by way of emissions and 0 g/kWh of radioactive waste. The pan-European composition of electrical power (UCTE mix) shows CO₂ emissions of 445.31 g/kWh and radioactive waste amounting to 0.000795 g/kWh for the year of 2008 (source: E-Control).

With 'NaturStrom' [Natural Electricity], Naturkraft Energievertriebsgesellschaft m. b. H., a subsidiary of EnergieAllianz Austria GmbH, is seeking to offer electricity exclusively from sustainable energy sources, i.e. renewables, and received the Austrian Environmental Seal in March 2008 in recognition of its efforts. At the present time, only three providers in Austria have been awarded this stringent quality kitemark in the "Green Electricity" category. During UEFA EURO 2008™, Naturkraft Energievertriebsgesellschaft m.b.H. supplied Vienna's Ernst-Happel Stadium with 'Green Energy' for all seven matches held there and was therefore awarded the 'Green Ball' by the Austrian Federal Ministry of Agriculture, Forestry, Environment and Water Management (Lebensministerium).

Delivery of electrical power in Bulgaria and Macedonia

Although the electricity market in Bulgaria has been deregulated, the quantities reaching the market are small, and long-term sourcing contracts are still in place. EVN Macedonia is obliged, under the terms of the existing Single Buyer Model, to source the electrical power it requires for its end customers from the appropriate state-controlled transmission network operators, and/or directly from the state-owned generating company, who are jointly responsible for the nationwide purchase of electricity, and for the import and export of power. Accordingly, there is little scope for exerting any active influence on the choice of primary energy usage.

Arbitration proceedings against Republic of Macedonia

In order to protect its investments in Macedonia, EVN has opened arbitration proceedings against the Republic of Macedonia on the grounds that EVN is subject to discriminating measures by the Republic of Macedonia and individual state enterprises in Macedonia. Amongst other things, this relates to claims made in court for unpaid electricity supplies dating from pre-privatisation (1995–2004) to the amount of up to EUR 93m including interest against EVN Macedonia AD. This claim is unfounded in several respects; it conflicts, among other things, with the share purchase contract with the Republic of Macedonia. The appeal court has now overturned the verdict reached in September 2009 which had ruled that EVN had unpaid liabilities in favour of the Macedonian energy producer ELEM. An out-of-court settlement is now being sought.

Existing electricity generating capacities of EVN

EVN has a power-generating capacity of approximately 1,800 MW of **electricity**. As well as the three EVN AG thermal power stations in Dürnrohr (coal/gas), Theiß (gas/oil) and Korneuburg (gas), the 'green power' subsidiary evn naturkraft Erzeugungs- und Verteilungs- GmbH has five storage and 64 run-of-river hydropower plants as well as 63 wind power plants operating at seven wind parks. In addition, the company has power sourcing rights from the Danube hydropower stations at Melk, Greifenstein and Freudenau as well as a one-third share in the Nussdorf power station in Vienna. A geographical list of all production sites can be found in the Contents. EVN Wärme GmbH operates two combined heat and power (CHP) plants with biogas, two cogeneration plants and two gas-fired block heating power stations. In Macedonia, EVN Macedonia AD owns eleven small hydropower plants with a total generating capacity of 46.5 MW, of which at this time seven are being leased out to achieve the objective of revitalisation. In Plovdiv, EVN Bulgaria Toplofikatsia EAD (TEZ Plovdiv) has a district heating power plant with an electrical power capacity of 85 MW.

Electricity generation capacity of EVN power plants as of 30.9.2009

	in MW
Thermal power ¹⁾	1,476
Hydropower ²⁾	233
Wind power	120
Total	1,829

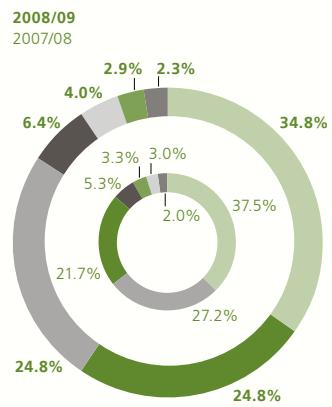
1) including cogeneration and combined heat and power plants in Austria and Bulgaria

2) including sourcing rights from Danube hydropower plants in Austria and small hydropower plants in Macedonia

The **heat** is obtained from district heating, local heating and cogeneration plants powered by biomass as well as by natural gas, biogas and liquid gas. The cogeneration plants operate on the combined heat and power (CHP) principle which enables the waste heat produced during electricity generation to be utilised. In addition, heat generated as a by-product by the thermal power stations is diverted away for district heating purposes to the fullest extent possible.

The entire **gas** sourcing and trading process is handled by EconGas, a joint venture company in the natural gas sector run by EnergieAllianz-Austria partners, and by EGBV Beteiligungsverwaltung GmbH and the OMV. By spinning off this value-added stage, it has proven possible to create a competitive unit which, through the bundled volumes involved, is able to pull down sourcing benefits. Security in power supply terms is assured by long-term delivery contracts and high storage capacities. During the reporting year, all the delivery contracts have been renewed, with terms extending beyond the year 2020. As well as natural gas, EVN intends to further expand the use of biogas.

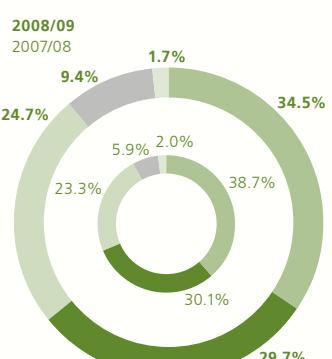
EVN electricity generation by energy sources



- 1) including 2008/09 95,755 MWh in-country generation in Bulgaria (district heating power station)
- 2) including 2008/09 20,032 MWh in-country generation in Macedonia (hydropower plants)

Electricity generation 2008/09:
3,477 GWh; 2007/08: 4,022 GWh

EVN heat generation by energy sources in Lower Austria



- Natural gas 34.5% (38.7%)
- Biomass 29.7% (30.1%)
- Heat from Combined Heat and Power plants 24.7% (23.3%)
- Steam from thermal waste treatment 9.4% (5.9%)
- Fuel oil 1.7% (2.0%)

Expansion of electricity generating capacities

The target is to raise the level of in-company electricity generation to between 40–60%

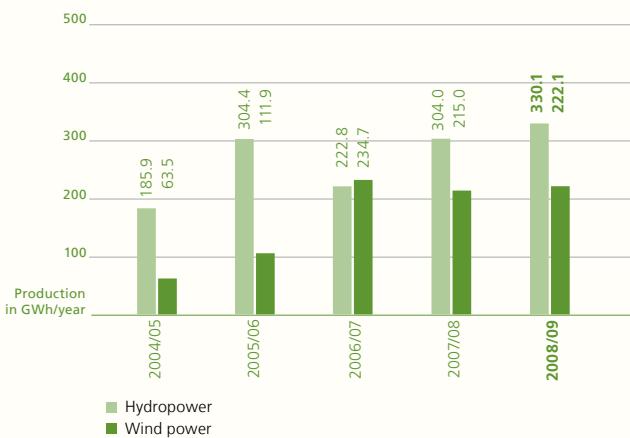
In financial year 2008/09, EVN was able to cover about 17.8% of the total volume of electrical power it sold, amounting to 19,541 GWh, through its own generating capacity and/or through electrical power sourcing rights (2007/08: 20.8%). The comparative value for Austria is higher due to the fact that Bulgaria and Macedonia have virtually no production capacities in their own right, explaining why that figure is 51.4% against 60.9% in the previous year. EVN has set itself the medium-term target of raising the Group-wide level of cover from in-company power generation to between 40 to 60% of total sales, in order to scale down the company's dependency on external developments.

In order to meet the associated challenges, EVN is pursuing several strategic approaches and/or projects:

- Increasing the share of renewable energy sources
- Implementation of the energy concept for the central region of Lower Austria
- Continuous improvement in efficiency levels and/or the revitalisation of existing plants
- Implementation of power station projects in Austria and abroad

The following section presents an overview of the most important projects.

Production development at evn naturkraft¹⁾



1) Since financial year 2005/06 including Kamp power stations

Expanding the use of renewable energy sources

EVN aims to increase the proportion of renewable energy sources within its total power generation in Lower Austria by roughly one third by 2010 and, over and above that, in the long-term to utilise every opportunity to achieve a balanced configuration in terms of the power generating 'mix'. The wholly-owned subsidiary evn naturkraft is responsible for generating electricity from water and wind power, and from photovoltaics (solar power). With a total power rating of 226 MW, this subsidiary supplies some 146,000 households with environmentally friendly electricity. It operates 69 hydropower plants, including 67 small hydropower stations (capacity < 10 MW), as well as 63 wind power plants in seven wind farms. It owns a one-third share in the Nussdorf power station in Vienna. In the wake of the recently passed Eco-Electricity amendment, there are plans for the rapid implementation of three wind power projects at pre-approved locations on Lower Austria. In addition, evn naturkraft is continuously reviewing entry options to the markets of central and south-eastern Europe.



Revitalisations as ecological showcase projects

Revitalisation taking due account of ecological points of view

With its revitalisation of the power stations at Schütt and Zwettl, Lower Austria, evn naturkraft is implementing two showcase projects in ecological and technological terms. Both these power stations are to be equipped with the very latest 'organism migration aids'. Thanks to modern Kaplan turbines, the Schütt plant will be able in future to generate 9,700 MWh instead of just 700 MWh, its previous rating, enabling it to meet the power needs of 2,700 households. The ceremonial first spade entered the ground in August 2009, and completion is scheduled for March 2011. The power rating of the Zwettl power station was increased from 80 KW to 235 KW by this new turbine. In addition, the outfeed line will in future be supplied with a sufficient quantity of water. The plant entered service in September 2009.

Efficiency improvements in the Matka power station



Solar power station at the site of the unused Zwentendorf atomic power station



Increase in the capacity of the Matka hydropower station

By early 2010, revitalisation of all eleven of EVN's small hydropower plants in Macedonia will be complete, delivering a substantial increase in performance. For example, the power rating of the second largest EVN power station, Matka, in Macedonia has been increased from 4.2 MW to 9.6 MW; the efficiency rating was improved by 90%.

Photovoltaic plant in Zwentendorf has entered service

In June 2009, one of the most modern solar power plants entered service at the site of the unused Zwentendorf atomic power station. On the reactor building, the surface areas of the facade were utilised for an integrated solar power system, and a fixed-installation roof-mounted unit was secured to the roof. In addition – on an area the size of a football field – an open-air solar park including two so-called tracking systems were erected. Tracking systems enable solar modules to follow the path of the sun. At its current expansion status of about 220 kWp, this is already one of the largest solar power plants in Austria. This plant will generate an annual total of 180,000 kWh of solar power, thereby saving approx. 100 tons of CO₂.

Expansion of renewable energy sources in Bulgaria

On a joint basis with ENERTRAG AG, Germany, evn naturkraft is constructing its first wind farm outside Austria – in the Bulgarian region of Kavarna. This shared Joint Venture EVN Enertrag Kavarna OOD in which evn naturkraft holds a 70% share, will construct 25 wind power plants with a total power rating of 50 MW, corresponding to planned annual power generation of 140 GWh. In Blatec a solar power station is being built with an installed capacity of about 1 MW and an annual power output of 1.3 GWh. Entry into service is scheduled for early 2010. Other solar power projects in Bulgaria and Italy are currently in the planning stage. In early 2009, Bulgaria got a green light for the project planning of hydropower plants on the Gorna Arda river near the Turkish border, on a joint basis with state-owned NEK. Three storage power stations with an annual power generating capacity of 440 GWh are to be built. In doing this, EVN is pursuing the objective of expanding its power generating capacities in the alternative energy sector in south-eastern Europe.

New life in the Zwentendorf atomic power station

During the renovation of the local school in Zwentendorf, the old office building at the unused Zwentendorf atomic power station provided alternative classroom accommodation for the 170 girls and boys from the school.

Process for establishing the potential for solar power

Based on its digital maps, EVN Geoinfo is able to identify all rooftop or exposed areas in Lower Austria which could be used for the generation of solar power. This exercise takes due account of factors such as exposure to direct sunlight, the direction and inclination of each rooftop as well as local and distant shading, such as that caused by trees.

Unused Zwentendorf atomic power station as alternative accommodation for the local school



Storage power plants on the river Devoll



EVN is constructing three power stations in Albania

Over the next few years, EVN and Statkraft will be engaging in a 50:50 Joint Venture on the Devoll river in Albania to construct three peak-load storage power plants with a power rating of roughly 340 MW and annual power generating capacity in the region of 1,000 GWh. EVN used feasibility studies in support of its presentation to the Albanian government on the expansion of the hydropower potential of the Devoll. In January 2008, EVN emerged from the ensuing international tendering process as the company with the best bid. The total level of investment amounts to roughly EUR 950m. In addition to this project, a partnership is being sought with Verbundgesellschaft to construct a hydropower plant on the river Drin. With its commitments in Albania, EVN is consistently pursuing its strategy in the western Balkans, and is gradually developing its power generating capacities in the region where that power is required. Albania has tremendous hydropower capacities, and also has experience in the hydropower sector. Furthermore, the climate for investors is a benevolent one, and the low level of local wages means that cost benefits can also be derived here.

Projects in Lower Austria for the expansion of heat from biomass:

- Central Schwarztal
- Neudörfl-Wiener Neustadt
- Hainburg
- Retz
- Bioheat at Amstetten
- Biomass heating plant for the "Elite Uni" in Maria Gugging

Biomass from in-company production

For the last 15 years, EVN has been operating biomass heating plants through its subsidiary EVN Wärme GmbH. At the present time, the 44 plants consume an annual total in excess of 1 million cubic metres of bulk timber waste sourced from regional agricultural and forestry operations. However, EVN also produces its own biomass, one example being timber waste from forestry maintenance at the company's head office site, used to generate power at the CHP plant in Mödling. Other projects for the in-company provision of biomass are planned, especially in the area of in-company well fields and power lines. Again in the new construction of gas and heat lines, this synergy benefit has already been tapped into right across the Group.

Biomass logistics: Round timber store and purchase of sapling-stage timber

Deliveries to the two biomass combined heat and power (CHP) plants in Baden and Mödling, which also generate 'green power', and to several conventional biomass-powered remote heating plants is assured autonomously by EVN. To safeguard this supply capability, the company owns its own round timber store, with an approximate storage capacity of 20,000 linear metres of round timber. This is sufficient for both plants to operate for almost two months without the need for any third-party suppliers. A further step in any consistently applied upstream strategy is the purchase of sapling-stage timber. This involves agreeing a fixed amount known as the 'trunk interest' which the property owner receives for his timber.

Waste water association Wiener Neustadt Süd is a new biogas partner

In the reporting year, a contract was signed by waste water association Wiener Neustadt Süd (AWVVNS) and EVN Wärme GmbH with the aim, from the autumn of 2010, to feed treated biogas (biomethane) into the local network serving Wiener Neustadt. The AWVVNS takes charge of production while EVN deals with treatment, delivery into the system and consumption. As the operator of one of the largest sewage treatment plants in Lower Austria, AWVVNS has many years of experience in the production of biogas. With a delivery line rated for 120 Nm³/h, the system based at the Wiener Neustadt sewage treatment plant site will be the largest source of biomethane in Lower Austria.

