Sustainability Report 2013/14

Axpo Holding AG

Contents

CEO interview 3
Facts & figures 5
Sustainability at Axpo 6
Making sustainability an integral part of our business 6
Fields of action and goals 7
Stakeholder dialogue 11
Reporting principles 14
Materiality analysis 15
GRI Report 19
    General standard disclosures 20
    Specific standard disclosures 39
External assurance 82
GRI content index 83
Glossary 85
Publishing details and contact persons 86

CEO interview

The new Chief Executive Officer Andrew Walo discusses the relevance and importance of sustainability to Axpo

You have been a Member of the Executive Board for more than 10 years and became CEO of the Axpo Group on 1 February 2014. What role does sustainability play for you as the company's senior decision-maker?

Axpo's business activities are long-term in nature, thus making sustainability an important aspect. That has always been the case. In 2014, Axpo was able to celebrate its first 100 years in business, which would not have been possible if earlier generations had not already placed great value on sustainable corporate governance. I am referring here not only to respect for the environment and the considerate handling of its resources, but also to the social dimension and, especially at the moment, to the economic dimension of sustainability. In the present context, the latter is of central importance.

What progress has been achieved in developing the social dimension of sustainability?

Axpo is committed to creating a shared understanding of sustainability among its business partners: in mid-2014, the company introduced a Code for Business Partners to ensure compliance with business ethics and further social and environmental minimum standards. The Axpo Code is based on the key principles espoused by international organisations that are considered relevant, such as the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises. Our aim is to award at least 80% of our order volume from 2017 onwards to business partners that have signed the Code.

Alongside this, Axpo is supporting the politically induced expansion of renewable energies and has been investing in these technologies for years – in Switzerland, Axpo has been one of the largest producers of renewables for some time now. Significant milestones have also been reached in our expansion projects abroad. Take, for example, the Global Tech I offshore wind farm in the North Sea, in which Axpo holds a 24.1 per cent stake. The 80 wind turbines with a total output of 400 MW have now been built; the plant should be connected to the grid at the start of 2015.

What other commitments does Axpo demonstrate to the environmental dimension of sustainability?

Increasing energy efficiency offers great potential for further improving Axpo's environmental sustainability performance. This involves both enhancing efficiency at our production plants through the use of cutting-edge technology and reducing energy losses on our distribution grids. What's more, we are resolute in our efforts to reduce energy consumption in our buildings. Taking all these aspects into consideration, Axpo was able to boost its energy efficiency last year by more than 16,000 MWh – which is equivalent to the annual electricity requirements of around 4,000 households.

Furthermore, Axpo's production mix, which is low in CO_2, enables it to make an important contribution to climate protection: viewed over Axpo's entire power plant fleet, the greenhouse gas intensity comes to just 48 g of CO_2 equivalents per kWh. That is a mere fraction in comparison with the European electricity mix of around 500 g of CO_2 per kWh.

And what about the economic dimension of sustainability?

Sustainability means integrating all the dimensions. Given the very difficult market situation at present, the economic dimension has taken on particular importance for Axpo. The issue at stake is to ensure the long-term continuance of the company as a going concern. We are doing this, on the one hand, by tapping into new and profitable areas of business and, on the other, by improving our cost efficiency and optimising our core business. As a result, around 300 jobs will have to be shed by the end of 2017 and we are currently adopting a cautious approach to investments.

How do you gauge the development of the electricity market and Axpo's profitability? After all, the Linth-Limmern power plant, which cost a total of CHF 2.1 billion, is expected to start operating in 2015.

The subsidies for wind energy and solar power, which are politically motivated, have hit all other types of production really hard, especially domestic, renewable hydro power. Nevertheless, I am convinced that we can run Linth-Limmern profitably in the long run, as it is not just important in terms of electricity grid stabilisation. Flexibility will start to play a greater role, in particular with the continuing expansion of new energies such as wind and photovoltaic. If we can make the best possible use of Linth-Limmern, i.e. produce electricity at hourly peak prices and pump the water back into the higher-altitude reservoir at low or even negative prices, then this power plant will remain profitable over the course of its useful life. However, for that to work, the peak prices must not be limited by the politicians or regulators. So, if the general conditions of market logic are allowed to prevail, then I am more optimistic than some newspaper reports in recent months would have you believe.

So the situation is not as bad as it looks?

At present, we are strongly dependent on the trend in wholesale prices for electricity in Europe. One of Axpo's main objectives is to reduce this dependency. One way of doing so would be to expand our business activities in the Trading and Origination area by offering our customers tailor-made products and services. In addition, we will continue to firmly pursue a course of sustainable development, as this will pay off in future. To this end, we defined areas for action last financial year and set goals for the next three years. These are ambitious, but achievable.

Facts & figures

Economic performance

in millionen CHF	2013/14	2012/13[1)]
Revenues	6672	7025
Profit for the period	-730	212
Order volume	1072	1083
Personnel expenses	655	603
Taxes, fees and duties paid to the public sector	74	170
Dividends to the public sector	78	78

Energy business I Electricity production

	in GWh	in MW
Nuclear energy	22824	3300
Gas	3560	1840
Hydro power, including small-scale hydro power plants	8400	3365
Other renewable energies	646	360

Environmental performance

Greenhouse gas intensity of electricity generation

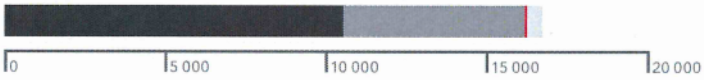
Switzerland I in g CO_2-equivalents/kWh

Axpo Switzerland	5,7
Switzerland as a whole	19,6

Europe I in g CO_2-Äquivalenten/kWh

Axpo as a whole	48
Europe (UCTE)	515

Increase in energy efficiency I in MWh/year



Power plants	10840
Transmission	5200
Buildings	20
Customers	450
Total	**16510**

Social performance and safety at work

	2013/14	2012/13
Expansion of new energies	+68,5 MW	+31,2 MW
Conveying of energy knowledge at visitor centres	82300 visitors	76500 visitors
Number of employees (full-time equivalents)	4102	4050
Number of days lost due to occupational accidents FTE	0,34	0,16

1) As the Axpo Group is applying several amended IFRS standards for the first time in the 2013/14 financial year, it had to restate some of the prior-year figures (the figures for the financial years 2009/2010 to 2011/2012 are unchanged and not restated). This concerns IFRS 10 Consolidated financial statements, IFRS 11 Joint arrangements and the resulting amendments to IAS 28 Investments in associates and joint ventures and IAS 19 Employee benefits. It also includes the first-time full consolidation of six partner plants.

Sustainability at Axpo

Making sustainability an integral part of our business

Axpo has a long tradition of sustainability. Even though the current widespread understanding of sustainability was not established until the 1980s by the United Nations World Commission on Environment and Development, Axpo's 100 years in business show that the company takes its obligation to constantly improve its adherence to the criteria of economic, environmental and social responsibility seriously. Here is an overview of the milestones achieved in recent years in establishing sustainability as an integral part of the Axpo corporate culture:

2007/08:

- Publication of the first sustainability report in accordance with the Global Reporting Initiative (GRI) standard at Level C+
- Board of Directors approves Axpo's sustainability policy, which includes focus areas and principles of action
- Establishment of the Sustainability Advisory Board

2008/09:

- Publication of the second sustainability report in accordance with the GRI standard at Level B+
- Publication of the first detailed and group-wide ISO 14064-certified greenhouse gas inventory
- Publication of the first environmental product declaration (EPD®) in accordance with ISO 14025 for the Beznau power plant

2009/10:

- Publication of the first integrated annual/sustainability report with a GRI Level B+ rating

2010/11:

- Introduction of the Code of Conduct through which Axpo undertakes to comply unconditionally with obedience to the law, integrity and ethics

2011/12:

- Publication of the integrated annual/sustainability report – as the sole energy company in Switzerland to be rated A+ under GRI

2012/13:

- Introduction of key figures measuring sustainability performance in all three dimensions

2013/14:

- Introduction of the Code for Business Partners, which is based on the procurement guidelines of the foremost international organisations
- Sustainability reporting in accordance with the new G4 standard of GRI
- Identification of sustainability focus topics for Axpo, grouped into fields of action with binding goals for the next four years

Fields of action and goals

The focus of Axpo's commitment to sustainability is on the internal business view and all the related strategic and operational activities. However, Axpo is also part of the Swiss economy and Swiss society. That is why the Group-wide goal of being the leading energy company in Switzerland in terms of sustainability is linked to concrete goals and measures. Based on the challenges facing its own business model, the socio-economic framework, and taking the entire value chain into account, Axpo is committed to taking action in the following six areas and strives to achieve the goals it has set.

1. Axpo ensures its long-term corporate success

The challenge: Ensuring the long-term success of the business is currently a priority challenge for Axpo, and will remain so in the coming years. This is primarily attributable to the wholesale prices in Europe, which have fallen by around 30% compared with 2011, owing to the European economic crisis, the cheap production of electricity from the primary energy source of coal and the subsidisation and privileged feed-in of electricity from new energies. In addition, the Swiss franc/euro exchange rate has a negative impact on Axpo, leading to lower margins and thus reduced profits.

Axpo's approach: Axpo can either counter this development by lowering costs (reducing operating costs and exercising investment restraint) or by increasing revenues through new or expanded fields of business. If Axpo can succeed in this way in securing its currently healthy financial base and generating additional income streams, this will lead to high creditworthiness. Axpo will be rated as a trustworthy business partner, thus enabling it to continue to enjoy favourable financing conditions. Axpo will thus be in a position to make investments in the expansion of new business areas and in the maintenance of its power plants, for example. On the other hand, maintaining high capital reserves could also mean bearing more risks, such as for trading activities.

2. Axpo reduces its carbon footprint and increases energy efficiency

The challenge: Climate change is one of the global mega trends of our time – the mostly negative consequences can likewise only be countered by a global rethink and global action. Developed industrial nations such as Switzerland can play an exemplary role in this process.

Axpo's approach: Axpo's contribution involves reducing its greenhouse gas emissions and boosting its energy efficiency. The greatest leverage for reducing greenhouse gas emissions at Axpo can be found in the systematic use of CO_2-free electricity in operating the pumped-storage power plants. The relevant possibilities for increasing energy efficiency lie in maintaining the production plants with the most up-to-date and most efficient technology, reducing energy losses on the distribution grids and making careful and efficient use of energy when operating buildings. Moreover, Axpo supports its customers in their plans to boost their own energy efficiency.

3. Axpo ensures its business partners comply with sustainability principles

The challenge: In today's globalised world, supply chains are complex and there are often few opportunities for influencing downstream suppliers and their own suppliers in particular.

Axpo's approach: To do justice to its understanding of sustainable corporate governance, Axpo wants to create a binding basis on which its business partners can engage with their own corporate responsibility. Axpo does so by means of its Code for Business Partners. This is the only way in which the reputation risk can be fully covered and the dialogue with NGOs and politicians conducted on a well-established basis.

4. Axpo plays an active role in shaping the energy turnaround

The challenge: Energy systems are in the process of transformation throughout Europe. At present, the politically determined subsidisation of new energies is causing a boom in these technologies. The increase in volatile electricity production this entails also boosts the significance of energy storage technologies.

Axpo's approach: Axpo makes a considerable contribution to reshaping the energy system as one of the leading Swiss producers of renewable energies and through the expansion and continuing development of its capacity for storing electricity. Axpo achieves the latter goal, in particular, through the construction of the Linth-Limmern pumped-storage power plant, which will enable additional capacity of around 1000 MW to be reached.

5. Axpo is a responsible employer

The challenge: The success and long-term continuance of Axpo as a going concern is based on the achievements, motivation and continuing development of its employees.

Axpo's approach: Axpo seeks to ensure a high degree of employee satisfaction, especially during periods of realignment to new business areas and services, as this is necessary for good performance and as a driver of innovation. In addition, guaranteeing safety at work, in particular during the construction and operation of production systems and grids, is a central concern.

6. Axpo makes a contribution to society

The challenge: As a public-sector enterprise, Axpo has a particular duty towards society.

Axpo's approach: For Axpo, credible commitment is based on open and honest dialogue with all stakeholders and on setting down roots in the regions where it its located. In this respect, Axpo focuses on the free, transparent and politically neutral communication of knowledge on all aspects of energy at its visitor centres and power plants, a comprehensive annual reporting suite on all sustainability topics of relevance to Axpo, and support for around 200 different organisations, institutions and projects which are committed to culture, the environment or young and disabled sporting talent.