Biomass as a regional, climate-friendly energy source

Energy concept for the central region of Lower Austria

EVN is currently implementing several projects around the atomic power station site at Dürnrohr to contribute towards climate protection and which constitute an alternative to the use of coal. A total amount in excess of EUR 200m is being invested. The following is a brief presentation of these projects (information on the expansion of the waste incineration plant involving Line 3 can be found on page 45).

Biomass pyrolysis test plant

This biomass pyrolysis test plant is being used to test a new process for generating pyrolysis gas from biomass. Various different quality grades of grain and corn straw, elephant grass and other biogenic raw materials are being used as fuel. In future, raw biogas is to be supplied as a substitute fuel to the coal-fired power station at Dürnrohr.



New steam turbine at the Dürnrohr power station

The steam generated in the EVN waste incineration plant is then used to power the Dürnrohr power station. In July 2009, a new steam turbine entered service. In future, it will use the steam generated from the Dürnrohr power station and the EVN waste incineration plant to produce electricity and remote heating for the regional capital of Sankt Pölten.



Pipe conveyor to the Dürnrohr power station

At the present time, a tubular conveyor belt more than 3 km in length is under construction, and will be used to transport coal from jetties on the Danube shoreline to the Dürnrohr power station. After it enters service in early 2010, some 50% of the energy sources required to operate the power station will be delivered by river transport, and the same mode of transport will be used to take away resultant by-products and residues, thereby vastly reducing the requirement for truck transport.



New control technology for the Dürnrohr power station

EVN and Verbundgesellschaft implemented a new control technology at the Dürnrohr power station. This further improved the efficiency rating and saves a total of about 4,000 tons a year of CO₂. This makes the Dürnrohr power station one of the most environment friendly coal-fired plants in Europe. The coal used has a comparatively low sulphur content (0.6–0.8%). To increase the security of supply, the plant can be switched over to natural gas.

Investments as a contribution to climate protection

Longest remote heating transport line in Austria enters service

On 1 October 2009, a remote heating transport line 31 km in length and running from Dürnrohr over the Perschling Canal and Traisen Valley to Sankt Pölten entered service. From the heating period 2009/10, two thirds of the district heat required by the regional capital will be provided by this line, although the heat it transports originates from three different sources:

- Waste heat from the Dürnrohr power station,
- process heat from the waste incineration plant and
- in future from a straw-fired biomass pyrolysis plant on the Dürnrohr site.

Thanks to a specially insulated line, heat losses are minimal: Heat enters the line at about 140 °C and arrives in Sankt Pölten at a temperature of just below 138 °C. This project enables an annual saving in natural gas amounting to about 21 million m³ to be achieved, which also equates to an annual saving of more than 40,000 tons of CO₂ emissions in Sankt Pölten.

Renewable energy – opportunities and limits



"Increasing energy efficiency is more important and sensible than new generating plants."

Michael Proschek-Hauptmann, Chief Executive of the environmental umbrella organisation Umwelt-dachverband as well as the EVN experts for renewable energy, Leopold Wanzenböck and Friedrich Zemanek in conversation about the limits of and framework conditions for expanding renewable energies.

What framework conditions influence or promote the expansion of renewable energies in Austria and what is EVN's reaction to that?

Zemanek: There is a whole range of guidelines and laws which have environmental and climate protection as their aim, but also an increase in energy efficiency, and which therefore together influence the broad field of renewable energy. The individual aims which are pursued in this way are not always in harmony. Austria has, for example, incorporated an EU Directive into Austrian law through the green electricity act, and in it has expressly made the expansion of hydro electricity a standard. Another EU rule, the Water Framework Directive, by contrast requires that waters should be taken towards the so-called good ecological status, i.e. it should be prevented from deteriorating. On the other hand, established studies show that there is still considerable potential for the further expansion of hydropower in Lower Austria even when ecological aspects are taken into account. Within these different aspects the important thing for us is to find a consensus among these different interests together with the various interest groups.

Proschek-Hauptmann: I am fully on your side when it comes to interpreting this subject as a joint challenge. A path was taken in Lower Austria which can act as an example for Austria – the development of hydropower based on an objective potential study which also includes all stakeholder groups. With regard to climate and environmental protection targets, which Austria has undertaken to comply with in the EU context, I would like to add that percentages were agreed here – 34% renewable energy, reduction of CO₂ emissions by 20% by 2020, etc. Theoretically this can be done by the expansion of generating capacities, but for how long? The determined reduction of energy consumption must take precedence as a measure, but it certainly does not receive sufficient attention in the public debate. An annual rise in consumption of 2% is not a law of nature. This is where a start must be made, also by politicians.

Wanzenböck: I would like to add something here. We at EVN take account of both sides. We have achieved a considerable amount in recent decades in expanding renewable energies. But it is and always has been of equal importance for us to sensitise our customer through advice and the provision of services to the efficient and thrifty use of energy – I'm thinking here of thermography in the renovation of buildings, our information campaign for a transfer to electricity-saving household devices and the whole wide range of services which we have been offering for years.

Where do the limits of renewable energy lie with regard to generation?

Proschek-Hauptmann: If ecological criteria are strictly and absolutely adhered to, the hydropower potential in Lower Austria has been almost exhausted. The question is to what extent it is justifiable to soften these criteria. Here our position is clear. In nature reserves of any kind new projects are certainly out of the question.

Zemanek: EVN would also not strive for new projects in nature reserves. With the existing plants, we have already done our home-



"Ultimately it is also the end consumer who decides on the success of renewable energies."

work – almost all hydropower stations have been or are just being renovated to increase performance. A study of the potential power to be generated from Danube tributaries in Lower Austria amounts to between 100 to 300 GWh – dependent on the type of power station – and taking due account of ecological as well as energy economy factors. Here ecologically sensitive areas have already been excluded. For wind power, a potential of 4.3 TWh was evaluated for Austria by 2020 – of which the largest part falls to eastern Austria.

Wanzenböck: In this context it is also important to point out that EVN is not only increasingly focusing on renewable energies in its own generation, but is also proceeding very transparently and sensitively when buying in the additional power it needs to supply our customers. Here, too, the share of renewable energy, above all from domestic hydropower, is very high – and furthermore, all the electricity we purchase in is absolutely non-nuclear.

Do the framework conditions have to change to be able to achieve the climate and environmental protection targets?

Proscheck-Hauptmann: Yes, this is a great challenge for politicians. In support for green electricity, for example, Austria lags far behind in a European comparison. But in my view what has to change above all is how we use electricity – cue energy efficiency and electricity savings. Here the energy supply companies are called upon to act, for whom new business fields can, after all, open in this way; but in the end the same applies to each consumer in his own situation. The solution of the energy problem cannot be to keep expanding generating capacities. With sustainable development in mind, we must leave our children the legacy of being able to cover 100% of their energy consumption from renewable energies. That will only work if we cut back our overall energy consumption accordingly.

Zemanek: Without wishing to call into question the targets and the whole regime, I think it is important that Austria's existing potential is sensibly used. Possible projects should be judged with a sense of proportion and not be categorically rejected from the beginning. We are striving for common solutions but in my view the Austrian targets cannot be achieved without compromises. At the same time a forward-looking regulatory policy should guarantee the security of investments in projects – no one will build a wind farm without knowing how such a project can be financially implemented.

Wanzenböck: From the perspective of energy sales, the risk of fluctuating generating volumes, sales volumes and prices should no longer lie with the power traders, in my view, as far as green electricity is concerned. The target should be a clear disclosure on electricity bills of the subsidy to be paid by the consumer for green electricity and the equal treatment of all Austrian end consumers. Because the extent to which renewable energy ultimately also makes economic sense and thus gains in momentum, depends in the end on broad public acceptance and not just on regulatory frameworks.



"We must use the existing potential sensibly, taking account of sensitive areas, and find individual solutions."



Modern hard coal fired power plant Duisburg-Walsum



Future of coal power

Efficient and low-emission hard coal fired power plant – Duisburg-Walsum

On a joint basis with Evonik Steag GmbH, EVN is constructing one of the most modern hard coal fired power plants in Europe in the German town of Duisburg-Walsum. EVN has a 49% stake in this project, in which the total investment figure exceeds EUR 800m. The successful pressure trials on the pressure vessel completed in early July 2009 set an important milestone. The start of electricity generation is scheduled for 2010. This 790 MW power plant constitutes a significant step up for EVN and also further diversifies its production capacities.



**Martin Burböck,
Project Manager at Walsum 10 and Prokurist (authorised officer)
at Evonik-EVN Walsum 10 Kraftwerksgesellschaft mbH, on the
hard coal fired power plant in Walsum**

EVN and its partner Evonik Steag are pooling their expertise in the planning, construction and operation of this Duisburg-Walsum project. The site was chosen because, compared to other locations, it offers specific benefits such as its location directly beside the Rhine, and the scope for shared use of existing local infrastructure on the site. Furthermore, the required approvals in Germany were issued rapidly – implementation in Austria of a project of this nature would not have been feasible within the same timeframe. The power station further improves the security of electricity supplies to EVN customers in Lower Austria. On an international comparison, the modern Walsum hard coal fired power plant, with an efficiency rating of approximately 46%, is one of the best in Europe. This is demonstrated very clearly by the very high steam parameters of 610/620 °C, and by the particularly efficient configuration of the plant concept. For example, the plant is arranged for the most part in a single line, which optimises total energy consumption levels.

"Duisburg-Walsum contributes towards the electricity supply of EVN customers."

Advantages of coal

- Large coal reserves
- Many different supply sources worldwide
- Coal can be stored in power plants
- Power production from coal is independent of the weather and complements renewable energy sources such as wind and hydro power
- No high-pressure pipelines or special supply routes required
- Supply routes need not be protected

**Prof Alfons Kather,
 Head of the Institute of Energy Systems at
 Hamburg University of Technology
 on the future of power from coal and the use of new technologies**

The high growth rates in China and India, above all, mean that the share of coal in the global generation of electricity will continue to increase. This is also forecast by the International Energy Agency. In Europe, coal-based electricity generation will remain approximately constant over the next decades. In Austria, coal-based electricity generation must, at minimum, be kept at present levels in order to secure electricity supplies despite the expansion of electricity generation from regenerative energy sources.

In order to reduce the environmental impact associated with the use of coal, highly efficient technologies for the capture of dust, sulphur dioxide or nitrogen oxides have been developed in recent decades. In the nineties, clear progress was also achieved with regard to the reduction of CO₂ emissions. The Walsum hard coal fired power plant has an efficiency rating of approx. 46% and approx. 35% lower CO₂ emissions than an average hard coal fired power plant. But the increase of the efficiency factor is not sufficient to achieve the targets for reducing CO₂ emissions. This is where the introduction of so-called CCS technologies, with the help of which CO₂ is captured and stored underground, is required. This technology does, however, have the disadvantage that the efficiency factor is reduced by about 10% and thus coal consumption rises by approx. 22% while the quantity of electricity generated remains the same. Despite this rise in the consumption of resources, electricity generation from coal using CCS technology represents the only possibility over the next decades – alongside the further increase in regenerative electricity generation – both to maintain the security of supplies and to achieve climate protection targets.



"Electricity generation from coal is necessary to secure supplies."

**Franz Klemm,
 EVN raw materials expert, on coal procurement in EVN**

In 2008, EVN transformed about 400,000 tonnes of hard coal into electricity. Main supplier countries are Poland and, at an increased rate since 2007, Russia (Siberia). The coal from Poland comes by rail, the coal from Russia by inland shipping on the Danube. In order to assure both the quality of the coal and its socially compatible procurement, EVN staff regularly visit the suppliers' mines. During pit visits, staff can gain an impression of the working conditions. Poland has always had high technical standards. The cleanliness of the work places below ground is evidence of good discipline among the miners. Miners' families are visited and the cost of living is examined; and the annual traditional miners' festivals are also attended by EVN staff. Such good contacts guarantee punctual and proper deliveries. In Siberia, the coal is mined in open-cast mines. Here, too, EVN was able to assure itself of the good working conditions.



"The main countries supplying coal are Poland and Russia."

Climate Action Day 2009

5 June 2009 (World Environment Day) was once again dominated by climate protection. On Climate Action Day, an initiative of the region of Lower Austria, EVN organised an "open door day" at four sites.

Voluntary agreement on the reduction of NO_x emissions



EVN Contribution to Climate Protection

EVN undertakes a variety of initiatives and activities to make a contribution to climate protection.

These can be summarised as follows:

- Promotion of renewable energy sources
- Enhancement of the energy efficiency of own production plants and networks
- Research and development, incl. in the field of CCS technologies
- Information for and advice to customers to enhance energy efficiency
- Regional value creation through the use of domestic energy sources such as biomass and biogas
- Active development of alternative fuels such as "compressed natural gas" (CNG) and biogas
- Raising awareness among the public and staff
- Internal company measures such as a pipe conveyor

Opportunities and threats posed by climate change

Global warming requires measures to reduce greenhouse gases. CO₂ emissions in particular are the focus of technical solutions such as for example CCS ("carbon capture and storage", see page 42). It cannot, however, be ignored that each measure to clean flue gases means a reduction in efficiency which must be compensated for elsewhere. The financial input to improve the cleaning of flue gases and CO₂ emissions on the one hand and to enhance efficiency on the other will therefore rise with the increasing endeavours to counter global warming.

Global warming means that heating periods are becoming shorter – but district cooling will grow in importance, something that requires major investments. The consequences arising from that for energy suppliers include greater diversification of energy sources towards renewables, both in electricity and heat generation, as well as the use of district cooling in the warmer season.

Contribution to pure air: Voluntary reduction of NO_x emissions at the Dürnrohr power station

Austria has committed itself to reducing NO_x emissions by 25 kt/a to a maximum of 103 kt/a by 2010. As long ago as from 1985 to 2004 the NO_x emissions in the field of electricity and district heating power stations were reduced by 53% while in the same period thermal power generation was doubled. In August 2008, a voluntary agreement was concluded between the Association of Austrian Electricity Companies (VEÖ), the Federal Ministry of Agriculture, Forestry, Environment and Water Management and the Federal Ministry of Economy, Family and Youth to reduce emissions in certain generation plants. Under this agreement, EVN voluntarily committed itself to reducing NO_x concentrations in the Dürnrohr power station from 2010 by an annual average of 25% in comparison with the values prescribed by law.

Enhancement of energy efficiency

In order to make an active contribution to reducing the energy input, EVN is pursuing several directions which are summarised in the following diagram.

Measures to enhance energy efficiency

Generation	Networks	End user
Efficiency enhancement of hydro power plants	Minimisation of network losses, above all in south-eastern Europe	Energy consultancy
Efficiency enhancement of existing thermal power plants	Deployment of low-loss transformers	Energy services
Construction of highly efficient new plants	Smart metering	Use of alternative fuels in motor vehicles
Use of waste heat from (industrial) processes		Operational energy efficiency

Selected projects for enhancing the efficiency of the hydropower plants are described on page 30. In addition, smart metering – a measure in the distribution field – along with a range of advice and services provided to help customers reduce their energy requirement will be dealt with subsequently.

Smart metering – the electricity meter of the future

Currently, the energy consumption of domestic customers is read once per year. Only the annual consumption is provided but no detailed information about when and how much electricity was consumed, something that is a fundamental requirement for changing consumer behaviour. EU-wide rules (Energy Efficiency Regulation and 3rd EU Internal Market Package) are therefore promoting the introduction of smart metering systems. These are electronic meters and modern transmission facilities for transmitting data between customers and energy suppliers which provide details about energy consumption.

The introduction of smart metering triggers a great financial and organisational input. Various systems are currently being tested in several pilot projects involving about 300 customers.

Smart metering pilot projects



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Energy consultancy expertise

Energy consultancy and energy services

EVN has for years been seen as a competent partner and provides a broad range of services and information both for domestic and commercial customers and for local authorities. The following explains how EVN and the town of Sankt Pölten drew up a comprehensive energy plan following the establishment of the joint venture Fernwärmе GmbH in 2007.

Sankt Pölten energy supply concept

Security of supply, climate protection, renewable energy sources, energy efficiency as well as the expansion of district heating form the focus of the energy supply concept. First, all relevant data concerning energy use (electrical energy, heating energy, mobility, commerce, industry) were collected in order to evaluate various measures and their influence on energy requirements and emissions and sort them by relevance, cost-benefit effects and implementability.

Focus on security of supply and climate protection

Some key measures are already being implemented – with some individual measures the implementation phase will, however, extend as far as 2020.

Emission reduction through energy concept

District heating will largely be converted from natural gas to waste heat (see page 33). The whole package of measures could save about 110 GWh of final energy by 2020 in comparison to the base year (2005), corresponding to the heat requirement of 5,500 households. A reduction in greenhouse gas emissions by 2020 of about 13% or 70,000 tonnes per year does seem possible despite energy intensive industry in the municipality and population growth. In this context almost 90% of the reduction in CO₂ emissions results from measures arising from the energy concept and a good 10% from expected emission reductions based on previous measures and the effects of the EU efficiency rules. The concept contributes significantly to the achievement of the climate alliance target (10% CO₂ reduction every five years) by 2020. Proposals for additional measures have already been drawn up.

EVN Energy Consultancy

EVN not only offers practical tips related to energy use by telephone or through energy consultants, but also a comprehensive range of energy services. In the year under review a very strong rise in the demand for energy performance certificates was recorded. Hitherto this was necessary for the receipt of subsidies for house building but since January 2009 the certificate must be presented for each new build as well as when letting, leasing and selling buildings. EVN Energy Consultancy can be reached via the free Austrian energy consultancy hotline 0800 800 333 or at energieberatung@evn.at.

Summary of EVN consultancy services

Energy advice for households

- Energy advice hotline
- Free initial energy consultation
- Advice regarding construction and energy technology
- Heat pumps
- Advice on sensible opportunities for heating and hot water provision
- Calculation of energy performance certificates
- Carrying out air density measurements
- Building thermography

Energy advice for commercial/industrial businesses

- Business energy check
- Energy monitor
- Calculation of energy performance certificates
- Plant and building thermography

Energy advice for local authorities

- Local authority energy check
- Calculation of energy performance certificates
- Building thermography

EVN energy saving quiz 2009

Under the motto "Know more, pay less" the EVN energy saving quiz started on 5 June 2009 in Lower Austria. In the quiz, the people of Lower Austria were able to put their knowledge on the subject of energy saving and energy efficiency to the test in their favourite pub and win fabulous prizes. The 26 daily winners as well as the ten participants with the highest number of points in the online game were invited as VIP guests to the EVN CUP 2009 and competed with one another in the grand finale. The main prize was an E-Scooter worth more than 2,000 EUR.

Energy saving campaign 2008

The sensible use of energy not only benefits the environment but can also save cash. As part of the energy saving campaign 2008, in which more than 5,000 customers participated, EVN supported its customers with "energy saving extras" such as brochures and free electricity consumption meters. In addition, all participants who returned the second form received 15 energy saving no-charge days.

Winner of the EVN energy saving quiz



EVN promotes private photovoltaic systems

The interest of private households in generating their own electricity with the help of photovoltaic (solar power) systems is rising due to falling purchase costs and attractive support. EVN together with more than 200 specially trained EVN PowerPartners supports its customers with the SunPower package, a combination product consisting of an installation subsidy and the guaranteed acceptance of surplus quantities at fair prices whose value will not decline. The EVN solar power offer is being further extended. Additional information is available at www.evn.at or phone 0800 800 100.



Energy saving campaign in Bulgaria

EVN Bulgaria also carried out an energy saving campaign in the year under review. Alongside the frugal use of electricity, information was also provided about the efficient use of heat. The campaign is intended to make people aware of the value of the "products" electricity and heat and illustrate the additional purchasing power which results from energy savings.

Alternative mobility concepts for the future

At the 18th EVN CUP in late August 2009 at the Wachauring Melk the focus was on alternative fuels and drives. Visitors to the free event had the opportunity to learn about the current state of technology in matters of natural gas drives, hybrid technology, fuel cells and hydrogen motors. Renowned automotive companies presented their latest models with alternative drives and provided vehicles for test drives. Safe driving tests, go-karting and a family programme rounded off the event. The EVN CUP was concluded with the 3rd International Mobility Symposium "Car and Energy" organised by the ÖAMTC Academy.

The EVN entry in the Guinnes Book of Records was confirmed in the year under review. It had been possible to organise the longest parade of vehicles propelled by alternative means at the EVN CUP 2008.

Electric mobility and CNG as a fuel

For as long as 15 years, EVN has been studying electric mobility and filling stations for electric vehicles. In the course of the climate protection debate, the subject of electric mobility generated a great deal of interest and the industry is sending a clear message: the first electrically driven models are already on the market. A project group within EVN is watching current developments in this field, is evaluating internal resources and processes and is in contact with a variety of institutions. The target is to position EVN optimally with regard to electric mobility.

EAA Erdgas Mobil GmbH, a subsidiary of EnergieAllianz Austria, is promoting the use of natural gas in the form of CNG as a fuel. In the year under review, four public CNG refuelling stations (Pöchlarn, Purgstall, Bruck/Leitha, Melk) were opened together with partners alongside the four existing public and two private CNG refuelling stations. Two further locations will follow by the end of 2009 (Sankt Georgen/Ybbsfeld and Frauenhofen near Horn), in 2010 a public CNG refuelling station will open in Wiener Neudorf. In order to increase in the CNG quantities dispensed at the ÖBB Postbus refuelling station in Sankt Pölten, the existing CNG refuelling station will be replaced by a significantly more efficient plant in spring 2010.



The value of energy



**Presentation
of alternatively
propelled models
at the EVN CUP**

Research and development

Involvement in numerous research projects

EVN is engaged in many different national and international research and development projects and in Austria has for decades taken a leading role in efficient and environmentally friendly power stations. In the year under review, approximately EUR 1.2m (of which approx. 7% subsidies) was spent on research and development projects.

Improvement of efficiency ratings

Environmental compatibility and security of supply as a research and development challenge

Energy needs will still need to be satisfied primarily through fossil fuels, which are responsible for a large part of CO₂ emissions, and will remain so for decades to come. EVN is engaged in several national and international research initiatives to achieve an improvement in the efficiency of the generation plants – the primary and most important measure for a reduction of CO₂ emissions.

Optimum use of solar energy

EVN maintains research projects in the field of renewable energy sources such as the assessment of the optimum exploitation of solar energy by means of the newly constructed photovoltaic system in Zwentendorf (see page 31) in collaboration with NÖTECH NÖ Energieforschungs-, planungs-, betriebs- und servicegesellschaft m.b.H., a subsidiary of the Lower Austrian government and EVN.

En route to the low CO₂ power station

Dialogue on "carbon capture and storage"

EVN has set itself the target of initiating a constructive dialogue between politicians, business and the public about the capture and storage of CO₂ ("Carbon Capture and Storage", CCS). EVN is cooperating closely on this issue with the authorities concerned, other energy supply companies as well as with well-known national and international universities. A study to investigate the possibility of converting the Dürnrohr power station into a oxyfuel plant or retrofitting with a CO₂ scrubbing plant, respectively, was carried out with Vienna University of Technology, Hamburg University of Technology and Stuttgart University. The study investigated not just the technical issues but also the economic implications.

The initial results showed that the implementation of currently available capture technologies results in a considerable reduction in efficiency. The attempt is now being made to minimise this disadvantage through the appropriate measures. The integration of the capture process into the power station process to the greatest possible extent can minimise the impact on efficiency. Assuming certain parameters are in place, CCS represents an option for minimising the CO₂ emissions of a power station fired by fossil fuel. However, further research is required in this field, in which EVN continues to be actively involved, before there can be large-scale technical implementation.

The Dürnrohr power station supplies secondary raw materials through recycling

Realit production from by-products

Through collaboration among several companies, a process has been developed under the lead management of EVN by means of which the building material "Realit" can be produced from the by-products of calorific power generation. Long before it became state of the art, flue gas desulphurisation plants were set up in the Dürnrohr hard coal fired power station taking account of the statutory regulations for compliance with the threshold values for sulphur dioxide in flue gas. As part of this process, slaked lime is sprayed into the so-called absorption chamber, using the countercurrent principle in relation to the flue gas, as a very fine spray in the form of milk of lime Ca(OH)₂. The required degree of capture of >90% is adhered to without difficulty. A mixture of calcium sulphite and calcium sulphate mixed with fly-ash is formed – this plaster-like compound, Realit, is used as a building material for packing. Realit used for packing has

been produced at the Dürnrohr power station using this process since the autumn of 2008. This technically faultless and clean solution to the processing of by-products supplements the current activities to protect the environment.

Pilot trials for decentralised generation

Research incentives in the energy sector are currently being put forward worldwide in which the focus is on the field of decentralised generation from predominantly renewable sources. In the mobility sector, electric mobility will grow in importance (see page 41). EVN is following these developments closely and is testing new technologies as part of a pilot programme. Thus micro CHP (combined heat and power) plants and the absorption heat pump are in practical deployment. On this subject in particular, selected innovations are undergoing practical tests in the field of natural gas absorption technology. Here the EVN tests are focused above all in the field of decentralised energy supply technologies with the aim of reducing the primary energy input and raising the efficiency of the plants.



**Research into
retrofitting
opportunities
at the Dürnrohr
power station**

Selection of current WTE projects

- Two combined cycle heat and power plants in Moscow
- Wastewater treatment plants in Kohtla-Järve/ Estonia, and Kaunas and Klaipeda in Lithuania recently completed; plants in Olaine/Latvia, Vilnius, Visaginas and Kaišiadorys (all Lithuania) are under construction
- Sludge treatment plant at the wastewater treatment plant in Siauliai, Lithuania
- Large-scale wastewater treatment plants in Czajka-Warsaw and Istanbul-Ataköy
- Plant for the production of sodium hypochlorite in Moscow

"The sewage treatment plant in Zagreb not only improves water quality, but also protects groundwater in the region."



Ecological responsibility

With the operational Environmental Services segment that includes the business sectors of water supply and waste water disposal, EVN delivers valuable contributions to environmental protection. By pooling its combined expertise in the fields of energy and environmental technology, EVN is able to offer products and services that go beyond the scope of conventional drinking water and waste treatment plants. Furthermore, as an energy provider, aspects of environmental conservation assume top priority; details on this can be found on Page 38.

Environmental Services segment

WTE – Water. Technology. Energy

The WTE Group is a turnkey provider, from planning, construction and operation of technical plants through to water supply and waste water disposal, and the generation of heat and energy. WTE has subsidiaries and project companies in 14 countries. More than eleven million people are supplied with drinking water and have their waste water disposed of via plants operated by WTE.

Energy and heat from sewage sludge

As well as increasing energy efficiency and installing low-energy assemblies, recuperation of heat and energy is an important objective for WTE. For many years, WTE has been gaining experience at its own plants in the recuperation of energy from the sewage processing and slurry treatment process. The aim is to conserve resources, to reduce energy costs and, in the event of a power failure, to assure autonomous plant operation.

At the present time, a waste water treatment plant is being set up in Istanbul and its energy needs are being met predominantly through the use of the biogas resulting from the treatment process. Turbines deliver the energy and heat needed to dry sewage sludge. Combined cycle heat and power plants are operated at the wastewater treatment plants in Zagreb and Stettin which generate electrical and thermal power from the digester gas ('biogas') resulting from the process. This delivers a substantial contribution to covering in-company electricity and heat requirements. In Zagreb it has even proved possible to generate more electricity than the plant actually needs in order to operate. At the present time, discussions are progressing on the scope for feeding this surplus power into the Zagreb electricity grid. Through integration of these power stations, WTE has succeeded in finding a balanced mixture of secure electricity supply, and in minimising their environmental impact.

Ante Pavić, CEO of ZOV (the wastewater treatment plant in Zagreb)

In the building of the wastewater treatment plant in Zagreb, Croatia has taken an important step towards compliance with increasingly stringent ecological directives governing water protection, as well as with the Danube Protection Treaty. This wastewater treatment plant not only safeguards the water quality standards of the river Save in Zagreb and further downstream, required to comply with European environmental standards, but it also plays a key role in protecting the groundwater of the entire Zagreb region, because now, all waste water and sewage from the city of Zagreb is directed to the wastewater treatment plant in a sewer system. As part of the construction process for this wastewater treatment plant, a bridge was also built over the river Save. This has contributed towards a general improvement in local infrastructure, and has greatly relieved the congestion faced by local transport.

EVN Abfallverwertung: waste incineration – heat and power from waste

Since 2004, EVN Abfallverwertung Niederösterreich GmbH (previously AVN) has been operating a waste incineration plant in Zwentendorf/Dürnrohr to which, at the time of writing, a 3rd line is being added. In addition, EVN planned, built and financed the MSZ 3 waste incineration plant in Moscow which it will operate until the year 2019. This plant will use a combined heat and power (CHP) facility connected to Moscow's district heating grid to generate electricity and district heating for approximately 48,000 Moscow households.

Expansion with Line 3

Following the expansion of the plant in Zwentendorf/Dürnrohr through its new Line 3, an annual total of about 500,000 tons of waste can be incinerated, and the thermal power rating is being extended from its current level of 120 MW to 210 MW. Through power obtained in this way, it will in future be possible in the neighbouring thermal power station of Dürnrohr to save an annual total of 100,000 tons of hard coal and 10 million m³ of gas. After two years of construction, work on the site is now at a very advanced stage. Assembly of the vessel is now finalised and, by the end of September 2009, the flue gas scrubbing plant was completed. The upper section of the SO₂ scrubber was assembled by the end of July 2009. The 'cold commissioning' of the plant has commenced. By the end of November 2009, the first commissioning run with waste is scheduled – referred to as the '1st incineration run'.