An overview of our fields of action, goals and performance

Fields of action	Goals	Performance 2013/14
1) Axpo ensures its long-term corporate success	Ensure long-term capital market viability	The ability to access the capital market was ensured through the award of an A rating.
	Ensure the company's risk capacity	Maintaining a solid equity ratio of 37.5% enabled risk capacity to be ensured.
2) Axpo reduces its carbon footprint and increases energy efficiency	Annual measurement of greenhouse gas emissions in accordance with ISO 14064	The Group-wide greenhouse gas inventory achieved certification.
	Reduce net greenhouse gas emissions in Switzerland by 80% by 2017 compared to the base year 2008/09 (160,000 t) to 30,000 t CO_2 equivalents	Reduction of 8000 tonnes on 38,900 tonnes net. Scheduled reductions by 2017 remain on track.
	Increase energy efficiency by 240,000 MWh in the production and distribution of electricity and in operations by 2017	Increase of 16,500 MWh achieved (planned: 16,300 MWh). However, the target figure for 2017 cannot be reached as things stand today. Corrective measures are being developed.
3) Axpo ensures its business partners comply with sustainability principles	Implementation of a code of conduct for business partners by 2017 to ensure compliance with business ethics and further social and environmental minimum standards (80% of order volumes via business partners who have signed the Code)	Code for Business Partners introduced in companies in Switzerland, target measurement to begin from FY 2014/15.
	Establish transparency on supply chains by 2017 representative of all technologies used by Axpo to generate electricity by means of environmental product declarations (EPDs) in accordance with ISO 14025 (one new EPD each year)	EPDs have been published for the following power plants: - Beznau nuclear power plant - Wildegg-Brugg run-of-river power plant - Löntsch storage plant - Au-Schönenberg small-scale hydro power plant - Otelfingen Kompogas facility - Rizziconi combined-cycle gas turbine plant (Italy) The EPD scheduled for the Donat/Ems wood-fired power plant in the reporting year will not be published until the 2014/15 financial year.

Fields of action	Goals	Performance 2013/14
4) Axpo plays an active role in shaping the energy turnaround	Expand the portfolio of new energies through profitable projects at home and abroad	Expansion by a total of 68.5 MW: Wind: + 60.5 MW PV: + 0.14 MW Small-scale hydro: + 7.9 MW Completion of the Global Tech I off-shore wind farm (400 MW, Axpo stake: 24.1%), go live in FY 2014/15
	Expand the capacity for storing electricity and for balancing out volatile electricity production through the use of existing and new technologies (pilot plants)	The expansion of the Linth-Limmern pumped-storage power plant (1000 MW pump capacity, Axpo stake: 85%) progressed as scheduled.
5) Axpo is a responsible employer	The annual number of lost work days per full-time equivalent owing to occupational accidents is under the 0.3 threshold (SUVA "good practice")	The target was just met, with 0.34 lost work days per full-time equivalent.
	The annual voluntary turnover rate is between 4% and 6%	At 5.1%, the voluntary turnover rate was in the target range
	The annual absence rate is below the 3% threshold	The absence rate stood at 2.2%, under the 3% threshold
6) Axpo makes a contribution to society	Each year, Axpo imparts free, transparent and politically neutral knowledge on all aspects of energy at its visitor centres and power plants to between 70,000 and 80,000 visitors.	82,285 people (+7.6% on the previous year) came to the visitor centres / power plants
	Each year, Axpo reports with the greatest possible transparency on its sustainability performance in line with the Global Reporting Initiative (GRI) requirements.	Reporting at the "comprehensive" application level in accordance with GRI G4 was achieved.
	Through sponsoring and cooperation, Axpo supports around 200 different organisations, institutions and projects, which are committed to culture, the environment or young and disabled sporting talent. In addition, Axpo is involved in a national innovation project – the PARK innovAARE in Villigen - and supports innovative start-ups in the energy sector.	Four Headwaters Trail: Axpo is patron of the Four Headwaters Trail Foundation, a family-friendly hiking trail in the Gotthard range that leads to the sources of four rivers; the Rhine, Reuss, Ticino and Rhone. Axpo Energy Award: In 2013, the Axpo Energy Award was presented for the most innovative business idea in the energy sector. PluSport: Axpo is committed to disabled sport and partners closely with Plusport, the umbrella organisation for disabled sport in Switzerland. Activities in this area include the PluSport Day and regional football training sessions with disabled children.

Stakeholder dialogue

Axpo attaches great importance to an open, active and honest exchange of views with all stakeholders, with an emphasis on communication that meets the needs of the target groups. On the one hand, Axpo provides its stakeholders with transparent information on it activities, performance and goals. This is achieved by producing annual, sustainability and financial reports and numerous other publications, as well as through its visitor centres and power plants. On the other, it engages in a direct exchange of views between representatives of Axpo and its key stakeholders, and through associations and organisations in which Axpo is a member and can thus voice its position.

Axpo's key stakeholders are **employees, shareholders, customers, suppliers, industry associations, the scientific and academic community, politicians, the media, non-governmental organisations, concession grantors (cantons and municipalities), the local population, the general public and the Sustainability Advisory Board**, all of whom can be affected by Axpo's activities and/or are able to influence such activities. Active and continuing dialogue is therefore key to successfully managing the company.
(GRI G4-24, GRI G4-25)

Concrete dialogue

Dialogue with the local population, cantons, municipalities and non-governmental organisations

The expansion of both new energies and hydro power as well as the grid infrastructure are caught up in the interplay between business, the environment, supply security and society. A high degree of social acceptance for an energy project speeds up the approval process, thus often improving its cost effectiveness. That is why Axpo is committed to a close dialogue with the population, interest groups, nature conservation and environmental associations. Involving these groups at an early stage and conducting a regular exchange of views builds trust, facilitates compromises and helps to convey technically complex topics in a way that is understandable and factually correct. The main concerns of the parties differ. In the case of NGOs, for example, the emphasis is often on maintaining biodiversity and making sparing use of unspoilt natural areas. For the cantons and municipalities that award concessions the primary focus is on the local security of supply and the public revenues that will flow to the local communities, whereas the local population is mainly concerned with the actual impact of the project: including the construction and operation of power plants, expansion of the infrastructure (e.g. access roads), changes to the environment, but also the creation of jobs and impact on tourism. For further information on the dialogue with stakeholders, please turn to p.71 and p.72.

Examples relating to hydro power:
When it comes to new Axpo projects or renewing service concession arrangements for hydroelectric power plants, advisory groups are formed whose membership is made up of the authorities, local community representatives and NGOs, including environmental associations. In addition, information events are organised in the municipalities involved in the concession. For projects already in the process of realisation, construction site visits and various information events are held. Discussions and coordination meetings with local residents and interest group representatives enable solutions to be developed that take full account of the concerns and objections of the inhabitants, authorities and environmental associations. The public dialogue held in this way meets with broad acceptance. The main topics addressed by the advisory groups and discussed with the external organisations are the demands of the environmental protection organisations concerning run-off water, replacement measures, fish passage and higher-level overall planning.

In the reporting year, a successfully negotiated outcome was reached in connection with the Tschar power plant optimisation project when the early renewal of the concession was obtained in 2013/2014; building work is set to commence in April 2015. A similar result was achieved in the case of the Russein power plant, where all the approvals were obtained without objection. This project is currently in the construction phase.

Example relating to the distribution grid:
Grid operation and, in particular, expansion can lead to conflicts with the local residents. Many are afraid of the potential health effects of increased electromagnetic fields and worry about the impact on the landscape. To raise the level of social acceptance of a power line construction project and thereby simplify the approval process, Axpo engages in a direct dialogue with all stakeholders. This also serves to strengthen the relationship of trust and enables technically complex topics to be conveyed at first hand in an understandable manner.

Dialogue with employees

Employee performance and motivation is a decisive factor in successfully establishing a leading position in the face of competition and rapidly changing markets. Axpo maintains a regular dialogue with its staff members. The focus areas for employees over the last 12 months were the uncertain market environment and Axpo's future challenges and direction. These topics were particularly addressed as part of the communication of the new corporate strategy and became a topic of discussion among employees.

Information-sharing and dialogue take place at institutionalised employee information events at the head offices and other locations, through line management and in electronic form. An interactive dialogue with employees is held on the intranet and the Executive Board regularly provides information on important decisions by means of newsletters. Employee concerns are discussed at regular meetings between the Group CEO, the Head of Corporate Human Resources and employee representatives, from which actions are developed.

A Group-wide employee survey is carried out once every two years. The results are shown to all staff members and specific measures are developed for implementation in the following financial year.

Dialogue with politicians

Any exchange of views in the political arena always addresses a specific topic – in line with the political debate at that time – and can take two forms: either through direct dialogue with Axpo representatives (Public Relations employees or top management) or through the associations in which Axpo is a member. In the reporting year, for example, a direct exchange took place between the CEO of Axpo Holding and the Commission for Energy, Transport and the Environment of the Canton of Zurich. An institutionalised dialogue was established in the reporting year for highly complex topics such as the Federal Council's Energy Strategy 2050. The exchange of views took place at monthly intervals via the Association of Swiss Electricity Companies (VSE), together with business associations and interested politicians, who took an in-depth look at the dossier, focussing specifically on the configuration of individual aspects of the Federal Council's Energy Strategy 2050, namely the models for promoting new energies, the decommissioning of nuclear power plants and the models for increasing energy efficiency.

Dialogue with the Sustainability Advisory Board

The Axpo Sustainability Advisory Board is a partner in dialogue with the CEO. At its twice yearly meetings, the Board discusses and critically assesses Axpo's sustainability achievements. Its members are Kurt Aeschbacher (journalist), Dr. David Bosshart (CEO of the Gottlieb Duttweiler Institute), Prof. Ralph Eichler (President of the Swiss Federal Institute of Technology ETH Zurich), Prof. Ueli Mäder (Professor for Sociology, University of Basel), Dr. Gottfried Schatz (Prof. Emeritus for Biochemistry, University of Basel, former Chairman of the Swiss Science and Technology Council) and Dr. Hubertine Underberg-Ruder (Chair of the Board of Directors of Underberg Switzerland). In its annual "Carte blanche" contribution, the Board states its position on the key challenges which Axpo must face.

In spring 2014, the Board of Directors and Executive Board of Axpo Holding AG decided to transfer the tasks and duties of the Axpo Sustainability Advisory Board to Axpo Sustainability Management with effect from the end of 2014. The transfer of these activities marks the end of the six-year phase of establishing Axpo Sustainability Management within the Group. Since it was first founded in 2008, the Axpo Sustainability Advisory Board has provided critical yet constructive support to the process of building up sustainability management within the Group and was thus successfully involved in the implementation of sustainability processes at Axpo. The Board's commitment helped establish the overall topic of sustainability as an integral part of the corporate strategy. Axpo views the goals attained with the assistance of the Sustainability Advisory Board both as an obligation and an incentive.

Carte blanche for the Sustainability Advisory Board : Continue to pursue long-term goals

The Axpo Sustainability Advisory Board, whose mandate expires at the end of 2014, is composed of prominent business, media and academic figures who assess Axpo's efforts as it strives to act in a credible and sustainable manner. The Axpo Board of Directors and Executive Board must not neglect these long-term efforts in the current phase of consolidation.

1. *Research and development regarding new decentralised renewable energies including the associated storage technologies and energy efficiency, life cycle topics and other complex underlying issues in the energy sector as well as the problematic disposal of nuclear waste must continue to be given high priority.*

2. *When electing new members to the Board of Directors, attention should be paid to ensuring that the candidates possess the competencies required for Axpo's new tasks.*

3. *In the interests of a sustainable HR policy, Axpo should demonstrate, both internally and externally, that it is an exemplary social employer.*

4. *As a public-sector company, Axpo should communicate its sustainability efforts effectively and transparently to the outside world and be much more effective in motivating the public to save energy.*

The Sustainability Advisory Board hopes that Axpo Sustainability Management will continue to pursue these concerns with great commitment as of 2015.

(GRI G4-26, GRI G4-27)

Reporting principles

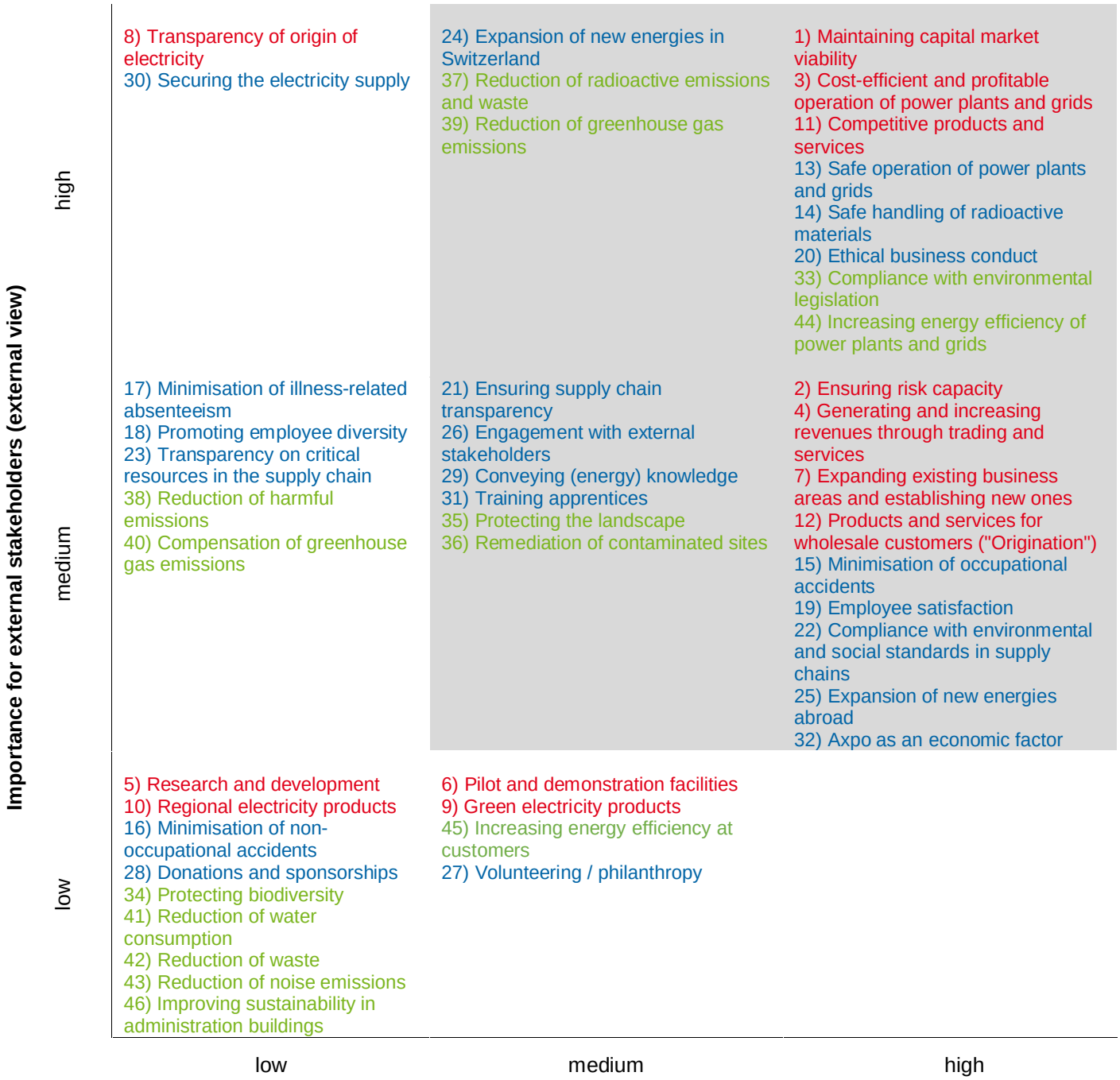
Axpo has prepared its report for the 2013/2014 financial year in accordance with the Global Reporting Initiative's G4 Guidelines. The Sustainability Report now conforms to the "G4 comprehensive" reporting profile, which replaces the previously adopted G3 Application level A+ profile. External assurance has been retained and is now explicitly indicated for each indicator that has been assured.

With the adoption of the latest GRI reporting standard, the topic of sustainability has acquired an even stronger strategic foothold and the reporting on sustainability has been expanded to include a standalone report. While sustainability aspects continue to be addressed in the annual report, comprehensive reporting now takes place separately, as is the case with the financial reports (for further information, see www.axpo.com).

In preparing this report, Axpo has adhered to the GRI reporting principles, which set out the processes for defining both report content and report quality. When it came to choosing the report content, an active dialogue was held with stakeholders to include them in the sustainability reporting process. The newly developed action fields provide context, illustrating just how important the topic of sustainability is for Axpo. The choice of indicators is ultimately based on the principle of materiality and provides concrete benchmarks for the goals set out in the action fields. Care is taken to achieve a clear and balanced presentation of key figures, to facilitate the comparability of Axpo's performance over time and in the reporting year and enable an overall assessment to be made available to all stakeholder groups.

The transition to G4 and stronger focus on topics that Axpo considers material have slightly reduced the scope of the aspects and indicators. There are no other structural changes compared with last year's sustainability report.
(GRI G4-22, GRI G4-23)

Materiality analysis



Materiality matrix: the sustainability topics in the grey shaded area are relevant to Axpo: Economic dimension: topics 1 – 12; Social dimension: topics 13 – 32; Environmental dimension: topics 33 - 46

The matrix above shows how sustainability topics are graded at Axpo according to three levels of relevance. Only those topics that are of at least medium importance to Axpo and its external stakeholders (grey area of the matrix) were addressed in the report. The Axpo internal view is the

result of various discussions with employees at all functional levels and from a variety of departments. A final assessment was then prepared by the Axpo Executive Board. The external view reflects the appraisal of the members of the Sustainability Advisory Council, which represents a number of stakeholders (further information on p.13).
(GRI G4-17, GRI G4-18)

The topics deemed relevant were assigned to the respective GRI aspects and indicators. For all indicators, the reporting boundaries refer to the fully consolidated companies. Any deviations from this principle are highlighted in context and explained accordingly. No further restrictions are made.

For some topics, the extent and influence of the impacts lie outside of Axpo's corporate boundaries. Important examples include indirect greenhouse gas emissions from the procurement of energy for the operation of pumped-storage power plants (see GRI indicators G4-EN16, G4-EN17, S.54) and compliance with environmental and social standards in supply chains. Improvements in Axpo's sustainability performance in these topics are already being achieved indirectly at present, within the scope of what is possible. In the reporting year, Axpo thus introduced its Code for Business Partners to establish compliance with environmental and social standards in supply chains (for further information, see p.73). Indirect greenhouse gas emissions are reduced by procuring a CO_2-free and guarantee-of-origin-labelled electricity product (for further information, see p.51).
(GRI G4-20, GRI G4-21)

Material aspects and indicators from the materiality analysis

Material sustainability topics for Axpo from the economic dimension:

No.	Topic	Reference action field (AF) and GRI aspect	Page(s) in report
1	Maintaining long-term capital market viability to ensure that future investments can be financed at favourable costs (rating)	AF 1: Axpo ensures its long-term corporate success; GRI aspect: Economic performance	39
2	Ensuring the company's risk capacity, e.g. by maintaining a sound equity ratio	AF 1: Axpo ensures its long-term corporate success; GRI aspect: Economic performance	39
3	Cost-efficient and profitable operation of power plants and grids	GRI aspect: Economic performance	39
4	Revenue generation and continually increasing revenues through trading activities and the provision of services	GRI aspect: Economic performance	39
7	Expansion of existing business areas / exploration of new business areas (especially services) and realisation of unused synergies	GRI aspect: Economic performance	39
11	Offering competitive products and services	GRI aspect: Economic performance	39
12	Offering specific products and services for wholesale customers in Europe (origination)	GRI aspect: Economic performance	39

Material sustainability topics for Axpo from the social dimension:

No.	Topic	Reference action field (AF) and GRI aspect	Page(s) in report
13	Guaranteeing the safe operation of power plants and grids	GRI aspect: Disaster and emergency planning	77
14	Guaranteeing the safe handling of radioactive materials	GRI aspect: Customer health and safety	78
15	Minimisation of occupational accidents	AF 5: Axpo is a responsible employer; GRI aspect: Occupational health and safety	64
19	Promotion of employee satisfaction	AF 5: Axpo is a responsible employer; GRI aspect: Employment, training and education, equal opportunity	59, 67, 70
20	Enforcement of ethical business conduct	GRI aspect: Anti-corruption	73
21	Ensuring supply chain transparency	AF 3: Axpo enforces sustainability principles among its business partners; GRI aspects: Supplier assessment, anti-corruption, anti- competitive behaviour	69, 73, 73
22	Compliance with environmental and social standards in supply chains	AF 3: Axpo enforces sustainability principles among its business partners; GRI aspect: Compliance	59, 73
24	Expansion of new energies in Switzerland	AF 4: Axpo plays an active role in shaping the energy turnaround; GRI aspect: Availability and reliability	44
25	Expansion of new energies abroad	AF 4: Axpo plays an active role in shaping the energy turnaround; GRI aspect: Availability and reliability	44
26	Engagement with external stakeholders (e.g. in construction projects)	GRI aspect: Local communities	71
29	Conveying (energy) knowledge to the population	AF 6: Axpo makes a contribution to society; GRI aspects: Local communities, indirect economic impacts	71, 42
31	Training apprentices	GRI aspect: Employment, indirect economic impacts	59, 42
32	Axpo as economic factor (duties, taxes, fees and dividends paid as well as order volume)	GRI aspect: Direct and indirect economic impacts	39, 42

Material sustainability topics for Axpo from the environmental dimension:

No.	Topic	Reference action field (AF) and GRI aspect	Page(s) in report
33	Compliance with environmental legislation	GRI aspect: Compliance	59
35	Protection of the visual landscape	GRI aspect: Local communities	71
36	Remediation of decontaminated sites	GRI aspect: Effluents and waste	55
37	Reduction of radioactive emissions and waste	GRI aspect: Effluents and waste	55
39	Reduction of greenhouse gas emissions	AF 2: Axpo reduces its carbon footprint and increases energy efficiency; GRI aspect: Emissions	51
44	Increasing energy efficiency of power plants and grids	AF 2: Axpo reduces its carbon footprint and increases energy efficiency; GRI aspect: System efficiency, energy	47, 48

In addition to the aspects that were deemed "material", the following sector-specific aspects from the GRI Sector Supplements for energy companies are included in the report:

No.	Topic	Reference action field (AF) and GRI aspect	Page(s) in report
8	Transparency of origin of electricity	GRI aspect: Provision of information	81
30	Securing the electricity supply	GRI aspect: Availability and reliability	44
5 | 6	Research and development / pilot and demonstration facilities	GRI aspect: Research and development	46
45	Increasing energy efficiency at customers	GRI aspect: Demand-side management	45
		GRI aspect: Plant decommissioning	47
		GRI aspect: Access	79

(GRI G4-19)

GRI Report

General standard disclosures 20
Strategy and analysis 20
Organisational profile 21
Identified material aspects and boundaries 31
Stakeholder engagement 32
Report profile 33
Governance 34
Ethics and integrity 38
Specific standard disclosures 39
Economic dimension 39
Economic performance 39
Indirect economic impacts 42
EU sector-specific aspect: Availability and reliability 44
EU sector-specific aspect: Demand-side management 45
EU sector-specific aspect: Research and development 46
EU sector-specific aspect: Plant decommissioning 47
EU sector-specific aspect: System efficiency 47
Environmental dimension 48
Energy 48
Emissions 51
Effluents and waste 55
Compliance 59
Social dimension: Labour practices and decent work 59
Employment 59
Occupational health and safety 64
Training and education 67
Supplier assessment for labour practices 69
Social dimension: Human rights 70
Non-discrimination 70
Supplier human rights assessment 70
Social dimension: Society 71
Local communities 71
Anti-corruption 73
Anti-competitive behaviour 73
Compliance 73
EU sector-specific aspect: Disaster / emergency planning and response 77
Social dimension: Product responsibility 78
Customer health and safety 78
Compliance 79
EU sector-specific aspect: Access 79
EU sector-specific aspect: Provision of information 81

GRI Report

General standard disclosures

Strategy and analysis

G4-1 Statement by CEO

Statement from the CEO about the relevance of sustainability to the organisation and its strategy for addressing sustainability.

Interview with CEO Andrew Walo, Sustainability Report 2013/14, p.3

G4-2 Description of key impacts

Description of key impacts, risks and opportunities (the organisation's key impacts on sustainability and effects on stakeholders, the impact of sustainability trends, risks and opportunities on the long-term prospects of the organisation).