The new line was built parallel to the two existing ones and also comprises an incinerator grid and a vessel as well as a three-stage flue gas scrubbing system. A new addition is the so-called 'pre-bunker' which serves as an extension to the existing refuse bunker and from which household waste can be transported into the existing refuse bunker by gantry crane. Waste residues continue to be supplied 90% by rail, and this same mode of transport is also used to remove 80%–90% of residual materials. A visitor and information centre is available to interested parties where guided tours of the plant can be provided.

Sustainable shoots for growth in the region

In the 1997 public opinion poll, 74% of the citizens of Zwentendorf were in favour of the construction of a waste incineration plant; the turnout for this vote was 72%. The construction of this plant not only benefits the community of Zwentendorf but also the entire Tullnerfeld region, both by improving air quality and by injecting new dynamism into the local economy. As part of the construction investments totalling EUR 270m (including the expansion involving Line 3), and ongoing maintenance work, orders can also be issued to businesses operating within the region. Roughly 75 new jobs were created directly at the EVN waste incineration plant, in addition to a further 60 indirectly created jobs in the region. About 85% of the workforce were recruited from the immediate local area.

The community also benefits from this choice of location for the EVN incineration plant. This venture has breathed new life into the local catering and accommodation businesses – not just from employees at the plant, but also through the large number of visitors to the plant – roughly 38,000 within the last five years. The EVN incineration plant supports the local kindergarten as well as various associations and local activities such as the Zwentendorf 'House Calendar'.



Commissioning of Line 3 in November 2009

Water supply security and improvement of water quality



EVN Wasser safeguards water quality standards

EVN Wasser operates the trans-regional water supply to Lower Austria and, at the end of September 2009, was supplying water to around 493,000 inhabitants, or one third of the population of Lower Austria with drinking water in 655 cadastral municipalities, 50,000 of them on a direct basis. Furthermore, EVN Wasser is responsible for the removal and treatment of community and industrial waste waters, and for the operational management of sewer systems and wastewater treatment plants.

In the reporting year, the company took charge of operation of the community drinking water network in the communities of Enzersfeld, Seefeld-Kadolz, Michelhausen, Himberg and Riederberg. EVN Wasser will be investing over the next few years in renovation of these networks. To safeguard water quality, an orderly treatment of wastewater is essential. After a five-year construction period, in September 2009 in the market community of Ludweis-Aigen, the third wastewater treatment plant with roughly 25 km of sewer pipes reached completion.

Enough drinking water for the Waldviertel district

To safeguard a long-term supply of water to the Waldviertel, a 40 km trans-regional pipeline will be laid from the Weinviertel district to the Waldviertel district, scheduled for completion by 2011. The first construction section from the high-level reservoir in Steinbühl (community of Raabs/Thaya) to Aigen (community of Ludweis-Aigen) was opened in September 2009. Thanks to this sub-section, roughly 8 km in length, the villages of Weinern and Aigen no longer need to have their water supply brought in by tanker.



Networking delivers security and better quality

Through the networking achieved with connecting lines and the ongoing improvements to control and operation, it has proved possible not only to greatly improve the security of water supplies, but also to significantly improve drinking water quality and to reduce overall water hardness levels across extensive areas of the supply network. In early 2009, project planning work started on the connecting line from Marchfeld to the Sulzbach valley. This connecting line will substantially reduce the hardness content of the water. A further safeguard and optimisation measure takes the form of the planned link between the well fields of Palt and Grunddorf-Donaudorf to the southern and northern sides of the Danube, achieved through the construction of the Traismauer bridge over the Danube, work on which is progressing at the time of writing. "Over the last ten years, EVN Wasser has been working on the expansion, safeguarding and optimisation of drinking water supplies. Through commissioning the new well field in Mollersdorf, an important milestone was achieved in the development of one of the largest water provider in Austria. In some areas, it has proven possible to halve the nitrate level and the hardness of drinking water." Franz Dinhobl, CEO of EVN Wasser.

junge forschung.WASSER [young research.WATER]

For the long-term protection of our water supply, we need constantly to increase our understanding of how best to manage this resource in an intelligent and sustainable manner. For this reason, EVN Wasser supports and provides prizes for the competition entitled *junge forschung.WASSER* [young research.WATER], which recognises the scientific work of young people. The award ceremony took place on World Water Day in March 2009. Further information can be found online at www.evnwasser.at. The final submission deadline for the next competition is 15 January 2010.

Environmental protection and biodiversity

Responsible project planning and active dialogue with interest groups

EVN is actively seeking dialogue with different interest groups – especially with the people affected by each project. Through an intensive exchange with local residents affected by construction of the 'Südschiene' natural gas line, it proved possible to convince all parties of the importance of this project in safeguarding the gas supply on a consistent basis. Alongside a legally specified environmental impact assessment, the planning and preparation of infrastructure projects always takes strict account of ecological factors. For example, if an area of particular ecological significance is affected, measures to minimise project impact on the natural world are adopted in collaboration with the relevant official authority.

Dialogue with all interest groups

Dialogue and collaboration with environmental protection organisations, with local and regional citizen initiatives and also with NGOs such as Greenpeace or Global 2000 are of particular importance. For example, back in 2009 an exchange of views took place with the association 'Rettet die Ybbs-Äsche' ['Save the Ybbs Graylings'], and a joint initiative was launched with Greenpeace as part of the 'Save the World Gala' in Zwentendorf.

Inspection of water quality in the Kamp reservoirs

For more than 40 years, hydrochemical and ecological examinations of waterways have been being conducted on behalf of EVN, especially on the Ottenstein and Dobra reservoirs. Since the additional measurements into bathing water quality began in 2000, only one instance in just one of the reservoirs has been detected of a limit value being exceeded (Ottenstein, August 2008). Over the last few years, investigations have been adapted to suit the specified requirements of the EU Water Framework Directive.

Nest platforms in Bulgaria

Selection of EVN projects to protect the environment and biodiversity

- Wild game escapes on the Kehrbach
- Setting up breeding walls for bee-eaters and fallow areas in the vicinity of wind farms
- Monitoring imperial eagles in the Marchfeld region
- Cooperation with Austrian 'friends of the hedgehog'
- Cleaning waterways through disposal of screenings at power plants
- Involvement in the Game Eco Land Campaign of the Lower Austrian hunting association to promote the replanting of hedges
- Initiative to protect migrant birds landing on overhead power lines, in collaboration with the Bulgarian association for the protection of birds
- Protection of white stork nests on power pylons in Bulgaria and Macedonia
- Construction measures (filter stations, special foundations) to protect fauna and flora in Macedonian waterways
- Sheep grazing the green areas at the Theiß power plant, rendering mechanical care of these grasslands and the resultant emissions (noise, dust, exhaust fumes) a thing of the past.

For further information, please refer to www.responsibility.evn.at.





Bathing water quality in the Kamp reservoirs

proper account of the demands of all interest groups and of existing ecosystems. On conclusion of this survey of the current status, an evaluation template and possible improvement scenarios will be produced by the end of 2009.

Examination of the implications of the EU Water Framework Directive on the design of the Kamp reservoirs

According to the systematic definition of the EU Water Framework Directive (EU-WRRL), a few sections of the river Kamp on which evn naturkraft operates hydropower plants are classified as heavily modified water bodies. The EU-WRRL calls for safeguarding of the "good ecological potential" of waterways of this kind. At the end of 2007, in collaboration with the Lower Austrian government, the Austrian Federal Ministry of Agriculture, Forestry, Environment and Water Management, evn naturkraft and EVN, a pilot project was set up with the aim of devising a reference evaluation scheme for heavily modified water bodies, based on the example of the Kamp reservoirs. This means that measures can be devised and proposed at an early stage, and these can be implemented in a way which takes

Floodwater protection provided by storage power plants on the Kamp and Erlauf

Once again in this financial year, EVN storage power plants – especially on the Kamp – were able to make a positive contribution towards floodwater protection. Without the storage capability, the lower reaches of the Kamp would have suffered flooding. To assure sustained and safe operation of the storage power plants on the Kamp and Erlauf, a range of plant components was brought up to the very latest in modern standards. In particular, additional river level and construction monitoring equipment was installed, and existing facilities were automated. In overall terms, these measures gave rise to an even more rapid flow of information.

Establishment of EU standards in Bulgaria and Macedonia

Integrated management system

Since 1996, to minimise environmental risks in Lower Austria, EVN has been running EMAS and ISO 14001-compliant environmental management systems at its sites with the highest environmental impact and, over the last few years, this has been extended into an 'integrated management system'.

Minimisation of risks for the environment



Modernisation of grids and networks

The construction of efficient environmental management systems compliant with EU standards is a high-priority matter in the integration process with Bulgarian and Macedonian subsidiaries. In Bulgaria, a project has been launched to introduce a fully-comprehensive waste management system. In Macedonia during this reporting year, a documentation system for environmental controlling has been initiated, and the first environmental inspection compliant with ISO 14001 has been carried out. This lays the foundations stone for ongoing implementation and certification. In the next financial year, environmental management in Bulgaria is to become a central topic for environment-related activities.

PCB monitoring in Macedonia

The Macedonian government is obliging all businesses to check their plant for PCBs by 2010. Due to the large number of plants – over 7,000 transformers and a large number of condensers and switches – EVN has been granted an extension to 2013 which, by virtue of its streamlined planning process, is a deadline the company looks capable of meeting. By the end of September 2009, about 30% of the transformers had been inspected; transformers found to contain PCBs are going to be decommissioned and disposed of properly.

Early survey results confirm that the EVN plants in Austria and Bulgaria are free of PCBs. Nevertheless, transformators will always be tested for PCBs prior to being scrapped.

Polychlorinated biphenyls (PCB)

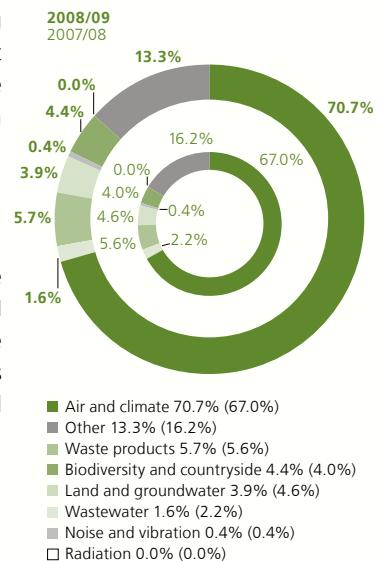
These belong to the group of chlorinated hydrocarbons. Their toxicity was recognized back in the 1960s; they were used primarily in cable sheathings and as an insulating fluid in electrical engineering components such as transformers and condensers. An EU Directive passed in 1993 completely prohibits the use and introduction to service of PCBs.

Environmental cost calculation at EVN

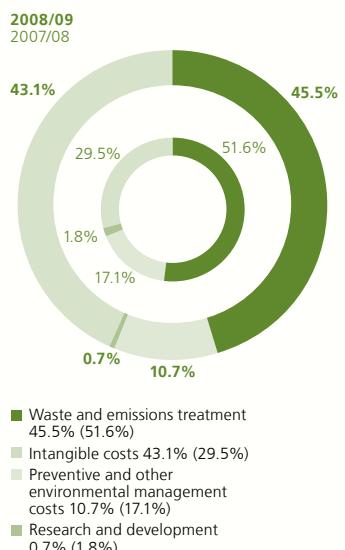
In order to obtain a more accurate insight into EVN's environmental costs, the first step involved an examination of EVN AG, EVN Netz GmbH and EVN Wärme GmbH. Primarily, these include the thermal power plants, the electricity, gas and heating grid, the remote heat (and power) stations, the customer centres and office buildings as well as all environment-related promotional costs incurred by the company in Lower Austria. These surveys are based on the International Environmental Cost Accounting Guideline issued by the International Federation of Accountants. This guideline defines environmental costs as the monetarised, internal costs incurred by the impact that business activities have on the environment, and in particular the costs for prevention of damage and associated remedial action.

In the 2007/08 financial year, this showed that the environmental costs of the company divisions analysed amounted to EUR 56.4m, whereas in 2008/09 this figure was EUR 66.1m. This result pulls together all costs incurred through remedial action (e.g. the costs for clearing up contamination and pollution) and the damage prevention costs (e.g. expenditure incurred for environmental management or flue gas scrubbing), divided into environmental media and cost categories. Therefore, the revenues were not taken into account in this project stage. Due to the comprehensive flue gas scrubbing process already in place, the highest costs were incurred in the field of emissions treatment. There are plans to extend in stages this environmental cost accounting process to cover all the fully-consolidated Group subsidiaries.

Environmental costs by environmental media



Environmental costs by cost category



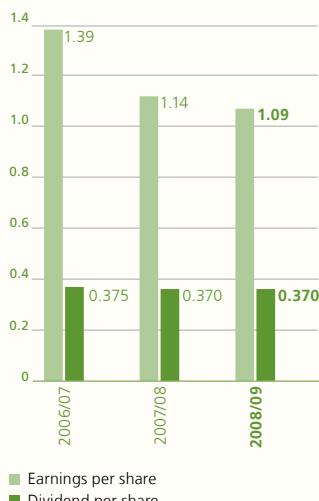
A responsible approach to corporate management

Target: sustainable growth in value of company

Not least due to its listing on the stock exchange, the highest economic objective of EVN is a sustainable increase in the company value. Its successful expansion course, which is based both on geographical and sectoral diversification, is being continued with planned projects at home and abroad.

Economic development

Earnings and dividend per share in EUR¹⁾



1) Values of 2006/07 adjusted by stock split in proportion of 1:4

In the year under review, revenues increased by 13.8% to EUR 2,727.0m and EBITDA by 3.1% to EUR 373.4m. 38.4% of revenues were earned outside Austria in the markets of central, eastern and south-east Europe. Due to reduced financial results and income from investments, the Group net profit remained 4.8% below the previous year's level at EUR 177.9m. Approximately EUR 415.7m (previous year: EUR 415.6m) were invested in the expansion of the production capacities and the steady improvement of the infrastructure in Lower Austria, Bulgaria and Macedonia. All investment decisions are based on a system comprising several key data such as Economic Value Added or Return on Capital Employed (ROCE), which came to 5.4% in the year under review.

Despite the continuing high level of investment volume and steady payment of dividends, EVN had equity of EUR 3,127.2m on the key date of 30 September 2009, corresponding to a proportion of 46.7% of the balance sheet total. With five bond issues, there was a further diversification of financing sources in the year under review; net debt is EUR 1,378.2m, representing a gearing of 44.1%. A detailed analysis of business development can be found in the management report on page 44.

Position of EVN in the overall economy

EVN's business activities trigger direct and indirect macroeconomic effects and contributions. The most important ones are set out below, although the multiplier effect for the economy as a whole has been omitted.

- General public: Income tax expense on earnings of EUR 28.0m which contributes to fulfilling public tasks. EVN does not receive any financial support from public-sector bodies. In so far as individual material laws provide an opportunity to utilise funding, such as the eco electricity act for example, EVN examines whether the prerequisites exist, and then applies, in appropriate cases, for resources for this purpose.
- Employer: Average number of employees in the year under review of 8,937 staff, of which 82 apprentices; human resources expenditures of EUR 319.4m (about 11.7% of turnover).
- Investment activity: EUR 415.7m, for the development of the network infrastructures and production plants at home and abroad.
- Client: EUR 1,950.7m, about 17.7% higher than in the previous year, for material and services received (predominantly energy procurement and maintenance).