As a European energy company with Swiss roots which is owned by the cantons of North Eastern Switzerland, Axpo is particularly committed in its traditional sales area to achieving financial success and to acting in a socially and environmentally responsible manner in its dealings with the general public, the residents of the region, its customers and its employees. Axpo's impacts on sustainable development lie, among others, in its contribution to the sufficient, secure and environmentally benign production of energy through its climate-friendly Swiss electricity mix. Axpo also supports its owners and many municipalities, i.e. the people living in the North Eastern cantons of Switzerland and in other locations where power plants are located, in the form of dividends, taxes and levies.

In addition, Axpo is engaged in the expansion of new energies. For example, it owns 24.1% of the Global Tech I project company, which is installing a total of 80 offshore wind turbines across an area of 41 km^2. Axpo not only invests in offshore projects, but also in onshore wind farms, for example in France.

Axpo is active in 18 European countries, not least through its origination activities in niche markets in the energy sector, thereby contributing to the development of the market. Axpo is also successfully establishing itself as a buyer and marketer of energy produced by wind farms. Axpo has been particularly successful in this sector on the Iberian peninsula, where it already manages portfolios of around 8,000 MW installed wind and photovoltaic capacity.

In addition, customer satisfaction is a central priority for Axpo and, as an important employer, it places great emphasis on the occupational training and education of its employees. It provides a stimulating environment that offers equal opportunities to all employees, while clearly defined rules protect them from discrimination.

In line with Axpo's understanding of sustainability and with a view to managing risks and opportunities, the company continued to work on the implementation of its sustainability strategy in the reporting year. A Code of Conduct for Business Partners was developed and implemented, and sustainability focus topics were defined as fields of action with each being assigned two to three specific and measurable objectives that should be reached by the end of 2017.

Current developments surrounding the politically induced new energy strategy for Switzerland pose a potential risk. The existing strengths of the Swiss electricity production sector could be affected negatively, as the phased exit from nuclear energy means that gas-fired combined-cycle power plants and imports have to be considered as an alternative, among others. This would weaken the electricity mix produced by Axpo when it comes to the emission of greenhouse gases.

Another risk lies in securing the long-term success of the company and preserving Axpo's capital market viability. Wholesale prices have been contracting for some years now and are exerting pressure on Axpo's margins and thus also on its profits. The low wholesale prices are partly the result of the sluggish European economy, low prices for CO_2 and coal, and the remuneration for feed-in to the electricity grid paid for electricity produced with new technologies. This diminishes the value of the other conventional power plants, which is directly reflected in the reduced investment values for power plants reported by plant operators. Axpo can partly cushion the reduction in earnings resulting from the low wholesale prices for electricity by cutting its costs or increasing its revenues, primarily from new or expanded business areas.

Organisational profile

G4-3 Name of the organisation

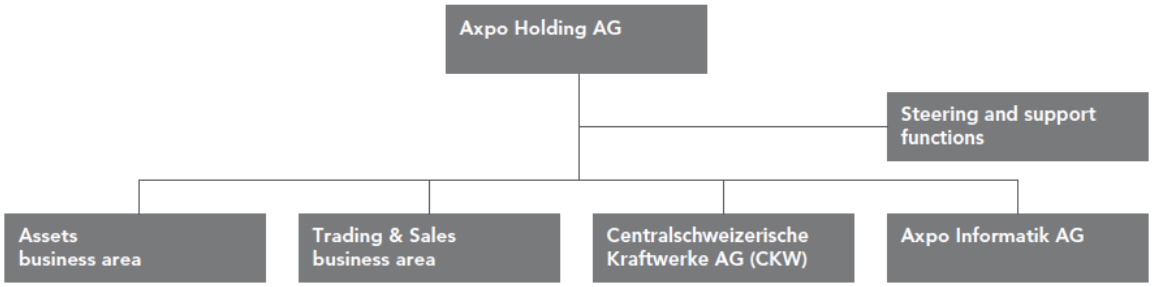
Axpo Holding AG

G4-4 Primary brands, products and services

Axpo is a Swiss energy company which is wholly owned by the cantons of North Eastern Switzerland. Together with its partners, Axpo delivers electricity to most of the population of North Eastern Switzerland – safely, without harming the climate and at affordable prices. Axpo has local roots and a global reach. The Group produces, distributes and sells electricity. It is also involved in international energy trading and provides energy services to customers in Switzerland and Europe.

The Axpo Group consists of Axpo Holding AG with its four subsidiaries Axpo Power AG (Business Area Assets), Axpo Trading AG (Business Area Trading & Sales), Centralschweizerische Kraftwerke AG (CKW) and Axpo Informatik AG.
The Business Area Assets operates the power plant fleet (nuclear, hydro power, gas, new energies) as well as Axpo's distribution grids. The Business Area Assets also optimises the power plant fleet and invests in new power plant and grid capacity.
The Business Area Trading & Sales is engaged in energy trading throughout Europe on behalf of Axpo. It trades in physical energy volumes and financial products on around 20 energy exchanges and numerous broker platforms throughout Europe as well as directly with counterparties (OTC business). Axpo trades in the most diverse commodities, such as electricity, natural gas, oil, coal, biomass, CO_2 certificates and green certificates for energy from renewable sources. Its trading activities cover the entire time spectrum from what is termed intraday trading to multi-year contracts. Axpo not only offers standardised products, but also customised products which are used to assume and manage the risks of its customers.
Centralschweizerische Kraftwerke AG (CKW) was established in 1894 and is the leading provider of energy services in Central Switzerland. It plays an important role in the supply business of the Axpo Group. Together with its regional Group companies, CKW provides electricity to around 200,000 end customers in the cantons of Lucerne, Uri and Schwyz.
As the competent IT partner for the energy industry, Axpo Informatik AG provides technical and commercial IT services to Axpo, the cantonal electricity utilities of North Eastern Switzerland and their customers.

Axpo's management structure



G4-5 Location of the organisation's headquarters

Axpo Holding AG
Parkstrasse 23
5401 Baden
Switzerland

G4-6 Number of countries where the organisation operates

Axpo operates in 18 European countries. In addition, as the Group's internal IT service provider, AXI also operates support organisations in China (Peking and Shanghai).

Measured by number of employees, the European countries most important to Axpo alongside Switzerland are Italy, Spain, Bulgaria, Germany, Norway, Romania and the United Kingdom.

G4-7 Nature of ownership and legal form

The cantons and cantonal utilities of North Eastern Switzerland own 100% of the shares of Axpo Holding AG (see table below).

The shareholders of Axpo Holding AG

	in %	in CHF millions
Canton of Zurich	18.342	67.9
Electricity utilities of the Canton of Zurich	18.410	68.1
Canton of Aargau	13.975	51.7
AEW Energie AG	14.026	51.9
SAK Holding AG	12.501	46.3
EKT Holding AG	12.251	45.3
Canton of Schaffhausen	7.875	29.1
Canton of Glarus	1.747	6.5
Canton of Zug	0.873	3.2
Total share capital	100.000	370.0

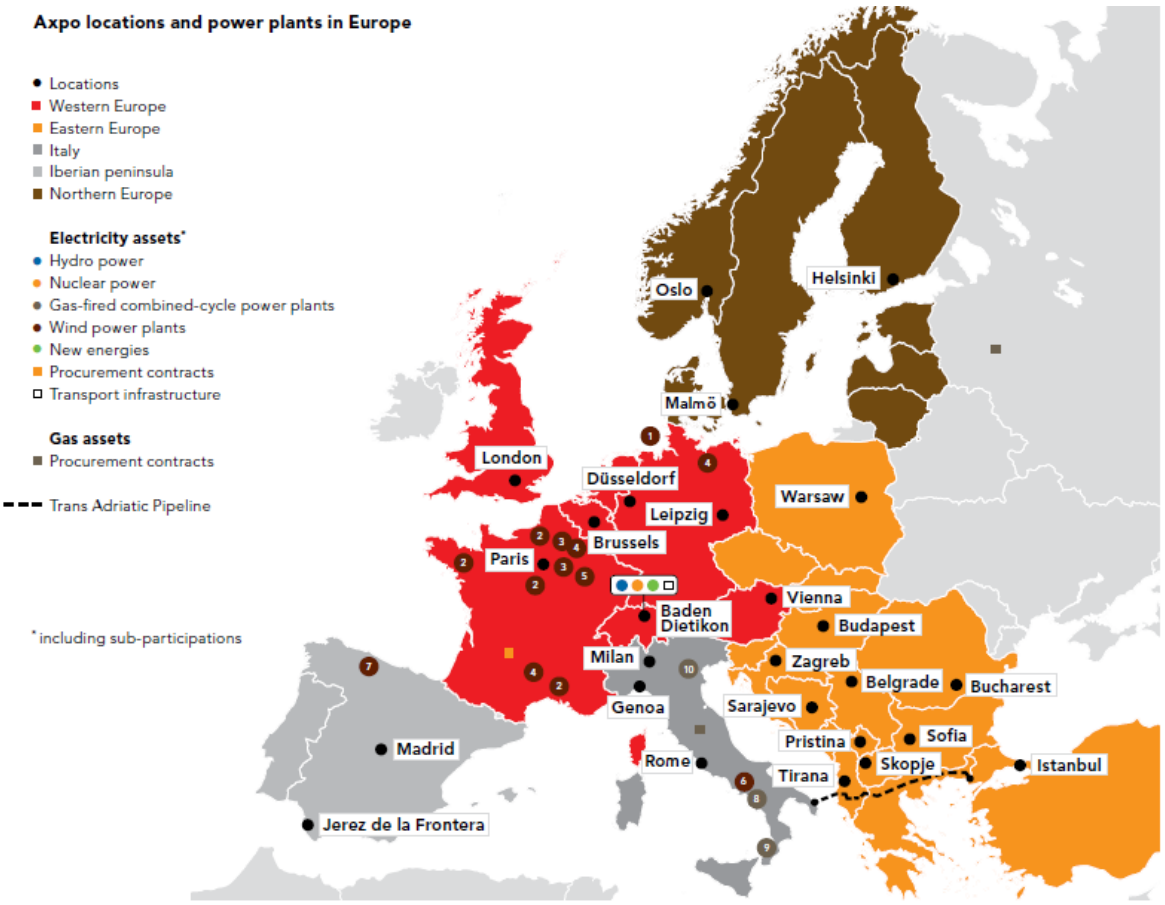
G4-8 Markets

Markets served (including geographic breakdown, sectors served and types of customers and beneficiaries).

As a Swiss energy company, Axpo has local roots and a global reach. It is involved in all phases of the value chain: electricity production, electricity distribution, trading with electricity, natural gas, other commodities, certificates and energy-based financial products, as well as electricity sales and services. The trading centres (location of each trading centre indicated in brackets) are:

- Central Europe (Dietikon/Switzerland)
- Italy (Genoa)
- Iberian peninsula (Madrid)
- Nordic and Baltic countries (Oslo)
- United Kingdom (London)
- South Eastern Europe (Dietikon/Switzerland)

Axpo locations and power plants in Europe



Production quantities 2013/14

Assets in operation		in million kWh
2	Fado	79
3	St. Riquier 2	25
4	Terravent	38
5	Plain Dynamique	23
6	WinBis	86
7	La Peñuca	52
8	Calenia	1763
9	Rizziconi	790
10	Ferrara	1363
1	Global Tech I	417

G4-9 Scale of organisation

The Group-wide permanent and temporary full-time equivalents (without apprentices) as at 30 September was 4,102 for the reporting year. These full-time equivalents comprise 4,435 persons or 899 women and 3,536 men. Axpo employs 3,991 persons in Switzerland and 444 abroad. The most important business locations are listed on page 23 of the Sustainability Report 2013/14.

Net revenues (Financial Report of Axpo Holding AG 2013/14, p.6)
Total capitalisation (Financial Report of Axpo Holding AG 2013/14, p.8)

Quantity of products provided:
Electricity sales totalled 67,947 million kWh and gas sales amounted to 11,027 million kWh.

G4-10 Breakdown of total number of employees

Report the total number of employees by employment contract and gender, employment type and region.

Number of employees (excluding apprentices, as total number of persons)	Total for Group	Switzerland	International
Total	**4,435**	**3,991**	**444**
Women	**899**	**744**	**155**
Part-time	399	383	16
Fixed-term	1	1	0
Permanent	398	382	16
Full-time	500	361	139
Fixed-term	7	7	0
Permanent	493	354	139
Men	**3,536**	**3,247**	**289**
Part-time	395	393	2
Fixed-term	4	4	0
Permanent	391	389	2
Full-time	3,141	2,854	287
Fixed-term	22	22	0
Permanent	3,119	2,832	287

Number of apprentices (individuals)	Switzerland	International
Total	**406**	**0**
Women	**35**	**0**
Part-time	0	0
Full-time	35	0
Men	**371**	**0**
Part-time	0	0
Full-time	371	0

G4-10-EU Report on total contractor workforce (contractor, subcontractor, independent contractor) by employment type, employment contract and regulatory regime

It is not possible for Axpo to record the full details of all employment contracts signed by subcontractors. In the energy sector in Switzerland and Europe, far fewer activities are typically outsourced to external subcontractors than in other regions of the world. In Switzerland, subcontractors in the energy sector typically operate as general contractors who accept full responsibility for the performance of their mandates without providing detailed data on every aspect of employment (including details of collective bargaining agreements) to the customer. For more information, please consult the Sustainability Report 2013/14, p.63.

G4-11 Collective bargaining agreements

Percentage of total employees covered by collective bargaining agreements.

	Switzerland	International
Total	**8.05%**	**53.60%**
Women	1.06%	56.13%
Men	9.50%	52.25%

Notes: Permanent and fixed-term employees receiving a monthly salary or hourly wage, including apprentices

G4-11-EU Report on percentage of contractor employees (contractor, subcontractor and independent contractor) working for the reporting organisation covered by collective bargaining agreements by country or regulatory regime.

Axpo cannot quantify this key figure. In this regard, please also see G4-10-EU, Sustainability Report 2013/14, p.25.

G4-12 Supply chain

Axpo is involved in all phases of the energy sector value chain: from the construction and operation of energy plants, to trading with energy products and customer-specific services and products.

Important business activities and suppliers of Axpo at a glance:

Important suppliers	Primary activities of Axpo in Switzerland and Europe:		
	Acquisition / construction incl. procurement of services for:	Operation / maintenance / renovation / modernisation, incl. procurement of raw materials and supplies, components and services for:	Trading with electricity, gas and other commodities as well as certificates (green, energy efficiency and CO_2 certificates)
Manufacturers of components (e.g. generators, transformers, power plant components)	– Hydro power plants – Renewable energies, incl. projects – Electricity grids – Gas infrastructure – Telecommunications	– Hydro power plants – Nuclear power plants – Gas-fired combined-cycle power plants – Renewable energies – Electricity grids – Gas infrastructure – Telecommunications	Customer-specific energy products and services for wholesale customers (cantonal and municipal utilities), local distributors and energy producers
Fuels (gas, nuclear fuel), operating supplies and materials			
Suppliers of construction and engineering services			Grid-related services
Suppliers of maintenance services			CO_2 services
Suppliers of financial and advisory services			Supply of electricity and heat to end customers
Suppliers of energy products and energy services			Electrical, lighting, IT and telecommunication services

As Axpo operates in many different areas along the value chain, both in Switzerland and in Europe – from the construction of large hydro power plants, to the operation of nuclear power plants, from trading and sales to sales of IT services – a diverse range of business partners is involved in the supply chain. Axpo has a total of around 10,000 different suppliers. These include international technological corporations such as ABB, Siemens, Westinghouse and Alstom, international trading partners for energy products such as EDF, E.On, GDF Suez and Vattenfall, as well as a large number of international, national and even regional suppliers from the most diverse sectors.

Order volumes for the procurement of goods, materials, third-party services and investment, for example in power plants, amounted to around CHF 1,072 million in total. The following procurement principles and policies apply in this regard:

- GATT / WTO tender procedures to ensure the equal treatment of all providers (Swiss and foreign) as of the agreed thresholds.

- Axpo's Code for Business Partners regarding compliance with business ethics as well as minimum social and environmental standards (Switzerland from 2014, internationally from 2015).
  http://www.axpo.com/content/dam/axpo/switzerland/konzern/dokumente/allgemeine_geschaeftsprinzipien_axpo_en.pdf

In future, by signing the Code, Axpo's business partners will expressly commit to Axpo's guiding principles for sustainable, ethical and law-abiding conduct, which are based, among other things, on the principles of the United Nations Global Compact and the OECD's Guidelines for Multinational Enterprises.

By 2017, at least 80% of the total order volumes of the Axpo Group will be routed exclusively through suppliers who have signed the Code for Business Partners. The Group's Sustainability Management department will regularly measure the roll-out of the Code over the next few years.

G4-13 Structural changes

Significant changes during the reporting period regarding the organisation's size, structure, ownership or supply chain.

The scope of consolidation experienced material changes. As of the reporting year, the following partner plants, previously equity-consolidated, are fully consolidated:

- Albula-Landwasser Kraftwerke AG
- Kraftwerke Eglisau-Glattfelden AG
- Kraftwerke Ilanz AG
- Kraftwerke Linth-Limmern AG
- Kraftwerke Sarganserland AG
- Kraftwerke Vorderrhein AG

Detailed information on all changes to the scope of consolidation is provided in the Financial Report of Axpo Holding AG for 2013/14, p.47 and 48.

The capital structure did not change in any way. Detailed information is provided in the Financial Report of Axpo Holding AG for 2013/14, p.8.

The supply chain did not see any significant changes either in the reporting year.

G4-14 Addressing the precautionary principle

Report on whether and how the precautionary approach or principle is addressed by the organisation.

Axpo is obliged to take a precautionary approach to risks. With regard to the protection of the environment and the population, the safe operation of its production plants is of central importance.

To ensure the safety of its nuclear plants, Axpo is committed to complying with the international nuclear safety standards specified by the IAEA Safety Convention (International Atomic Energy Agency) and ratified by Switzerland. National and international authorities carry out nuclear safety

checks on a regular basis. Regular safety inspections are very important. They serve as the basis for all measures to maintain and improve safe plant operation. In addition, safety at the nuclear installations is analysed and appraised by WANO (World Association of Nuclear Operators) on a regular basis. WANO is a global association of nuclear power plant operators for the mutual exchange of information. Axpo's aim is for its nuclear installations to be among the best, and therefore safest, by international standards. Since its commissioning, the Beznau nuclear power plant has been constantly refurbished. Safety precautions at the Beznau nuclear plant are thus on a par with those at new power plants. The Beznau nuclear plant has passed all the European stress tests carried out in the wake of the Fukushima disaster. In addition to the safety of its nuclear plants, the proper treatment of radioactive waste is a key concern for Axpo (see Sustainability Report 2013/14, p.55).

Axpo's dams also meet the most stringent safety standards. They are permanently monitored and regularly checked. Dams of a certain category have to be resistant to earthquakes of a magnitude that is only expected once every 10,000 years. They are subject to supervision by the Swiss Federal Office of Energy (SFOE). In 2003, the SFOE instructed all operators to review the earthquake resistance of such dams within the next ten years. Axpo submitted the required confirmation for all 30 of its dams in this category by the end of 2013.

In operating its grids, Axpo makes sure that the non-ionising radiation produced by power lines does not exceed the limits prescribed by the Ordinance on Non-Ionising Radiation (NISV).

G4-15 Agreements and initiatives

Externally developed economic, environmental and social charters, principles or other initiatives which the organisation has signed or endorses or to which it subscribes.

Axpo applies the following established international standards: International Financial Reporting Standard (IFRS), IAEA Safety Convention, nuclear safety performance indicators of the World Association of Nuclear Operators (WANO), environmental product declarations pursuant to ISO 14025 and certified greenhouse gas inventory pursuant to ISO 14064. Axpo also has companies, divisions and business units that have been certified to ISO 9001, ISO 14001 and OHSAS 18001. Axpo builds its own office buildings in compliance with the national Minergie standard.

G4-16 Memberships of associations and organisations

Axpo represents its interests directly or indirectly as a member or in a supporting/advisory function of a large number of associations and organisations. The most of important of these are:

Association / organisation	Description of membership
National level	
VSE Association of Swiss Electricity Companies	Umbrella association of Swiss electricity companies - Axpo is a sector member - Axpo is represented on the board - Axpo is represented in all strategically relevant working groups
Swisselectric	Association of Swiss electricity grid operators - Axpo is a member - Axpo is represented on the board and appoints the chairman - Axpo is represented in all strategically relevant working groups
economiesuisse	Umbrella association for the Swiss business community - Axpo is a member - VSE is represented on the board - Swisselectric is represented in the standing committee - Axpo is represented in some working groups
CORE Commission fédérale pour la recherche énergétique	Federal Energy Research Commission - Axpo is represented in the commission with one member

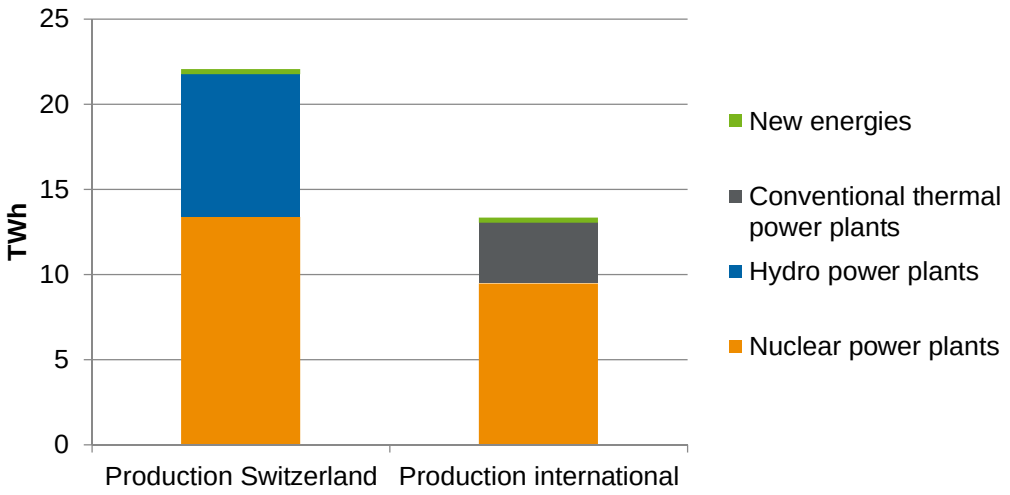
Association / organisation	Description of membership
International level	
Eurelectric Association of the electricity industry	Umbrella association of the European electricity industry - VSE is the Swiss member; Swisselectric acts as coordinator - Axpo is represented in all strategically relevant working groups
EFET European Federation of Energy Traders	Association of European energy traders - Axpo is a full member - Axpo is represented on the board - Axpo is represented in all strategically relevant working groups
Eurogas	Association of the European gas sector - Axpo is a full member - Axpo is represented in the strategy committee - Axpo is represented in certain strategically relevant working groups
Energy Charter	International organisation for countries to ensure investment security and cross-border energy trading - Axpo is a member of the Industry Advisory Panel (an advisory committee consisting of representatives of the energy sector)
RECS Renewable Energy Certificate System	Association for the development and organisation of trading in green certificates - Axpo is a full member

G4-EU1 Installed capacity, broken down by primary energy source and by regulatory regime

Axpo (including CKW) has a total installed power plant capacity of around 8,870 MW. This includes the fully consolidated plants as well as all investments in other companies based on the share-ownership ratio. The breakdown by technology and region is as follows:

Technology	Installed capacity
Hydro power Switzerland, including small-scale hydro power plants	approx. 3,360 MW
Nuclear energy Switzerland, including long-term contracts	approx. 2,030 MW
Gas Switzerland	approx. 60 MW
New energies Switzerland, without small-scale hydro power plants	approx. 70 MW
Foreign nuclear energy (long-term contracts with France)	approx. 1,270 MW
Foreign gas-fired combined-cycle power plants (Italy)	approx. 1,780 MW
Foreign wind power (France, Italy, Spain)	approx. 290 MW
Foreign hydro power	approx. 5 MW
Total	**approx. 8,870 MW**

G4-EU2 Net energy output broken down by primary energy source and by regulatory regime



G4-EU3 Number of residential, industrial, institutional and commercial customer accounts

In Switzerland, Axpo mainly sells electricity to the B2B sector. Its biggest customers are five cantonal utilities. Axpo also delivers electricity to around 30 energy supply companies (local distributors) and 19 industrial customers (end users).
Through its subsidiary CKW, Axpo delivers electricity directly to some 200,000 private customers and 5,000 business customers and indirectly to other customers through a total of eleven local distributors.