Sustainable procurement

Step-by-step implementation of CSR criteria

In a project comprising several stages, contract specifications as well as purchase terms and conditions will be evaluated with regard to their socio-ecological criteria and optimised on that basis. In the year under review, an evaluation of the most important contract specifications was undertaken with external support. The proposed amendments were examined and also applied in so far as they conformed to the standards. In order to acquire an overview of the various label and quality marks, and thus to optimise sustainable procurement further, the Austrian Society for Environment and Technology (ÖGUT) is currently undertaking a study commissioned by EVN on the subject of "Environmental and Social Labels".

Transparent award of contracts in Bulgaria and Macedonia

Subsidiaries in Bulgaria and Macedonia are following Austrian-style rules in their procurement. As part of the introduction of SAP in Bulgaria, the procurement processes were also made even more transparent. Using the DEMI model (Durchführer-Entscheider-Mitarbeiter-Informanten = Implementers, Decision-makers, Staff, Information providers), decision-makers are clearly identified, their responsibilities defined and documented using the second pair of eyes principle. This is also planned for Macedonia.

Integrity clause for contractors

The draft of an integrity clause for suppliers was concluded in the year under review; it is currently being examined from a legal perspective and defines ten points with regard to the way that contractors should behave in providing their deliveries and services.

Procurement of steel pipes

120 km of steel pipes were procured for the construction of the "Südschiene" high pressure natural gas pipeline. To this end potential steel pipe manufacturers worldwide were first identified as part of a study by TÜV Munich and following an international tender process with subsequent awarding of contract in accordance with the federal tendering act a Turkish pipe factory consortium was commissioned as the best bidder. Due to the scope of the order, EVN decided to commission a company to monitor production together with a factory inspection by its own specialists. The oversight of the technical standards as well as aspects of employment law and safety in both Turkish factories were undertaken by Moody International GmbH, Germany. Trained inspectors were present each day in the pipe factories and reported weekly to EVN. The production of the pipes was largely concluded in the period under review and so far no overruns have been reported. The pipes were delivered by environmentally friendly rail transport.

Risk management and oversight instruments

To avoid risks and wrong developments of all kinds, a number of instruments and oversight mechanisms have been set up. As a company listed on the stock exchange, EVN AG undertakes to comply with the Austrian Corporate Governance Code (see Management Report starting on page 26). The risk management and internal oversight system are of particular importance and are set out below.

Commitment to Corporate Governance Code

Risk management

As a consequence of internationalisation, the risks to which EVN is exposed needed to be redefined. The risk management system was adapted and developed to manage these risks and comply with statutory regulations. The system is based on Group-wide uniform guidelines whose overriding aim

Optimisation of risk management

is to identify potential risks at an early stage in order to be able to introduce timely measures for risk minimisation. A detailed presentation of risk management can be found in the Annual Report on page 54.

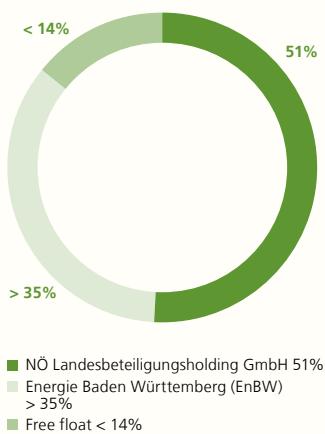
Risk-oriented internal oversight system (RIKS)

Establishment of a "risk-oriented internal oversight system"

Due to amendments in the Business Law Amendment Act of 2008 (URÄG) capital market oriented companies are now obliged to reveal the key features of the accounting-related internal oversight and risk management systems in the management report. In accordance with this obligation, EVN has set up a "risk-oriented internal oversight system" which builds on the internal oversight system. It assures operational integrity as well as clear responsibilities within the relevant corporate sector and eliminates superfluous process steps. Following the implementation phase in the year under review, the actual deployment will be applied in the EVN Group in the 2009/10 financial year. This further increases security, i.e. reliability standards, in the procedures used for compiling financial data.

Dialogue with capital market

Shareholder structure



EVN places great value on simultaneous, open and comprehensive communication with all capital market participants, a high level of transparency and active reporting. Numerous opportunities were used in the year under review, too, to inform about the business development and strategy of EVN.

Information afternoon for private shareholders – 20 years of the EVN share

The information afternoon for private shareholders on 5 June 2009 was wholly dominated by "20 years of the EVN share". About 250 people came to the EVN FORUM at which Burkhard Hofer, CEO, presented the half-year results. He then spoke with Heinrich Schaller, member of the Vienna Stock Exchange Executive Board, about going public 20 years ago and subsequent developments. Following a lively discussion with the public, everyone was invited to coffee which, in keeping with the Lower Austrian Climate Action Day, was organised in a climate friendly way. For further information see www.investor.evn.at.

Socially responsible investing



Alongside traditional financial criteria, social, ethical and environmental aspects are also taken into account with regard to sustainable investments – so-called "socially responsible investments" (SRI). Companies meeting these strict conditions are recommended by independent rating agencies and included in sustainably-oriented investment funds. At the end of June 2009, over 300 sustainable funds in Germany, Austria and Switzerland were licensed to sell to the public according to information from the "Sustainable Business Institute"; their number is growing. Demand is strengthened through the trend across Europe to require pension funds by law to include sustainability aspects in their investment decisions. Sustainably acting companies also perform better in the financial markets, something that has been shown by various studies.

EVN AG was included in several sustainability indexes in recent years. It has been represented in the FTSE4Good Index since 2002. Since 2005, it has been in the Ethibel Sustainability Index Group (ESI) formed by ESI Global and ESI Europe; in the same year it was also accepted into the Austrian Sustainability Index VÖNIX.

**Matthias Fawer,
Vice President of Sarasin Sustainable Investment on the
importance of socially responsible investments (SRI) and
the reasons for investing in EVN**

Sustainable investments are growing not despite but because of the economic crisis. We know that from our own experience. After this shock, many participants in the financial markets are asking themselves – even despite rising share prices once again – which companies are truly solidly financed and which business models are most likely to be successful in the long term. Here in-depth ecological and social factors are also taken into account. Increasing numbers of investors are recognising that SRI is an investment approach which asks the right questions due to its wider and longer term perspective. Sarasin has been investing in EVN since 2003. As an electricity supplier with a high share of hydro power, EVN was ideal for our "Renewable Energies" thematic fund. As far as the sustainable character of the company is concerned, EVN does very well in comparison to other electricity supply companies. Reporting has been exemplary for several years. We anticipate that the subsidiary companies in south-eastern Europe will be adapted very quickly to the high standards of the parent company with regard to sustainability. Transparent reporting is required with regard to this transformation process. In general, we anticipate for the future that the demands made of electricity suppliers regarding their commitment to renewable energies and emission reductions will continue to rise.



"Demands regarding commitment to the renewable energies and emission reduction field will rise."

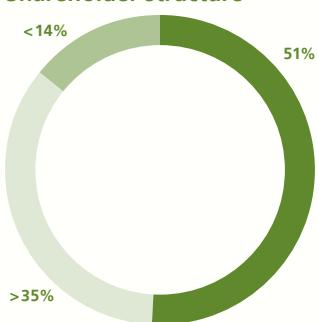
Facts & Figures

In the spirit of providing transparent information for its stakeholders, EVN has assembled those data and facts which are essential for a comprehensive insight into the business of EVN. The collection of the most important data and facts published below follows the guidelines of the Global Reporting Initiative (GRI). Many of the indicators have already been dealt with in the text, others – particularly key indicators – will be dealt with below. A detailed index of the GRI indicators with the associated page number where the respective indicator is dealt with can be found on the flap of the back cover.

The recording of GRI-relevant key indicators is constantly being expanded – thus today additional subsidiaries could be included for the first time in individual key indicators. And work is constantly progressing to develop comprehensive environmental reporting for the subsidiaries. With new key indicators a timeline cannot yet be specified.

Economy key indicators¹⁾

Shareholder structure



■ NÖ Landesbeteiligungsholding GmbH 51%
■ Energie Baden Württemberg (EnBW)
>35%
■ Free float <14%

EC div – business performance

Operational KPIs / sales trend

		2008/09	2007/08	2006/07	2005/06	2004/05
Electricity sales volumes	GWh	19,541	19,372	18,043	15,641	11,342
Gas sales volumes	GWh	6,102	6,759	5,603	7,580	7,035
Heating sales volumes ²⁾	GWh	1,576	1,362	911	1,067	1,033

1) Each financial year runs from October 1 to September 30; financial key indicators acc. to IFRS

2) From January 1, 2008 including district heating distribution volumes in Bulgaria (TEZ Plovdiv)

Financial KPIs (key performance indicators)

		2008/09	2007/08	2006/07	2005/06	2004/05
Revenue	EURm	2,727.0	2,397.0	2,233.1	2,071.6	1,609.5
EBITDA	EURm	373.4	362.3	350.7	397.4	335.2
Results from operating activities (EBIT)	EURm	175.2	166.6	197.3	184.4	131.0
Profit before income tax	EURm	226.0	235.5	287.4	304.9	186.2
Group net profit	EURm	177.9	186.9	227.0	221.9	144.4
Return on equity (ROE)	%	6.3	7.4	9.0	10.6	8.2
Equity ratio	%	46.7	48.3	48.1	47.1	48.2

Network lengths –

Energy ¹⁾	2008/09
Electricity km	130,358
Gas km	13,350
Heat km	573

1) The majority of lines are medium and low voltage or pressure lines.

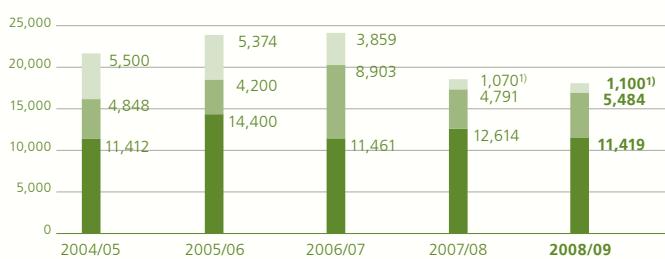
Key share indicators¹⁾

		2008/09	2007/08	2006/07	2005/06	2004/05
Earnings per share	EUR	1.09	1.14	1.39	1.36	0.88
Dividend per share	EUR	0.370 ²⁾	0.370	0.375	0.350	0.288
Share price at the end of September	EUR	13.68	14.99	22.63	20.90	18.75

1) The previous year's values were adjusted as a result of the share split as per 17.4.2008 in a ratio of 1:4.

2) Proposal to the Annual General Meeting

Visitor numbers at the EVN information centres



■ Waste incineration plant
Dürnrohr/Zwentendorf
■ Ottenstein power station
■ Theiß power station

1) Due to full operation during the construction of the waste processing plant as well as the building site, visitors could only be granted limited access.

Ecology key indicators

EN1, EN2 – Materials aspect

		2008/09	2007/08	2006/07
Fossil fuels ²⁾	Tera-joules	23,052	24,703	21,714
Biomass	Tera-joules	2,074	2,033	1,745
Waste ³⁾	t	273,580	296,326	300,904

- 1) Of the EVN thermal and combined heating and power stations in Austria and from 2008/09 in Bulgaria as well as the waste incineration plant in Dürnrohr/Zwentendorf
 2) Natural gas, anthracite, heating oil
 3) For incineration in the Dürnrohr/Zwentendorf waste incineration plant

Material utilisation of main components in the network construction of EVN AG and EVN Netz GmbH in Lower Austria

		2008/09
Power lines	km	1,333
Gas pipelines	km	128
Heating pipelines	km	45

In the main components, not much recycling material is used for technical reasons.

EN 3, EN4 – Energy aspect

Electricity, gas-, district heating consumption¹⁾

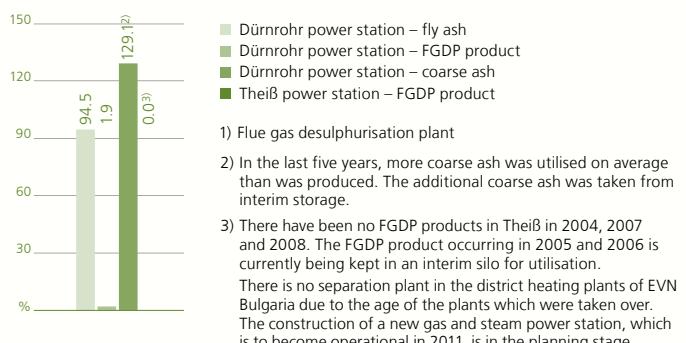
		2008/09
Head office	MWh	16,169
Customer centres	MWh	21,431

- 1) Own energy consumption in Lower Austria: since the energy purchase for customers and for own consumption is not separated, direct and indirect primary energy consumption cannot be shown separately.

Ash and FGDP¹⁾ product quantities occurring



Average degree of utilisation 2004–2008



EN div – Water/waste water aspect

EN8 Withdrawal of water 2008/09

Location	Drinking water quantity	Origin	Process water quantity	Source
Power stations	m ³ /year	23,100	primarily communal providers	972,711
District heating and power plants	m ³ /year	93,925	communal providers	53,080
Head office and customer centres	m ³ /year	22,268	communal providers	32,823
EVN Abfallverwertung NÖ	m ³ /year	8,479	communal providers	136,270
EVN Bulgaria	m ³ /year	102,910	communal providers	774,091
EVN Macedonia	m ³ /year	179,108	communal providers	—

EN9 Water sources affected by water withdrawal

As a rule, the EVN plants obtain their water from communal providers or groundwater wells. The cooling water flow rate in the thermal power stations on the Danube was 268.4 Mm³ in 2008/09 and, at 0.44%, lies below 5% of the average annual volume of the Danube. Average annual volume of the Danube at the Korneuburg¹⁾ gauge (measurement location number 207241): 61,148 Mm³.

1) Source: Austrian Hydrographic Annual 2006, Federal Ministry of Agriculture, Forestry, Environment and Water Management.

EN10 Recovered and reused water

In the power stations, waste water is reused as much as possible as process water.