Axpo Italy provides electricity and gas to a total of 120,000 customers through its sales partners. The following customer segments are served directly:

Customer segments served by Axpo Italy	Number of customers electricity	Number of customers gas
Residential complexes	4,887	21
Households	400	869
SMEs (< 10 GWh / year)	24,729	11,057
Top customers (> 10 GWh / year)	590	461

G4-EU4 Length of above and underground transmission and distribution lines by regulatory regime

Grid level	Overhead line	Cable
Grid level 1 (stub lines – Axpo only)	142 km	5 km
Grid level 3 (cross-regional distribution grid)	2,260 km	422 km
Grid level 5 (regional distribution grid)	943 km	1,355 km
Grid level 7 (local distribution grid, including home electricity connections – CKW only)	362 km	4,344 km

G4-EU5 Allocation of CO_2 emission allowances or equivalent, broken down by carbon trading framework

The production of electricity by the gas-fired combined-cycle power plants in Italy falls under the European Union's emissions trading system (EU ETS). In the 2013 calendar year, Rizziconi emitted 370,074 t CO_2 and Calenia 686,272 t CO_2 in total. For the 2014 calendar year, the following amounts of CO_2 were emitted until the end of the reporting period: Rizziconi: 202,205 t CO_2 and Calenia: 404,592 t CO_2. The reduction in the operating times of the Italian gas-fired combined-cycle power plants is explained by the downturn in electricity demand.

Identified material aspects and boundaries

G4-17 Entities included in the organisation's consolidated financial statements

All indicators for the reporting period refer to the fully consolidated companies. Differences in reporting periods are highlighted in context and explained accordingly.

Financial Report of Axpo Holding AG 2013/14, Notes to the consolidated financial statements, p.81 - 85.
Sustainability Report 2013/14, p.16

G4-18 Defining the report content and aspect boundaries

Sustainability Report 2013/14, p.16

G4-19 List of material aspects

Sustainability Report 2013/14, p.18

G4-20 Material aspects within the organisation

Sustainability Report 2013/14, p.16

G4-21 Material aspects outside the organisation

Sustainability Report 2013/14, p.16

G4-22 Effects of restatements

Report on the effect of any restatements of information provided in previous reports and the reasons for such restatements.

Sustainability Report 2013/14, p.14

G4-23 Significant changes in scope

Report on significant changes from previous reporting periods in the scope and aspect boundaries.

Sustainability Report 2013/14, p.14

Stakeholder engagement

G4-24 Stakeholders

List of stakeholder groups engaged by the organisation

Sustainability Report 2013/14, p.11

G4-25 Selection of stakeholders

Sustainability Report 2013/14, p.11

G4-26 Approach to stakeholder engagement

Sustainability Report 2013/14, p.13

G4-27 Key topics and concerns raised in the reporting period through stakeholder engagement

Sustainability Report 2013/14, p.13

Dialogue with the general public:
Its dialogue with the public enhances the Group's credibility and promotes understanding of its business policies. The general public can contact Axpo and its media office via the Group's website to register its concerns. Additional opportunities for engaging in a direct dialogue are provided by Axpo's visitor centres and power plants, where interested parties can obtain information on site.

Dialogue with the media:
In 2013/14, around 50 media releases regarding current events at the Group and its subsidiaries were sent out to the media. Axpo also calls media conferences and briefings where it informs the media directly of important developments affecting the Group or the industry. Axpo's media office is staffed round the clock, 365 days a year. Media releases and more information are available at www.axpo.com.

Dialogue with shareholders:
The shareholders' rights of participation are described in detail in the chapter on corporate governance in the Annual Report of Axpo Holding AG 2013/14, p.11. The dialogue with shareholders mainly takes place within the framework of the fifteen meetings of the Board of Directors every year, the board of directors' two-day retreat, the Annual General Meeting and the Shareholders' Letter published in June. In order to comply with the politically determined governance strategies of some cantons that apply to the management of companies in which the cantons hold an investment, regular and institutionalised meetings between the specialist units and Axpo's senior management are also scheduled. One example of such an event in the reporting year is the meeting between the management of the Office for Waste Management, Water, Energy and Air (AWEL) of the Canton of Zurich and the CEO of Axpo Holding. The agenda items included the mutual exchange of information, including forward-looking information regarding the possible political implications of Axpo's activities and projects.

Dialogue with business associations:
An important dialogue with the business sector is channelled through economiesuisse, the umbrella association for the Swiss business community. Axpo is represented in this association through Swisselectric and VSE. Topic-focused exchanges take place in working groups. In the reporting year, both sides were mostly concerned with defining their positions regarding the Federal Council's Energy Strategy 2050 and the liberalisation of the electricity market for end customers.

Dialogue with non-governmental organisations, government offices and municipal representatives:
For more information, please consult the Sustainability Report 2013/14, p.71.

Dialogue with the scientific and academic communities:
For more information, please consult the Sustainability Report 2013/14, p.46.

Report profile

G4-28 Reporting period

The information in this report covers the 2013/14 financial year
(1 October 2013 to 30 September 2014).

G4-29 Date of the most recent previous report

The last Annual and Sustainability Report was published for the 2012/13 financial year on 18 December 2013.

G4-30 Reporting cycle

The first two GRI reports issued by Axpo each covered a period of two years (2005/06 and 2006/07 as well as 2007/08 and 2008/09). Since the publication of the Annual and Sustainability Report 2009/10, Axpo has issued annual reports based on the GRI Guidelines.

G4-31 Contact point for questions regarding the report

For the contact point, please refer to "Publishing details and contact persons" in the Sustainability Report 2013/14, p.86

G4-32 Chosen "in accordance" option

G4 comprehensive

G4-33 External assurance

The Sustainability Report 2013/14 was checked externally by Ernst&Young. See Sustainability Report, p.82

Governance

G4-34 Governance structure

Corporate governance refers here to the governance structure of the organisation, including committees that report to the highest governance body and which are responsible for specific tasks.
See Annual Report of Axpo Holding AG 2013/14, Corporate governance, p.11-15

The duties of the Board of Directors are based on the provisions of the Swiss Code of Obligations. The Board of Directors is responsible for formulating the corporate strategy, which incorporates objectives relating to the economic, environmental and social aspects. The Board of Directors is also responsible for the top-level management of the company and for supervising the Executive Board. In particular, it is responsible for establishing organisational structures, arranging the accounting system, financial controlling and financial planning, appointing the members of the Executive Board and determining their salaries, producing the annual report, and preparing the Annual General Meeting and implementing its resolutions. There are currently three standing committees whose task is to analyse in greater depth all business or personnel-related decisions submitted by the Executive Board: the Audit and Finance Committee (AFC), the Remuneration and Human Resources Committee / Nominations Committee and the Strategy Committee.

G4-35 Delegation of authority for economic, environmental and social topics by the highest governance body

Sustainability is one of the strategic objectives incorporated into the corporate strategy adopted by the Board of Directors. As the Executive Board is responsible for the operational implementation of the corporate strategy, it takes all strategic decisions on sustainability. The Executive Board also approves the sustainability strategy. Responsibility for the preparation and implementation of this strategy lies with the Head of Corporate Development, who delegates this task to the Head of Sustainability Management.

The Executive Board monitors the implementation of the sustainability strategy and developments in group-related sustainability performance by reviewing the annual internal sustainability reports and topic-specific motions submitted to the Executive Board for decisions. This is the remit of the Head of Corporate Development, who delegates this task to the Head of Sustainability Management.

G4-36 Responsibility for economic, environmental and social topics

Developing the Group's sustainability is the responsibility of Sustainability Management, a Group function reporting to the CEO Staff Office, which falls under the Corporate Development Group function. The Head of Sustainability Management submits all internal sustainability reports to the Executive Board.

G4-37 Processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics

Engagement with stakeholders primarily takes place during the process of operational implementation of the corporate strategy, for which the executive management is responsible (see Sustainability Report 2013/14, p.11). The CEO regularly updates the Board of Directors on business performance and important events.

G4-38 Composition of the highest governance body

Annual Report of Axpo Holding AG 2013/14, Board of Directors and Executive Board, p.16-18

G4-39 Chair of the highest governance body

The Chairman of the Board of Directors is not a member of the Executive Board.

G4-40 Nomination and selection processes for the highest governance body

As the owners, the cantons of North Eastern Switzerland appoint the members of the Board of Directors of Axpo Holding AG. As a result, several members of cantonal governments sit on the Board of Directors.

The composition of the Board of Directors is important for the performance of the tasks and responsibilities of the Board of Directors of Axpo Holding AG. Criteria such as "technical expertise and experience" and "skills and personality" are applied to formulate a meaningful proposal to the owners for the selection and nomination of members of the Board of Directors.

Top priority is given to members who can contribute their technical expertise and experience to the Board of Directors as the highest governance body in the following areas: corporate governance, experience in the energy sector, experience in comparable sectors (infrastructure, trade, international business operations), finance and accounting, experience in IFRS accounting rules, SWX and audits, understanding of political processes (regulator, authorities, parliament). Other desirable areas include: risk management, compliance, mergers and acquisitions, strategy development / strategic planning and human resources management.

The following aspects relating to "skills and personality" are key to being considered a suitable candidate for Axpo's Board of Directors: availability and time to invest, team player skilled in dialogue, and no conflicts of interest. To complement these skills, broad representation is aimed for with regard to personal skills/attributes (such as critical or creative thought patterns, focus on implementation, stabilisation/preservation, forward-looking, organisation/control) and social representation factors (such as age, gender, political conviction).

From time to time, the Board of Directors carries out a survey of its members and logs the expertise and abilities represented on the Board. The results of this self-assessment serve as the basis for proposals to the owners regarding future appointments to the Board of Directors. The most recent self-assessment was carried out in autumn 2013.

G4-41 Avoidance of conflicts of interest by the highest governance body

None of the members of the Executive Board belong to any other boards or own shares in any supplier companies or other stakeholder companies. Furthermore, no controlling shareholders are represented on the Executive Board and none of the members have ties to any related companies or persons.

G4-42 Role of the highest governance body and senior executives in developing the corporate strategy with regard to its economic, environmental and social impacts

The Board of Directors adopted Axpo's sustainability policy, which sets out the Group's common understanding of sustainability and identifies focal points and principles of actions. The sustainability policy is binding for the entire Axpo Group and informs the conduct and decisions of employees at all levels in the company. A further part of the Board of Directors' remit is to define the corporate strategy, which also includes an objective for improving Axpo's sustainability performance in all three dimensions.

The Executive Board is responsible for the operational implementation of the corporate strategy, including the sustainability objectives. To this end it has adopted a sustainability strategy designed to achieve the operational implementation of the 'sustainability' corporate objective.

G4-43 Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics

The Board of Directors' Strategy Committee deals with all strategically relevant topics that affect the Group, which it subsequently submits to the full Board of Directors. As it is also responsible for monitoring the implementation of the corporate strategy, it is informed of all measures taken to ensure the achievement of the "sustainability" corporate objective.

The Sustainability Report was submitted to the full Board of Directors for information prior to publication.

G4-44 Evaluation of the highest governance body's performance with respect to the governance of economic, environmental and social topics

Once a year the Sustainability Advisory Board meets with the Board of Directors to present and discuss its evaluation of the company's economic, environmental and social performance and submit its recommendations for improvement. The key points of the Sustainability Advisory Board's assessment are also summarised in the "Carte blanche" section of the Sustainability Report (see Sustainability Report 2013/14, p.13).

G4-45 The highest governance body's role in the identification and management of economic, environmental and social risks and opportunities with stakeholder support

Axpo's risk management process has been in place for many years. As part of this process, Axpo identifies the risks in the Group companies and at Group level every six months and assesses them according to probability of occurrence and impact.

Derived from its mission statement and vision, the Group not only assesses purely financial risks, but uses a holistic approach to assess the following four risk dimensions:

- Finance@risk assesses the financial impact of risks that could cause deviation from the budgeted result;
- Supply reliability@risk assesses the impact on the secure supply of electricity;
- Environment@risk analyses the impact of risks regarding potential threats to people and the environment;
- Reputation@risk assesses the impact on the Group's reputation.

The results of this Group-wide risk analysis are compiled every six months in a risk report and a catalogue of measures that are processed by the Corporate Risk Council. The Corporate Risk Council consists of the Executive Board, representatives of various Group functions and a representative of the Board of Directors of Axpo Holding AG. The risk report is subsequently discussed by the Audit and Finance Committee as well as the Board of Directors.

G4-46 The highest governance body's role in reviewing the effectiveness of the organisation's risk management processes for economic, environmental and social topics

With the risk reports and the fact that one member of the Board of Directors also sits on the Risk Council, the Board of Directors has at its disposal the tools it needs to monitor and control the risk management process.