EN21 Total waste water discharge in Austria

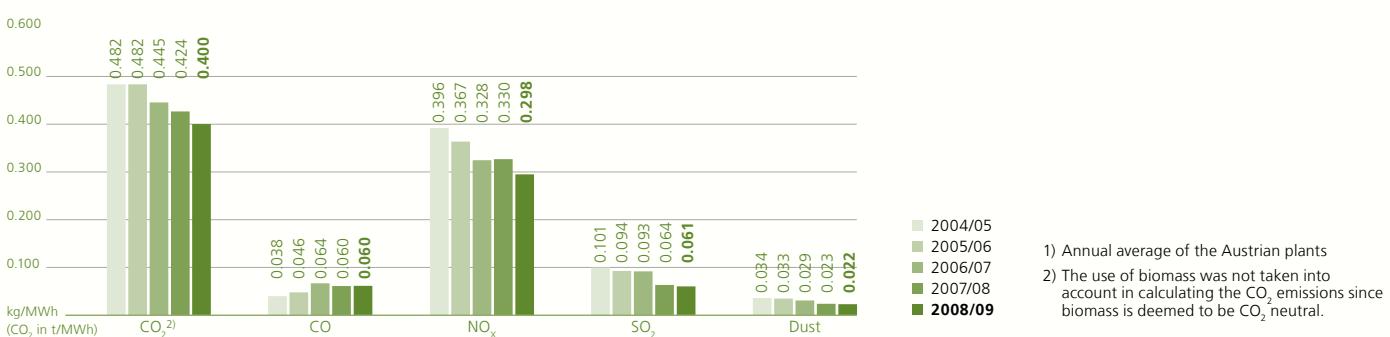
If the type or quantity of a waste water stream is different from normal household waste water, EVN has concluded a contract with the treatment plant operators in accordance with the indirect discharge ordinance if there is a sewer junction. This contract contains detailed provisions regarding the permitted waste water quantity, the significant substances it contains, the required waste water tests, etc. Direct discharges into surface water is regulated by many waste water emission ordinances. EVN has its waste water streams regularly tested by external, accredited test institutions.

EN25 Waters polluted by waste water discharge and surface discharge

A large part of the waste water is clarified in purification plants before it reaches surface water. In the power stations, slightly polluted waste water streams are discharged into the Danube. That does not, however, result in any significant adverse effects.

EN16–EN20 – Emissions aspect

Specific emissions of the EVN thermal and district heating (power) plants¹⁾



Development of specific emissions

An improvement in specific emissions was achieved for all pollutants in comparison to the previous year. As a result, the positive development trend of previous years continued. The fall in specific CO₂ emissions is due to the increased use of low-CO₂ fuels. The reduction in the remaining pollutants is due to:

- fewer starts in the Dürnrohr and Korneuburg power stations as well as in two machines in the Theiß power station
- increase in supplies of heat to Agrana from the Dürnrohr power station

Average specific CO₂ emissions in Bulgaria (TEZ Plovdiv)

The specific CO₂ emissions at the district heating supply company TEZ Plovdiv in Bulgaria came to 0.229 t/MWh in 2008. A comparison with the Austrian CO₂ emission values shows that the Bulgarian values lie significantly under the values of the Austrian plants. The reason for this lies in the more favourable factors for calculating the emissions of the Bulgarian plants in comparison to the Austrian ones.

Other relevant greenhouse gas emissions and emissions of ozone depleting substances

Methane emissions can arise through leaks in the natural gas supply. EVN endeavours to reduce leakages and breakdowns to a minimum. Ozone depleting substances are only used by EVN in special applications and exclusively in closed loops. The emissions of these substances are therefore negligible.

The CO₂ emissions from electricity and heat production take a share of over 99.5% of all greenhouse gas emissions caused by EVN. Other CO₂ emissions arising, for example, from the vehicle pool or business travel are not therefore shown separately. EVN has introduced numerous measures to improve both the company's energy efficiency and the reduction of emissions on the production and customer side.

SF ₆ ¹⁾ quantity in closed substations and transformer stations		2008	2007	2006
Austria	kg	1,020	1,390	1,085
Bulgaria	kg	1,390	676	480
Macedonia	kg	500	360	401

1) Sulphur hexafluoride

EN22, EN24 – Waste aspect

Development of waste quantities¹⁾

	2008/09	2007/08 ²⁾	2006/07
Hazardous waste	t	10,518	837
Non-hazardous waste	t	97,557	13,181
			7,378

1) Without building residues and power station by-products; up to and incl. 2007/08: EVN AG and EVN Netz GmbH; from 2008/09 whole Group. The increase is mainly due to the inclusion of EVN waste incineration plant (> 80%).

2) Reason for the increase in 2007/08:

Hazardous waste – major audit at the Dürnrohr und Theiß power stations

Non-hazardous waste – rise due to the disposal of metal waste (line removal and transformer replacement) as well as biomass ash (capacity increase)

3) EVN AG, EVN Netz GmbH, EVN Bulgaria, EVN Macedonia

4) PCB-containing electr. operating materials for full recycling to Germany (of which >70% from Macedonia)

5) PCB-containing electr. operating materials for full recycling to Germany

In Austria all regularly occurring hazardous and non-hazardous waste is given to selected disposal specialists by contract who either recycles it materially or thermally in accordance with Austrian law or takes it to a secure landfill.

Export of hazardous waste³⁾

	2008/09	2007/08	2006/07
Hazardous waste	t	186 ⁴⁾	0
			63 ⁵⁾

EN23, EN28 – Incidents with an environmental impact in Lower Austria and environmental fines

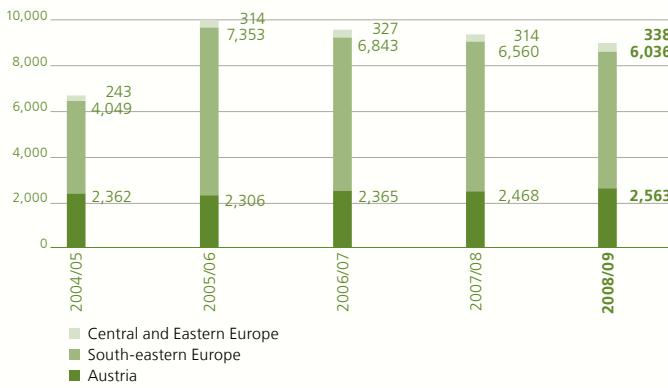
In the year under review, three incidents with an environmental impact occurred which had a slight or very slight effect on the environment. One was a fire in one of the operational waste collecting sites in Sankt Pölten as well as two cases of transformer damage in Klein Pöchlarn and Wiener Neustadt. Both the soil pollution caused by the transformer damage and the pollution caused by the fire could be removed without further risk to the environment. Corresponding reporting chains for EVN Bulgaria and EVN Macedonia are in preparation. In the year under review, no environmental fines were imposed on EVN.

Registered contaminated sites and suspected sites in Lower Austria

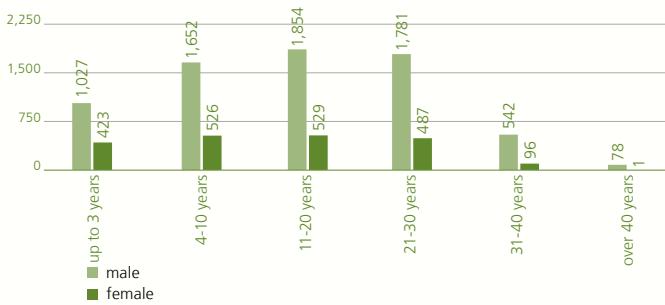
The construction part of reclamation in Wiener Neustadt was concluded, all defects have been remedied. The official inspection is anticipated to take place at the end of 2009; gathering the evidence from the groundwater will take at least another two years. The Moosbierbaum contaminated site was included in the legacy pollution atlas in October 2009. None of the pollution listed was caused by activities of EVN.

Staff key indicators

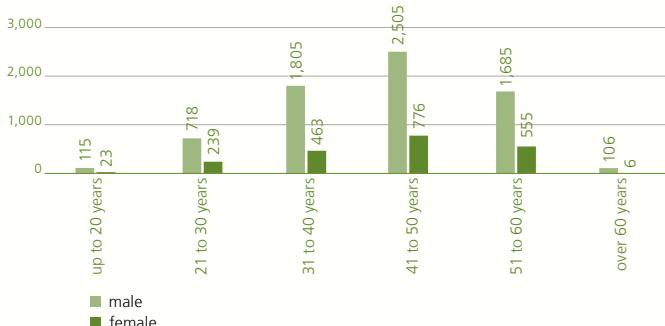
Staff by regions



Staff membership in company



Staff age structure



LA div – Staff aspect

At EVN AG and EVN Netz GmbH all staff are salaried employees; that distinction does not exist in Macedonia or Bulgaria. Across the Group the percentage of workers thus lies at 3.0%.

Together with EVN AG, all larger Group companies have employee representatives. In total, over 90% of the workforce is represented by Works Councils or trade unions and pay is protected by a minimum wage under collective agreements, pay agreements or statutory requirements. There are no wage or salary differences between women and men. EVN does everything possible to prevent discrimination; there are no known incidents.

Development of staff number¹⁾

	2008/09	2007/08	2006/07	
Energy segment	Number	7,822	8,262	8,478
of which Bulgaria	Number	3,247	3,520	3,418
of which Macedonia	Number	2,789	3,041	3,425
Environmental Services segment	Number	496	456	462
Other business areas	Number	619	624	595
EVN Group	Number	8,937	9,342	9,535

1) On full-time equivalent basis (FTE); annual average

Staff key indicators

	2008/09	2007/08	2006/07	
Staffing level	Number	8,937	9,342	9,535
of which women	%	22.9	22.4	22.1
of which men	%	77.1	77.6	77.9
People with special needs	Number	139	146	153
Apprentices ¹⁾	Number	82	78	77
Staff fluctuation ²⁾	%	3.6	3.9	3.3
Average length with company	Years	15.5	16.3	15.8
Average age	Years	43.4	43.3	42.4
Staff turnover	EUR	305,138	256,583	234,200
Staff sick days	Number	10	9	10
Staff costs in relation to revenue	%	11.7	12.7	12.9

1) Apprentices only in Austria due to dual training system

2) Excl. departures due to Bulgarian and Macedonian redundancy programme and excl. retirement

LA6–LA8 – Safety at work aspect

The total number of accidents at work fell in the past financial year by 6.4%. But despite the highest safety standards, there were 34 serious accidents at work at EVN in Lower Austria; there were no deaths. In serious accidents at work, i.e. those with resulting in time off work of longer than 45 working days, there was a fall of 26%. The high rise in working days lost is due to the long period off work in a few accidents at work. The range of training on offer for preventive health care, safety and work and fire protection was expanded. In total, 6,237 staff attended 502 trainings. The "Working under Tension" training was held 70 times; a total of 1,570 staff took part. Safety representatives were appointed across the Group as direct contacts for everything connected with safety at work – 167 in total. In Austria, all employees are represented by safety officers on work safety committees, which supervise and discuss work safety programmes. It is planned that high European standards be adopted in Bulgaria and Macedonia.

Fire statistics¹⁾

		2008/09	2007/08	2006/07	2005/06
Fires	Number	11	8	15	11
Extent of damage	TEUR	141.3	164.2	317.1	24.0

1) The data specified relate to EVN AG, EVN Netz GmbH, EVN Abfallverwertung, evn naturkraft, EVN Wasser and kabelsignal AG.

LA10 – Training and advanced training aspect

Training and advanced training

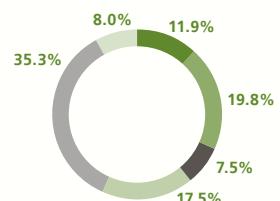
		2008/09	2007/08	2006/07	2005/06
Cost ¹⁾	EURm	2.9	2.9	3.1	2.1
Average training budget/employee	EUR	324.5	314.9	321.7	212.8
Training hours/employee	hrs.	23.9	11.4	7.9	6.7

1) Seminar fees, trainers, e-learning

HR div – Human rights aspect

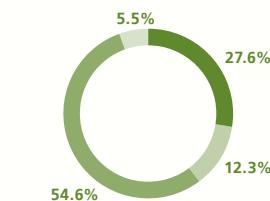
Starting with the CSR network officers, EVN staff are to be informed through advanced training events about the importance and the scope of the human rights agendas in their respective environments. Group guidelines and organisational instructions are being prepared in this respect. There were no incidents of discrimination in the reporting period. In accordance with the principles contained in the code of conduct published in the year under review and the EVN mission statement, these would be condemned in the strongest terms. Specifically in the field of freedom of assembly and personal rights, EVN, with its "European Works Council" established in 2006, sees itself as being in the vanguard with regard to the active co-determination and involvement of staff in all countries in which EVN is active. With its commitment to the UN Global Compact and to human rights, EVN contributes actively to the abolition of child labour as well as forced and compulsory labour. There were no cases of child, forced or compulsory labour in the period under review. No rights of adjacent owners or property owners, at home or abroad, were violated.

Training structure of the Austrian Group companies at 30.9.2009



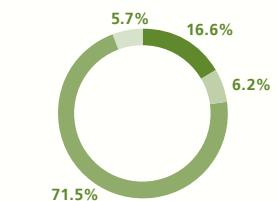
- Academics 11.9%
- School graduates 19.8%
- Vocational school graduates 7.5%
- Staff with Master qualification 17.5%
- Staff with apprenticeship qualification 35.3%
- Miscellaneous 8.0%

Training structure of Bulgarian companies of EVN at 30.9.2009



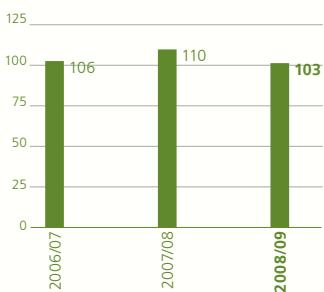
- Academics 27.6%
- School graduates 12.3%
- Vocational school graduates and staff with apprenticeship qualification 54.6%
- Miscellaneous 5.5%

Training structure of Macedonian companies of EVN at 30.9.2009

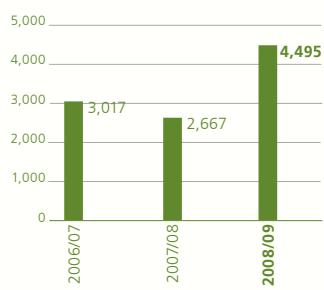


- Academics 16.6%
- School graduates 6.2%
- Vocational school graduates and staff with apprenticeship qualification 71.5%
- Miscellaneous 5.7%

Number of accidents at work¹⁾



Working days lost



1) Number of minor accidents and accidents at work subject to notification (excluding commuting accidents)

The national survey criteria were applied in determining this key indicator. These reflect socio-cultural differences above all in Bulgaria and Macedonia.

Electric Utility Sector Supplements (additional indicators)

EU12 Transmission and distribution losses as a percentage of total energy

The network losses in Lower Austria lie at the Austrian average.

EU15 Percentage of staff retiring in the next five and ten years

Assuming the pensionable age currently in force, about 8% of staff will enter retirement in the next five years and about 20% in the next ten years.

EU17 Work days of contractors and sub-suppliers involved in construction, operation & maintenance activities

In total, more than 5,000 contractors and sub-contractors work for EVN at home and abroad. Work days are not separately recorded.

EU19 Stakeholder participation in the decision making process related to energy planning and infrastructure development

On all infrastructure developments, due compliance with the prevailing legislative requirements is required, e.g. the stipulations of the European EIA (Environmental Impact Assessment) directive or the comparable Environmental Social Impact Assessment (ESIA), which also contains socio-societal aspects. For example, in the course of planning work for future projects in Albania, an autonomous stakeholder management system was established to take the best possible account of the needs of the population and local stakeholders right from the planning stage.