G4-47 Frequency of the highest governance body's review of economic, environmental and social risks and opportunities

The risk report is submitted to the Board of Directors semi-annually.

G4-48 Review and approval of the Sustainability Report

The Executive Board of Axpo Holding AG is responsible for reviewing and approving the Sustainability Report.

G4-49 Communication of critical concerns to the highest governance body

The CEO regularly updates the Board of Directors on important economic, environmental and social developments and events. The Sustainability Advisory Board also communicates its critical concerns directly to the Board of Directors.

G4-50 Nature and total number of critical concerns communicated to the highest governance body and the mechanisms used to address and resolve them

In the reporting year, the Sustainability Advisory Board discussed three critical concerns relating to the areas of corporate governance, innovation and social responsibility during its annual meeting with the Board of Directors. An important conclusion was that Axpo did not report its performance and progress clearly enough to the Sustainability Advisory Board. In consequence, the Sustainability Advisory Board was provided with in-depth information.

G4-51 Remuneration policies for the highest governance body and senior executives

The Board's Remuneration and Human Resources Committee reviews the fees paid to the members of the Board of Directors and the committees, and submits requests for changes if required. The Board of Directors determines the fee to be paid to its members. The members of the Board of Directors receive a fixed fee which differs for the positions of Chairman, Vice-Chairman, Chairman of the Audit and Finance Committee, the members of the Audit and Finance Committee and the other members of the Board of Directors. The (fixed) remuneration for a Board member consists of a fixed annual fee plus a meeting attendance fee (except for the Chairman of the Board of Directors). Axpo Holding AG does not make severance payments to members of the Board of Directors who resign.

The remuneration of the members of the Executive Board consists of a fixed basic salary, a variable salary component of up to 50% of the basic salary, which depends on the degree of attainment of the financial and thematic objectives defined by the Board of Directors, as well as pension benefits and benefits in kind. The thematic objectives can refer to all three sustainability dimensions. There are no other payments.

G4-52 Determination of remuneration

No external advisors have been involved in drawing up the remuneration principles for the members of the Board of Directors and the Executive Board. The remuneration paid to the members of the Board of Directors and the Executive Board is set out in the Financial Report (see Financial Report for Axpo Holding AG 2013/14, p.79, 95 and 96).

G4-53 Taking into account of stakeholders' views regarding remuneration

The Remuneration Human Resources Committee / Nominations Committee prepares proposals regarding the remuneration for the members of the Board of Directors. The Board of Directors takes the final decision regarding the salaries.
Changes to the salaries and allowances of Axpo employees are only approved by the Executive Board after consultation with the Staff Council. Any decision deviating from the Staff Council's recommendation must be justified.

G4-54 Ratio of annual total compensation for the highest-paid individual employee to the median annual total compensation for all employees

Calculated for the fixed-term and permanent full-time equivalents in Switzerland, the ratio is 10 to 1.

G4-55 Ratio of percentage increase in annual total compensation

The ratio of the percentage increase in the annual total compensation for the highest-paid employees and all employees cannot be calculated retroactively for the 2013/14 financial year. Axpo will only be able to report on this indicator for the first time in the next financial year.

Ethics and integrity

G4-56 The organisation's values, principles, standards and norms

Sustainability Report 2013/14, p.73

G4-57 Internal and external mechanisms for seeking advice on ethical and lawful behaviour

Sustainability Report 2013/14, p.73

G4-58 Internal and external mechanisms for reporting concerns about unethical or unlawful behaviour

Sustainability Report 2013/14, p.73

Specific standard disclosures

Economic dimension

Economic performance

Relevance

Axpo is one of the largest Swiss energy companies. It is wholly owned by the cantons of North Eastern Switzerland. Together with its partners, Axpo delivers electricity to most of the population of North Eastern Switzerland – safely, without harming the climate and at affordable prices. Axpo has local roots and a global reach. The Group produces, distributes and sells electricity. It is also involved in international energy trading and provides energy services to customers in Switzerland and Europe.

As the need to secure the company's long-term economic success is an indispensable requirement for all of Axpo's activities, it is also the Group's key objective. Even more so as Axpo and the entire energy sector in Switzerland and Europe are currently fighting to survive in a difficult market environment.

Management approach

The changed economic environment requires a revision of the business model: In future, Axpo will focus not only on producing and trading in electricity, but also on providing innovative energy management services. The difficult market environment, caused mainly by the collapse in wholesale prices, poses three big challenges for Axpo. Firstly, costs have to be cut even further. Secondly, investment projects have to be reviewed carefully and downsized compared to the original plan, and thirdly, new earnings potential has to be exploited consistently (for more information, see Sustainability Report 2013/14, p.3).

Impacts and results

The company already reduced its costs and introduced a cautious approach to investments in the reporting year, but without jeopardising any investment projects relevant to operational safety. Because of the low wholesale prices, some of Axpo's production plants were also revalued in the reporting year. In the end, lower plant valuations will help to reduce the future cost of electricity production. As new sectors with future earnings potential are also to be exploited in the coming years, a preparatory project was launched in the reporting year. Further cost cuts and adaptation to current market needs will remain on the permanent list of management tasks.

G4-EC1 Direct economic value generated and distributed

	2013/14		2012/13[1]	
Revenues (in CHF m)	6,672		7,025	
Profit for the period (in CHF m)	-730		212	
Axpo as an economic factor (in CHF m)	Switzerland [4]	International	Switzerland [4]	International
Order volume (goods, materials, third party supplies, investments in property, plant and equipment, in CHF m) [2]	972	100	985	99
Personnel expenses (salaries and employee benefits)[3]	589	66	538	65
Taxes, fees and duties paid to the public sector	87	-13	170	48
Dividend payments to the public sector	78	0	78	0
Donations and sponsorships	4.7	0.2	5.7	2.9

[1] As the Axpo Group is applying several amended IFRS standards for the first time in the 2013/14 financial year, it had to restate some of the prior-year figures. This concerns IFRS 10 Consolidated financial statements, IFRS 11 Joint arrangements and the resulting amendments to IAS 28 Investments in associates and joint ventures and IAS 19 Employee benefits. It also includes the first-time full consolidation of six partner plants. For details, see Financial Report 2013/14 of Axpo Holding AG.
[2] Includes orders issued to third parties for goods, materials, third-party supplies, other operating costs and investments in property, plant and equipment at the location of the Group company issuing the order
[3] Includes all personnel expenses
[4] Includes all fully consolidated companies of the CKW Group, Axpo AG Group, Axpo Informatik and Axpo Holding. Axpo Trading AG and EGL Grid are included for the Axpo Trading Group.

G4-EC2 Financial implications and other risks and opportunities for the organisation's activities due to climate change

As confirmed by the latest climate change scenarios published by the Federal Office for the Environment, climate change will substantially affect future climatic conditions in Switzerland (Swiss Climate Change Scenarios CH2011). Because of changes to the distribution of rainfall (less rain in summer) and a general decline in run-off on the one hand, and a possible increase in extreme weather events with high rainfall volumes and a resulting increase in soil erosion on the other, climate change will have a particularly strong impact on the water management sector. This could have a negative financial impact on Axpo as the largest Swiss producer of hydro power.
As the global megatrend of our times, climate change can only be countered by changing political thinking and behaviour at the international level. The European Union has been setting the pace since it established the EU emissions trading system (EU-ETS) in 2005 as an important tool of climate policy.
Significant changes to the allocation of certificates were introduced in the third phase of the EU emissions trading system. As there are now no national allocation plans any more, the European Commission sets an EU-wide cap on the total CO_2 emissions. This was 2.04 billion t of CO_2 in 2013. This cap will be reduced by 1.74% per year, starting in 2014. Allocation depends on the type of emitting industry: Electricity producers have already had to pay for all their required certificates since 2013. This does not apply to EU member states who only joined the EU since 2004 and who still have a comparatively high percentage of coal-fired power plants, but this exception will end in 2019.

As the prices for CO_2 emission rights have dropped, the EU decided in 2013 to introduce an artificial shortage of 900 million tonnes of CO_2 emission rights, known as "backloading". The EU is currently working on a stabilisation mechanism (market stability reserve) which will automatically withdraw emission rights from the market when prices fall and feed emission rights into the market when prices rise. This mechanism is expected to be functional from 2020, but could possibly be introduced as early as 2017. As Axpo's gas-fired combined-cycle power plants in Italy fall under the European emissions trading system, this will increase the price of electricity production.

In October 2014, a policy framework for the EU 2030 climate and energy package was endorsed. The heads of the EU member states have taken a decision about the EU's energy policy until the year 2030. This decision provides the framework for the EU's energy policy in the next 15 years:

- Greenhouse gas emissions to be reduced by at least 40% below 1990 levels by 2030
- Share of renewable energy to be increased to at least 27% of the EU's final energy consumption by 2030
- Energy efficiency to be increased by at least 27% by 2030

The main burden for achieving the CO_2 reduction target will basically have to be carried by the electricity industry.

Such changes in the demands placed on the energy sector also present Axpo with opportunities to launch new products and services. For example, the rapid growth of wind energy in Europe has made it possible for Axpo to increasingly establish itself as a buyer and marketer of electricity produced by wind farms. Axpo has been particularly successful in this sector on the Iberian peninsula, where it already manages portfolios of around 8,000 MW installed wind and photovoltaic capacity. Another example is the services provided by the Ecology and Climate department, which helps companies to develop a climate protection strategy, draw up a carbon footprint, neutralise their greenhouse gas emissions and meet their obligations under the Swiss CO_2 law.

As CKW continued to consistently adapt its product range to the needs of its private and business customers, it can now conduct its business in a manner that is economically sustainable and energy-efficient. The standard product for private customers is still based entirely on renewable energy that is mainly generated in Swiss hydro power plants. Its range of green electricity products was further upgraded by introducing a higher share of solar power and in future will also include a CO_2-neutral option. CKW actively supports its business customers in their efforts to conduct their business in a forward-looking and energy-efficient manner, either with advisory and other services or options to upgrade their energy purchases.

G4-EC3 Coverage of the organisation's defined benefit plan obligations

Most of the Axpo Group's employees in Switzerland are insured under the defined contribution plan of the PKE Energy Pension Foundation. The employees of the Leibstadt nuclear power plant and other partner plants (equity-consolidated) are insured under the defined benefits plan of the PKE Energy Pension Fund Cooperative. The PKE Energy Pension Foundation (established in 2002) and the PKE Energy Pension Fund Cooperative (established in 1922) are both communal institutions of the energy sector.

Depending on the age category, the total savings contributions paid by employers and employees amount to between 12% and 37% of the pensionable salary, whereby the employer pays 60% to 70% of the contributions. The risk contributions total 2.8% of the pensionable salary, with the employer contributing 60%.

The funding ratio is:

• PKE Energy Pension Foundation: 110.9% (31.12.2013) and 112.5% (30.06.2014)

• PKE Energy Pension Fund Cooperative: 107.2% (31.12.2013) and 102.9% (30.06.2014)

Therefore, neither the defined benefits plan nor the defined contribution plan reports a funding deficit.

The CKW employees are insured exclusively with the PKE defined contribution plan. The CKW Group's pension cost for the 2013/14 financial year was CHF 14 million. The funding ratio of the PKE Energy Pension Foundation was 110.9% (31.12.2013) and 112.5% (30.06.2014) respectively. The partner plants of the CKW Group (not consolidated in the report) are insured separately.

Employees of the Axpo Group working in foreign countries are insured under defined contribution plans.

G4-EC4 Financial assistance received from the government

The company does not receive any significant financial allocations from state funds. Axpo receives contributions from a few subsidy programmes to support operational energy efficiency as well as the compensatory feed-in remuneration (CFR) for its new energies power plants, e.g. the wood-fired power plant in Domat-Ems and the small-scale hydro power plant in Lotzwil. All market players receive the same CFR contributions.

Indirect economic impacts

Relevance

With regard to indirect added value, as an energy company in public ownership, Axpo is obliged to generate sufficient environmentally benign energy at affordable prices to support the development of the national economy. By providing this energy, Axpo also generates indirect economic impacts by making sure that the national economy can benefit from the modern infrastructure built by Axpo for the provision of such energy. Other indirect economic impacts derived from Axpo's business activities include the funds dedicated to research and development (CHF 9.6 million), providing knowledge about energy-related topics to the public (82,300 visitors to the visitor centres and power plants of Axpo), and the training of apprentices (406). Like the infrastructure provided in Switzerland, the construction of the Trans Adriatic Pipeline TAP, in which Axpo currently holds a 5% stake as the original initiator of the project, also generates indirect economic impacts. TAP also contributes to risk diversification in the European gas supply business, as the new pipeline creates an additional supply channel for natural gas to Europe.