EU20 Approach to managing the impacts of displacement

No call to do so during the reporting year. EVN is fundamentally committed to upholding the legally stipulated terms and conditions, and to complying with international standards, e.g. the principles of the Environmental Social Impact Assessment (ESIA) and endeavours right from the planning stage to find the best possible solutions.

EU21 Contingency planning measures, disaster/emergency management plan and training programs, and recovery/restoration plans

EVN has standing instructions in large parts of the Group on how to deal with emergency and disaster situations; the associated Crisis Management plans and manuals are continuously adapted.

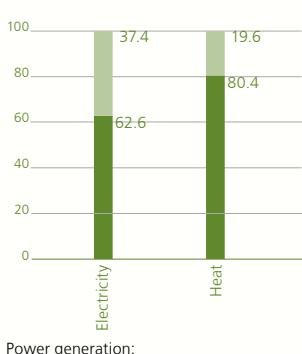
EU22 Number of people physically or economically displaced and compensation, broken down by type of project

As part of staff development and career planning for its staff, EVN supports all voluntary ambitions with regard to postings abroad.

EU28, EU29 – Power outage frequency and duration

There is no detailed breakdown for regulatory reasons.

Share of EMAS-certified plants in production¹⁾ in %



Heat generation:
■ EMAS plants 80.4%
■ Non-EMAS plants 19.6%

1) of the Austrian plants

EU30 Average plant availability factor by energy source and by regulatory regime

Apart from audits to maintain technical safety, all EVN plants were available without interruption in the 2008/09 financial year.

Miscellaneous

Certification and environmental inspections

In total, two of the three thermal power stations and 36 of the 42 district heating (power) plants are certified in accordance with EMAS and ISO 14001. In the year under review, two EVN Wärme GmbH sites (Gedersdorf and Ternitz) ceased operating; the Mittleres Schwarztal district heating plant successfully concluded its initial audit. Inspection audits for the certification of the environmental management systems take place annually; in addition, a re-certification audit takes place every three years in which the status of the environmental management system is exhaustively inspected. The Dürnrohr power station was able successfully to conclude this audit in March 2009. There were no environmental inspections by the authorities in the year under review.

Certification of biomethane preparation and use by TÜV AUSTRIA

Biogas prepared at natural gas quality is called biomethane and can be fed into the natural gas network. EVN Wärme GmbH voluntarily allows the technical verification of the production and utilisation of such biomethane. Following a successful inspection, TÜV AUSTRIA authorised EVN Wärme GmbH to use the TÜV logo "Verified origin of biomethane" in the year under review.

Certification of evn naturkraft production by TÜV AUSTRIA

The TÜV AUSTRIA certificate was again issued to evn naturkraft Erzeugungs- und Verteilungs GmbH in June 2008 for "Ecologically produced electricity" and entitles the latter to produce electricity under this label until the start of June 2011.

Austrian environmental label for Naturkraft Energievertriebsgesellschaft m.b.H.

With 'NaturStrom' [Natural Electricity], Naturkraft Energievertriebsgesellschaft m.b.H., a subsidiary of EnergieAllianz Austria GmbH, offers electricity exclusively from sustainable energy sources, i.e. renewables, and received the Austrian Environmental Seal in March 2008 in recognition of its efforts. At the present time, only three providers in Austria have been awarded this stringent quality kitemark in the "Green Electricity" category.

TSM (Technical Safety Management) certification by trade associations VEÖ and ÖVGW

EVN Netz GmbH has been certified as a gas grid operator since 2004, and as an electricity grid operator since 2009. The focal point here is on the organisational skills and expertise levels required to assure safe and reliable operation of power grids. To date, all trade-specific standards have been complied with fully without reported complaints, and the proposed improvements have been taken on board and implemented.

Specific key indicators of the subsidiaries

EVN Abfallverwertung Niederösterreich

Emissions into the air		2008/09	2007/08	2006/07
Dust	g/t waste	6	6	6
CO	g/t waste	26	43	92
CO ₂ ¹⁾	kg/t waste	551	560	1,234
NO _x	g/t waste	252	250	239
SO ₂	g/t waste	7	4	20
HCl ²⁾	g/t waste	0	0	0.01
C _{ges}	g/t waste	5	5	5
Hg ³⁾	g/t waste	0.05	0.05	0.06

1) From the 2007/08 financial year excl. CO₂ from the biogenic part of the waste

2) Hydrogen chloride

3) Mercury

Waste represents an energy source for EVN. Waste is used in the Zwentendorf/Dürnrohr waste incineration plant to generate electricity and heat and thus to contribute to a reduction in the consumption of fossil fuel resources. The energy content of the waste – one kilogram of waste supplies about 10 mega-joules of energy – can generate electricity for about 100,000 households.

WTE

In 2008, WTE clarified a total of about 180.7m m³ of waste water with average clarification performance of 88.3%¹⁾, corresponding to approx. 2,2m inhabitant equivalents. The sludge created as a result is partly used in agriculture and for compost production while the majority is put in interim storage until a sludge incineration plant has been completed.

EVN Wasser

In total, 493,000 persons were supplied with 26.6m m³ of drinking water via 2,026 km of transmission and distribution pipelines in the 2008/2009 financial year. EVN Wasser in its waste water clarification division further clarified about 1.3m m³ of waste water with an average clarification performance of 94.8%¹⁾.

1) Average value of the parameters chemical oxygen demand, biochemical oxygen demand, total nitrogen and total phosphorous

Prospects (excerpt)

The action schedule was restructured in this reporting year, and is directed towards the areas requiring action in the CSR materiality matrix (see page 5) taking account of current targets. New measures were defined with the involvement of all corporate divisions as part of the sustainability processes. This means that the current action schedule has grown to such an extent that it cannot be fully depicted within the framework of the present report. Hence only those areas requiring action are set out below which were categorised as being of key importance to EVN and its stakeholders. For details of the complete action schedule, please refer to www.responsibility.evn.at.

	Target	Measures	Milestone / Deadline
Area requiring action: Climate protection			
	Expansion in the use of renewable energy sources	Construction of an 836kW photovoltaic plant in Blatec, Bulgaria	Dec 2009
		Construction of a 50 MW wind power plant in Kavarna, Bulgaria	Start 2010
		Conversion of the Schütt hydropower station	March 2011
 EMAS Target	Optimisation of biomass incineration with regard to ash quality and minimised flue gas emissions.	Creating an integrative input/output study to record relationships between incineration parameters, use of fuel and quality of ash and emissions	Sept 2010
	Promotion of alternative drives and fuels	Observation and investigation of market developments in the field of electrical mobility	ongoing
Area requiring action: Resource conservation			
	Improvement in efficiency ratings	Optimisation of starting procedure in the Korneuburg power station, as well as emission reductions and gas savings in the Dürnrohr power station achieved through optimisation of district heating transmission	ongoing
 EMAS target	Power saving in the Theiss power station through improvement and/or adaptation of ventilation and cooling systems	Inclusion of existing central air-conditioning system in the cooling circuit of the office building, linked to the replacement of 11 units with small air-conditioning units operated with R22	Sept 2011
	Energy-efficient construction	Construction of an energy-efficient customer centre in Primorsky, Bulgaria (construction commences in Oct. 2009)	Sept 2012
	Customer awareness raising on how best to use energy in Bulgaria	Mobile energy consultancy, information campaign	ongoing
	Promotion of operation of cars fuelled by natural gas, establishment of additional natural gas filling stations by Erdgas Mobil GmbH	Expansion of CNG filling stations in Lower Austria, successive conversion of vehicle fleet, wherever possible	ongoing
Area requiring action: Assured continuity of supply and fair prices			
	Increase in ability throughout Group to supply own needs, rising from 40 to 60% of total electricity sales	Implementation of power station projects in Austria and abroad	medium-term
	Adequate and secure availability of primary energy sources	Long-term procurement, stocking of coal, storage of gas	ongoing
	Ongoing firm pricing - avoidance of accumulated price rises passed on to customers over a longer period of time	Linking OPTIMA energy delivery prices (electricity/gas) for private customers to an Austrian electricity price index (ÖSPI)	ongoing
Area requiring action: Responsible employer			
	Improvement in satisfaction and corporate identification of employees	Introduction of feedback and orientation meetings	Sept 2010
	Promotion of health awareness among employees	First Aid courses and preventive healthcare examinations	ongoing
	Gender-appropriate (i.e. non-sexist) language within the company	Adaptation of in-house documents, forms and general terms and conditions of business	ongoing

Advisory Board for the Environment and Social Responsibility

Theodor Zeh (Chairman)

Reinhard Dayer, National CEO, Naturfreunde Österreich

Rudolf Friewald, Mayor of Michelhausen

Albert Hackl, Lecturer, Institute for Process Engineering, Environmental Engineering and Technical Biosciences, Vienna University of Technology

Herbert Kaufmann, Spokesman of the Executive Board, Flughafen Wien AG

Heinz Kaupa, Member of the Executive Board, VERBUND-Austrian Power Grid AG

Helmut Kroiss, Head of the Water Quality, Resource and Waste Management Department, Vienna University of Technology

Hermann Kühtreiber, Mayor of Zwentendorf

Günther Leichtfried, Mayor of Wieselburg, Member of the Lower Austrian provincial parliament

Georg Mayer, Head of the Economic Policy Department, Lower Austrian Chamber of Labour

Ernst Pucher, Institute for Internal Combustion Engines & Automotive Design, Vienna University of Technology

Ingeborg Rinke, Mayor of Krems, Member of the Lower Austrian provincial parliament

Klaus Schuster, EVN AG Group physician, Regional Manager, Landeskliniken-Holding for the Mostviertel Region

Matthias Stadler, Mayor of Sankt Pölten

Adolf Stricker

Christa Vladyska, Mayor of Bruck/Leitha, Member of the Lower Austrian provincial parliament

Paul Weiß, Farmer

Heinz Zimper, District head, District of Wiener Neustadt

Employee representatives

Leopold Buchner (until January 29, 2009)

Gerhard Felberbauer (since May 28, 2009)

Monika Fraißl

Ing. Walter Rehwald (since May 28, 2009)

Leopold Rösel (until May 28, 2009)

Executive Board

Burkhard Hofer, Spokesman of the Executive Board and CEO

Peter Layr, Member of the Executive Board

Herbert Pötschacher, Member of the Executive Board

Auditor's attestation

We were engaged by EVN AG to verify the financial figures contained in the Sustainability Report of EVN AG for the financial year 2008/09. Management is responsible for the preparation of the Sustainability Report.

Based on the engagement we issue the following attestation:

The financial figures included in the "Facts & Figures" section of this report derive from the audited consolidated financial statements as of 30 September 2009 and 30 September 2008 prepared in accordance with International Financial Reporting Standards. We have issued unqualified audit opinions on these consolidated financial statements. The financial figures contained in these sections are properly reflected.

We draw your attention to the fact that the financial figures should be read together with the consolidated financial statements for the financial years 2008/09 and 2007/08 and the related notes.

Vienna, November 19, 2009

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Rainer Hassler ppa Angelika Vogler
Wirtschaftsprüfer Wirtschaftsprüferin
(Austrian Chartered Accountant) (Austrian Chartered Accountant)

Assurance Statement

Scope and criteria of the assurance

Lloyd's Register Quality Assurance Limited (LRQA) was commissioned by EVN to assure the corporate responsibility report for the period 2008/09 for all activities of the company in the areas of power production and distribution, heat production and supply, water purification and supply and waste incineration. From a geographical standpoint the report comprises the main activities of the subsidiaries in Austria, Bulgaria and Macedonia, as well as activities in other European countries controlled from Austria. The assurance was undertaken against the Global Reporting Initiative Sustainability Reporting Guidelines (GRI G3), 2006. Ultimately, the report remains the responsibility of and has been approved by EVN.

LRQA's approach

In order to form our conclusions we have obtained sufficient evidence that we consider necessary for us to give limited, not absolute, assurance. Therefore the assurance did not include verifying the data and information back to its original sources, with the exception of those EMAS registered sites in Austria. Our assurance approach is informed by ISAE 3000, is risk-based, samples data and information available at EVN's headquarter, interviews personnel responsible for the collation of data and information disclosed and reviews EVN's:

- CSR materiality matrix
- data and information management systems
- use of performance data within their business decision-making processes
- processes for setting performance indicators and for monitoring progress
- self-declaration for GRI's application level A+.

LRQA's conclusions¹⁾ and findings

EVN has met the conditions for GRI's A+ application level as we found nothing that would cause us to contradict this conclusion.

It is also our opinion that there is nothing which would lead us to believe that:

- EVN has excluded any material aspects concerning their environmental and social performance.
- Data and information within the report is not correct.

LRQA's recommendations

Our investigation also identified some areas which are important for improving reporting in the future but do not affect the conclusions presented above. Areas for improvement are:

- Materiality matrix topics evaluated under actual „need for action“ should be addressed more clearly in the report.
- EVN should clarify with their position regarding climatic protection.
- The GRI Electric Utility Sector Supplement which application is obligate from 1. January 2010 should be taken into consideration for the CSR Report of the financial year 2009/10.

November 20, 2009



On behalf of the LRQA Ltd.

Lloyd's Register EMEA Vienna, Austria

Environmental Verifier Organisation

Accreditation number: AT-V-0022

Harald Ketzer
Lead Verifier

Johann Kitzweger
Verifier

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¹⁾ Conclusions given in this statement were based upon the full disclosure by EVN AG of all relevant data and information

Glossary

Austrian Corporate Governance Code

A voluntary code of corporate behaviour, which defines the managerial and supervisory principles of a company.

Austrian Fenco Initiative (AFI)

A joint initiative launched by manufacturing industry and power producers for the development of a new research concept aimed at the operation of the targeted Austrian Fossil Fuel Fund (R&D fund for low-emission, fossil fuel fired plants).

Austrian Sustainability Reporting Award (ASRA)

Annual awards presented by the Chamber of Fiduciaries and Co-operation Partners for the best environmental and sustainability reports produced by Austrian companies.

Biogas

A mixture comprised largely of methane and carbon dioxide, which is created during the oxygen-free digestion of organic material (renewable raw materials, slurry or organic residues from the foodstuffs industry).

Biomass

The total mass of organic material (dead life forms, organic metabolic products and residues) of which certain quantities can be used for electricity and heat generation purposes in combined heat and power plants.

CNG

Compressed natural gas

CO₂ (carbon dioxide)

Chemical compound consisting of carbon and oxygen, which is largely created by the combustion of fossil fuels.

CO₂ certificate

Allocated emissions certificate, which entitles the operators of industrial plants to emit one metric ton of CO₂ or a corresponding volume of another greenhouse gas with an identical climate warming potential.

Code of conduct

Voluntary obligation to follow or avoid certain behavioural patterns and to ensure that no one achieves an advantage through the evasion of these patterns.

Cogeneration of heat and power

Additional use of process and waste heat for heating purposes, or other thermal processes for an increase in overall efficiency.

Corporate Social Responsibility (CSR)

Sustainability-oriented company management, which in line with sustainable development involves voluntary measures that go beyond the statutory obligations.

E-Control GmbH (ECG)

A watchdog authority installed by the Austrian legislative body on the basis of the Energy Liberalisation Act. The authority has the task of monitoring and supporting the liberalisation of the Austrian electricity and gas market and if necessary, of implementing regulative action.

Earnings before interest and taxes (EBIT)

Also known as the results from operating activities. Parameter designed to measure the earnings capacity of a company.

Economic Value Added (EVA)

Key indicator for the measurement of company wealth creation.

Eco-power

Electricity, which is produced exclusively from renewable energy sources. At present, eco-power is largely generated in small-scale hydro- and wind power plants. Small amounts are produced from biogas, biomass, photovoltaic systems, geothermal sources, landfill and sewage gas.

Efficiency rating

The efficiency of a plant comprised of the ratio of input to output (i.e. the quantity of electrical energy generated in ratio to the primary energy employed).

EMAS

European directive for environmental management systems.

Emission certificate trading system

Within the framework of the EU emission trading system, the member states distribute CO₂ emission rights to companies. Companies whose actual CO₂ emissions exceed the volume of the assigned certificates must purchase additional emission rights.

Ethibel

Independent consultancy agency for socially responsible investments that advises banks and brokers offering ethical savings accounts and investment funds.

EVN PowerPartner

Grouping of over 500 electricians and plumbers throughout Lower Austria, which closely co-operates with EVN. The aim is to offer shared customers with top quality in the energy and services sectors.

FTSE4Good Index

An index that offers sustainability-oriented investors a possibility for targeted investments in companies that meet the globally accepted standards for responsible activities in line with the interests of the environment and stakeholders.

Global Reporting Initiative (GRI)

International dialogue initiative, which establishes standardised guidelines for the preparation of transparent, sustainability reports for companies, governments and NGOs.

ISO 14001

International environmental management standard, which determines requirements for related systems.

Network loss

The difference between the current supplied or fed into an electricity network and the electrical energy, which is actually delivered. Network losses basically arise due to the physical characteristics of the transmission lines.

Oxyfuel technology

A process in which coal combustion takes place using oxygen instead of air.

Polychlorinated biphenyl (PCB)

Toxic chlorine compounds.

Pyrolysis

The thermal cracking of chemical compounds. Bond breakages are caused in large molecules by means of high temperatures.

ROCE

Return on the capital employed within a company.

Single-buyer model

In this model a single customer is allocated a monopoly and is responsible for the operation of the transmission network and the purchase and sale of electricity.

Stakeholders

Individuals or groups are designated as stakeholders when they validate their interest in a company. Apart from the owners, stakeholders include employees, customers, suppliers, states, NGOs and local interest groups.

Thermal waste incineration

Thermal waste incineration is the controlled industrial burning of waste at temperatures exceeding 1,000 degrees Celsius, leading to a destruction or reduction of harmful substances. At the same time, the energy contained in the waste materials is released, and used for electricity generation or district heating purposes.

TÜV AUSTRIA SERVICES GMBH

Accredited supplier of technical services in the certification and calibrations fields.

UCTE – Union for the Co-ordination of Transmission of Electricity

Association of European transmission network operators. The UCTE mix establishes the European composition of electrical power and is to be shown on invoices to consumers when the volumes of electricity purchased are of unknown origin (e.g. following purchasing on an energy exchange).

UN Global Compact

An initiative launched by UNO with the aim of supporting ecological and economic interests in areas of human rights, work, the environment and corruption.

VÖNIX

Share index consisting of the stock exchange listed Austrian companies which have taken the lead with regard to social and ecological performance.

Waste heat

Heat generated by plant and equipment, which under certain circumstances can be fed into a district heating network.

GRI G3 Content Index

		Source	Status
1	Strategy and analysis		
1.1	Status of sustainability within the company	Rf, 2–7	■
1.2	Description of the most important effects, risks and opportunities	2–7, 23–25, 30–43	■
2	Organisational profile		
2.1–2.10	Organisational profile	Rf	■
3	Report parameters		
3.1–3.13	Report parameters	1	■
4	Governance, commitments and engagement		
4.1	Corporate governance/management structure	10–51, AR	■
4.2	Explanation of whether the Executive Board chairman occupies an operative management post	AR	■
4.3	Management bodies in organisations without a supervisory board	As there is a supervisory board	n.r.
4.4	Possibilities for contributions by employees and part owners	7–10, 12–13, 52–53, 58	■
4.5	Linkage between management body remuneration and organisational performance	AR	■
4.6	Mechanisms for the prevention of conflicts of interest	10, 51, AR	■
4.7	Expertise of the management committee in the sustainability area	7	■
4.8	Models, codes of conduct, sustainability principles	2–10, HP	■
4.9	Processes for the control of sustainability performance	5, 7–10, 19–20, 28, 47–49, 50–51	■
4.10	Assessment of the Executive Board's sustainability performance	AR	■
4.11	Taking into account of the contingency principle	2–7	■
4.12	Support of external initiatives	2, 8, 9, 11, 14, 16–18, 23, 45–47, HP	■
4.13	Memberships in associations and pressure groups	9, HP	■
4.14–4.17	Stakeholder management (selection, approaches, central topics)	5, 9, 47–48	■
Economic performance indicators			
EC1	Management approach	50	■
EC2	Directly generated and distributed economic value	50, 54	■
EC3	Financial consequences of climate change	24, 36, 38	■
EC4	Social expenditure in the company	HP	■
EC5 ¹⁾	Public grants	42, 50	■
EC6	Relation of standard, initial remuneration to local minimum wage	58	■
EC7	Business policy, practices and share of local suppliers	45, 51, HP	■
EC8	Employment of local personnel	45, 48	■
EC9 ¹⁾	Infrastructure investments and services for the public good	25–32, 33, 36–37, 39–41, 44–46, 50	■
	Indirect economic effects	45, 50	■
Environmental performance indicators			
EN1	Management approach	23–27, 44–49, 51	■
EN2	Use of materials	55	■
EN3	Use of recycled materials	55	■
EN4	Direct primary energy consumption	28, 55	■
EN5 ¹⁾	Indirect primary energy consumption	55	■
EN6 ¹⁾	Energy savings due to environment-conscious energy use and efficiency increases	23, 30, 31, 33	■
EN7 ¹⁾	Initiatives for greater energy efficiency and renewable energy sources	22–23, 27, 30–35, 38–43	■
EN8	Initiatives for reductions in indirect energy consumption	39–41	■
EN9 ¹⁾	Total water withdrawal	55	■
EN10 ¹⁾	Water sources affected by withdrawal	56	■
EN11	Recycled and reused water	56	■
EN12	Area use in conservation areas	26, 47–48	■
EN13 ¹⁾	Effects of business activities on biodiversity	47–48	■
EN14 ¹⁾	Protected or restored natural habitats	47–48	■
EN15 ¹⁾	Strategies and measures for the protection of biodiversity	47–48	■
EN16	Endangered species in areas of business activity	30, 47–48	■
EN17	Direct and indirect greenhouse gas emissions	56–57, 61	■
EN18 ¹⁾	Other relevant greenhouse gas emissions	56–57, 61	■
EN19	Initiatives for reductions in greenhouse gas emissions and results	33, 38, 56–57, 61	■
EN20	Emissions of ozone-degrading substances	57, 61	■
EN21	NO _x , SO _x and other significant atmospheric emissions	56, 61	■
EN22	Total wastewater discharge	56, 61	■
EN23	Waste according to type and disposal method	57	■
EN24 ¹⁾	Main pollutant emissions/spills	57	■
EN25 ¹⁾	Weight of waste classified as hazardous	57	■
EN26	Waters subject to wastewater discharge and surface run-off	56	■
EN27	Initiatives to reduce the environmental impact of products and services	30–32, 38–43, 44–49	■
EN28	Packaging material reduction	Due to company object	n.r.
EN29 ¹⁾	Fines due to overshoots/ sanctions in the environmental sector	57 (no incident)	■
EN30 ¹⁾	Main environmental effects due to transport	33, 37, 57	■
	Overall environmental protection expenditure and investment	49	■
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Labour Practices and decent work			
LA1	Management approach	11–15, 58–59	■
LA2	Employees by employment relationship and region	58	■
LA3 ¹⁾	Employee fluctuation	58	■
LA4	Benefits only for full-time employees	58	■
LA5	Employees subject to collective wage agreements	58	■
LA6 ¹⁾	Reporting time limits for significant company changes	58	■
LA7	Employees in work safety committees	59	■
LA8	Injuries, work-related illnesses, days lost, absences and fatalities	Rf, 59	■
LA9 ¹⁾	Health care, instructions with regard to serious illnesses	15, 59	■
LA10	Work safety agreements with the trades unions	59	■
LA11 ¹⁾	Training and further training per employee	11, 59	■
LA12 ¹⁾	Know-how management and lifelong learning programme	11	■
LA13	Employment performance assessment and development planning	11–13	■
LA14	Employee and managerial body diversity	58	■
	Differences in remuneration due to gender	58	■

	Source	Status
Human rights		
HR1 Management approach	8, 59	■
HR2 Investment agreements with human rights clauses	8, 59	■
HR3 ¹⁾ Supplier checks regarding adherence to human rights	8, 59	■
HR4 Training concerning aspects of human rights of company relevance	8, 59	■
HR4 Cases of discrimination and measures taken	8, 59	■
HR5 Right to freedom of assembly and collective negotiations	8, 59	■
HR6 Business activities bearing the risk of child labour	8, 37, 59	■
HR7 Business activities bearing the risk of forced labour	8, 37, 59	■
HR8 ¹⁾ Training for security personnel on the topic of human rights	8, 59	■
HR9 ¹⁾ Cases of breaches of the rights of indigenous peoples	8, 59 (no incidents)	■
Society		
SO1 Management approach	2–3, 10, 16–18	■
SO2 Effects of business activities on society	45, 50	■
SO3 Examination of corruption risks	10	■
SO4 Employee training for the prevention of corruption	10	■
SO5 Anti-corruption measures	10, HP	■
SO6 ¹⁾ Political positions, participation in the forming of political will, lobbying	23–25, 28, 42	■
SO7 ¹⁾ Political donations	No relevant cases	■
SO8 Legal suits due to anti-competitive practices	HP	■
SO8 Fines/sanctions due to breaches of the law	HP	■
Product responsibility		
PR1 Management approach	19–22	■
PR2 ¹⁾ Effects on health throughout the product life cycle	HP	■
PR3 Breaches of health and safety regulations	HP	■
PR4 ¹⁾ Legally prescribed information concerning products and services	19, 21, 28	■
PR5 ¹⁾ Breaches of information obligations	No relevant cases	■
PR6 Customer satisfaction	19–20	■
PR7 ¹⁾ Legal conformity in the advertising area	19, 28, 41	■
PR8 ¹⁾ Breaches in the advertising area	No relevant cases	■
PR9 Justified data protection complaints	No relevant cases	■
Fines due to breaches of product and services regulations	No relevant cases	■
Sector Supplements		
Company profile		
EU1 Installed capacity	29	■
EU2 Energy generation	29	■
EU3 Customer numbers	19	■
EU4 Length of long-distance and distribution lines	54	■
EU5 Quota of CO ₂ emission certificates	24	■
Economy		
EU6 Management approach to security of supply	24–27	■
EU7 Programme to manage customer demand	39–40	■
EU8 Research and development activities	41–43	■
EU9 Reserves for the dismantling of nuclear power stations	since EVN does not operate any nuclear power stations	n.r.
EU10 Planned capacity in relation to expected demand	30–32	■
EU11 Average efficiency in production	30, 31, 33, 36–37	■
EU12 Efficiency of long-distance lines and distribution networks	27, 60	■
Ecology		
EU13 Biodiversity of replacement areas		□
Society		
EU14 Securing the requirement of skilled labour	11–12	■
EU15 Retirements in the next 5 and 10 years	60	■
EU16 Health and safety regulations	15	■
EU17 Contractor and sub-supplier work days for building work, service and maintenance	60	■
EU18 Contractors and sub-suppliers who have undergone health and safety training	60	□
EU19 Participatory decision-making processes with stakeholders	60	■
EU20 Involuntary resettlement	60	■
EU21 Disaster plans, training programmes and rescue and repair plans	15, 60	■
EU22 Transfers due to new projects	60	■
EU23 Programmes to improve access to electricity and customer services	19–22	■
EU24 Safe use of energy and customer service with accessibility	19–22	■
EU25 Injuries and deaths connected with company plants	59	■
EU26 Population in sales area without electricity supply	22, 27	■
EU27 Electricity disconnections due to payment arrears	21, 22	■
EU28 Frequency of power failures	25, 27, 60	■
EU29 Average length of power failure	25, 60	■
EU30 Average availability of power stations	60	■

- fully reported
- ☒ partly reported
- not reported
- Rf report front cover
- Rb report back cover
- n.r. non-relevant
- AR Annual Report
- HP Homepage: [www.responsibility.evn.at > service](http://www.responsibility.evn.at)
- ¹⁾ Additional performance indicator

The EVN Sustainability Report is oriented towards the Application Level A+ requirements of the GRI G3 guideline and also contains most of the indicators to Electric Utility Sector Supplements which were still not mandatory to this report. Nevertheless they have been reported to a large extent. The table gives an overview of the GRI content and key indicators dealt with and where they are to be found. Adherence to this reporting standard and the related criteria was examined by Lloyd's Register Quality Assurance (LRQA) and is hereby officially confirmed.

On the www.responsibility.evn.at website, you will find the GRI Index as shown here. EVN is constantly expanding its range of reporting and makes every effort to respond to these indicators in full.



EVN AG

EVN Platz
Austria, 2344 Maria Enzersdorf
Telephone +43 2236 200-0
Telefax +43 2236 200-2030

Information on the Internet
www.evn.at
www.investor.evn.at
www.responsibility.evn.at

Members of the CSR advisory team

CSR Officer, Gas Network Engineering: Peter Zaruba, Tel. +43 2236 200-12249, peter.zaruba@evn.at
General Secretariat and Corporate Affairs: Klaus Kohlhuber, Tel. +43 2236 200-12398, klaus.kohlhuber@evn.at
Information and Communications: Renate Lackner-Gass, Tel. +43 2236 200-12799, renate.lackner-gass@evn.at
Investor Relations: Ulrike Henzinger, Tel. +43 2236 200-12497, ulrike.henzinger@evn.at
Human Resources: Elvira Hammer, Tel. +43 2236 200-12727, elvira.hammer@evn.at
Environmental Control and Safety: Stefan Vadura, Tel. +43 2236 200-12217, stefan.vadura@evn.at

Members of the CSR steering committee

Information and Communications: Stefan Zach, Tel. +43 2236 200-12294, stefan.zach@evn.at
Environmental Control and Safety: Hans-Georg Rych, Tel. +43 2236 200-12526, umweltcontrolling@evn.at
Human Resources: Karl Huber, Tel. +43 2236 200-12092, karl.huber@evn.at

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We have put together this sustainability report with the greatest possible diligence, and have checked the data. Nevertheless, rounding off, compositor's or printing errors can not be excluded. In the summing up of rounded amounts and percentages, the application of automatic calculating devices could result in rounding-off differences.

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