Management approach

Axpo does not have a management approach for the indirect economic impacts. Axpo's primary mandate is to provide energy to its customers, and this has direct economic impacts. Indirect economic impacts on the other hand are positive side-effects of the direct impacts.

Impacts and results

The economy in Axpo's supply area in Switzerland benefits above all from a modern, well-maintained infrastructure. Indirect beneficiaries include students at the universities supported by Axpo, who for their part can channel the knowledge they have gained into the economic cycle.

G4-EC7 Development and impact of infrastructure investments and services supported

As part of its commitment to sustainability, Axpo is engaged in different sectors and underlines this engagement by cooperating with a number of different organisations. In this regard, the focus falls on projects that promote resource conservation, energy efficiency and the dissemination of information in the field of energy.

As the largest producer of hydro power in Switzerland, Axpo is quite at home in the mountains. It cooperates with national and regional partners such as the Swiss Alpine Club SAC, the Four Headwaters Trail Foundation, the association that oversees Switzerland's footpaths and hiking trails, Switzerland Tourism and Aargau Tourism to promote both respectful and considerate interaction with the Alpine landscape and Switzerland's image as a great place to visit and a haven of sustainability.

Axpo's Mountain Hut Prize celebrated its third anniversary in 2014. This competition launched by Axpo is aimed at hobby ramblers, families and ambitious hikers alike. Hikers have to visit as many SAC huts as possible, collecting points as they go along.
As a very special contribution to the 9th Swiss Hiking Night, Axpo organised a group hike with Simone Niggli-Luder, multiple orienteering world champion and Axpo's brand ambassador, in the lower Aare Valley in July 2014. In addition, the second Cantonal Hiking Day took place in September 2014 in Wettingen in the Canton of Aargau. As in the previous year, Axpo co-sponsored this event.

Axpo is also engaged in sport and has been actively supporting Swiss football for many years. Although Axpo focussed on sponsoring the top professional football league in the past, it has recently increasingly turned its attention to promoting football at the youth and amateur levels. Among other events, Axpo organises "football camps" for children and young adults at more than 30 venues. These camps are attended by around 3,000 children ranging in age from 5 to 15 years. Axpo is also involved with the Zurich women's football team and supports talented young players. Through its long-standing cooperation agreement with PluSport, the umbrella organisation for disabled sport in Switzerland, Axpo promotes the upcoming generation of young talents. These activities include events such as the PluSport Day held every summer in Magglingen and regional football training camps for disabled children.

In the past financial year, an encouraging number of around 22,200 people visited Axporama, the Beznau nuclear power plant, Hydro Beznau and ZWILAG. A survey conducted among all visitor groups once again returned an extremely positive result (basis: More than 500 feedback forms were returned). Three out of four visitors gained an "excellent" impression, and the rest described their impression as "good". This assessment criteria was therefore maintained at a very high level, which is proof positive that investments in employee training and further education pay off. The recommendation rate also remained very high at 97%.
The visitor programmes are mostly used by teachers and their school classes, but often also by associations and companies. Guided tours are free of charge and can be booked from Monday to Saturday for groups of 8 people or more. On request the tours can also be offered in English, French or Italian. Individual visitors and families appreciate the free entry to Axporama and can visit the exhibition under their own steam every Sunday.

CKW also engaged with its direct social and cultural environment again in the reporting year, strengthening its ties to its supply area through a number of partnerships with cultural and sports clubs and associations that nurture up-and-coming talent. These include sponsorship partners such

as the Lucerne Symphony Orchestra and the Lucerne Blues Festival, which have enjoyed the support of CKW for more than ten years. CKW also entered into new partnerships with organisations such as the Foundation for the Severely Disabled in Lucerne (SSBL). The SSBL is CKW's neighbour in Rathausen and will in future use the waste heat from CKW's IT centre to heat its office building.
Its '"Solar Power Sets a Precedent" programme to support solar power in cooperation with the Lucerne municipalities also got off to a good start. To increase the production of solar power in its supply area, CKW promotes the installation of solar power plants on the roofs of schools by contributing two-thirds of the investment costs. Many positive reports in the media and enquiries from a large number of municipalities interested in the programme have already resulted in viability studies carried out in 30 municipalities. Six solar power plants have already been installed, and another six are in the planning stages.
Last but not least, CKW also forged ahead with several green electricity projects. Many projects were finalised or continued with the support of CKW's Green Electricity Development Fund. These include projects such as the Energy Academy at KKLB - Art and Culture in the Beromünster National Transmission Centre and the Energy Cockpit at the UNESCO biosphere in Entlebuch. Entlebuch is the pilot municipality for the Energy Cockpit project aimed at increasing awareness among the local inhabitants of the topics of energy production and energy consumption. An easy-to-read display provides production and consumption data for the municipality in real time. For more information, please consult the Sustainability Report 2013/14, p.46.

G4-EC8 Significant indirect economic impacts and the extent of these impacts

Sustainability Report 2013/14, p.42

EU sector-specific aspect: Availability and reliability

Relevance
Guaranteeing the delivery of a reliable supply of energy to its customers is a central concern for Axpo. In Switzerland in particular, the large volumes of electricity delivered by the company mean that Axpo also makes an essential contribution to maintaining socio-economic stability. In addition to the supply of electricity, the provision of reliable transmission capacities is an important task. For example, Axpo operates the largest transmission grid in Switzerland, thereby making an important contribution to securing the national supply of electricity.

Management approach
Axpo avails itself of a number of options to guarantee the secure and reliable supply of electricity to its customers. For one thing, Axpo relies on a broad mix of energy produced in its own power plants. With its Linth-Limmern project, for example, Axpo is investing CHF 2.1 billion in building a pumped-storage power plant with an output of 1,000 MW, one of the largest of its kind in Europe. Pumped storage technology makes a significant contribution to security of supply and system stability. The technology supports system stability in relation to the increased use of new energy solutions, where stochastic electricity is fed into the system. Pumped-storage power plants help to smooth out the residual load. Ongoing investments are also made to maintain and refurbish the existing power plant fleet.

To secure the future supply of electricity, Axpo relies on a diversified production portfolio and also invests in the expansion of its new energies production, mainly in regions where the conditions for renewable energies are excellent. In addition to investments in several on-shore wind farms, Axpo

thus invested more than EUR 400 million in the 400 MW Global Tech I offshore wind farm in the North Sea, which will be finished next year.

In addition to producing its own electricity, Axpo also buys energy from power plants in France under long-term electricity procurement contracts.
Sustainable access to the European electricity markets is another important pillar of supply security. Axpo secures this access through its pan-European trading business and near-trading activities such as the origination business.

In addition to the supply of electricity, the company also invests in existing and new infrastructure facilities for the transmission of energy, such as transmission grids in Switzerland and gas pipelines abroad that can also help to meet the demand for electricity by transporting primary energy carriers. The reliability of the transmission grids is ensured by means of intensive maintenance, renovation and optimisation projects as well as redundant systems, thus providing backup lines to ensure that deliveries can still be made to any given location in the event of a component failure (N-1 principle).

Impacts and results
In the reporting year Axpo fully guaranteed the supply of energy to its customers. Investments in the power plant fleet and transmission grids are constantly reviewed against the background of the current difficult market conditions to ensure that Axpo can continue to guarantee a secure supply of energy to its customers in future.

The Swiss distribution grid maintained by Axpo is in good condition. Axpo uses the distribution codes developed by the Association of Swiss Electricity Companies (VSE) to measure the reliability of electricity supply. The average interruption frequency per end user and year (SAIFI, System Average Interruption Frequency Index) was 0.00299 [1/a] for Axpo Grids in 2013. The average interruption duration per end user and year (SAIDI, System Average Interruption Duration Index) was 0.046 [Min/a] for Axpo Grids in 2013.

EU10 Planned capacity against projected electricity demand over the long term, broken down by energy source and regulatory regime

Sustainability Report 2013/14, p.44

EU sector-specific aspect: Demand-side management

Relevance
Awareness is growing rapidly among many of Axpo's customers of the importance of energy efficiency measures and the advantages of a more flexible system of purchasing energy if they wish to reduce their energy costs and improve their environmental performance. For these customers Axpo is a professional partner when it comes to the provision of suitable products and services and help in selecting, managing and financing the right technology.

Management approach
Axpo is constantly expanding its portfolio of products and services designed to boost energy efficiency and improve flexibility in consumption. Axpo is investigating the possibility of aggregating the consumption flexibility of industrial companies. With this approach, industrial customers would reduce their energy consumption in certain market situations if asked to do so by Axpo. In return, these companies would then benefit from better energy delivery conditions. The focus falls on countries such as the UK, Germany, Italy and Spain, where this business model is supported by

current regulations and there is demand for such a service. In Italy, for example, Axpo runs pilot projects offering energy savings solutions targeted at business customers, in which it collaborates with several industrial partners. Axpo offers its customers tried-and-tested technologies under special agreements and helps them obtain the necessary licences and install the technology. It also monitors operations and organises the maintenance work that is needed.

Axpo's efforts to improve the energy efficiency of its Swiss customers are mainly routed through its subsidiary CKW. Through its energy efficiency bonus for wholesale customers, CKW rewards wholesale customers who achieve energy efficiency, in part by making a contribution towards the costs of a pinch analysis. CKW also supports its wholesale customers with a one-off subsidy to help with the implementation of the defined measures. In addition, its private customer product, for which there is no basic charge, promotes energy efficiency in private households. CKW's energy savings portal promotes energy efficiency by means of the "energybox" tool for calculating a household's electricity savings potential and by providing answers to questions related to energy savings in the fields of air-conditioning, washing, drying, hot water, lighting, cooking, baking, heating and the airing of rooms.

Impacts and results
In Italy, initial pilot projects to improve energy efficiency have been launched and stepping up these activities is currently under consideration. CKW achieved energy savings for its customers of around 450 MWh.

EU sector-specific aspect: Research and development

Relevance
Innovation, the engine of all progress, consists of taking new ideas originating from research and development (R&D) and turning them into products or processes. As an energy producer and user of technology, Axpo's focus falls on pilot and demonstration facilities where new technologies for energy generation and energy storage can be developed to the point of being ready for the market.

Management approach
Axpo contributes to the training of subject-matter experts by financing professorships at the Federal Institute of Technology Zurich (ETHZ) through Swisselectric as well as specific master degree programmes such as the Master of Nuclear Engineering offered jointly by the ETHZ, the École polytechnique fédérale de Lausanne and the Paul Scherrer Institute (PSI). Special research cooperation agreements guarantee access to the latest know-how and provide answers to questions of current relevance. By taking part in the PSI research programmes supported by Swissnuclear, Axpo has ongoing access to new knowledge. The flow of information to and from the academic world is secured by supporting the research done by the new Swiss Competence Centre for Energy Research. Axpo makes an active contribution to steering meetings with its scientific papers on topics such as the future development of the transmission and distribution grids. Specific student research projects conducted in collaboration with universities and universities of applied sciences serve a dual purpose as teaching tools that also provide answers to interesting questions. Studies of this kind have also given birth to projects sponsored by the CTI (Commission for Technology and Innovation).

Impacts and results
Axpo invested CHF 9.6 million in research and development in the reporting year.

EU sector-specific aspect: Plant decommissioning

Relevance
The task of guaranteeing a sustainable supply of electricity encompasses the entire value chain and useful life of the production and distribution facilities. In particular, the funds for the decommissioning of the nuclear power plants must already be secured today. As the biggest producer of nuclear energy in Switzerland, Axpo has a special responsibility in this regard.

Management approach
The operators of nuclear power plants annually pay into the Federal Decommissioning Fund and the Federal Nuclear Waste Disposal Fund for Nuclear Installations to ensure that financial liabilities will be covered even after a nuclear power plant has reached the end of its useful life.

Impacts and results
In the reporting year, Axpo contributed CHF 18.8 million to the Decommissioning Fund and CHF 34.0 million to the Nuclear Waste Disposal Fund. These contributions cover all of Axpo's investments in Swiss nuclear plants. Article 8 para. 5 of the Ordinance on the Decommissioning and Nuclear Waste Disposal Funds (SEFV) reads as follows: "A return on investment of 5% (after deduction of asset management costs, bank charges and stamp duty) and an inflation rate of 3% are assumed."
The Federal Council approved the revision of the SEFV on 25 June 2014, adjusting the basis for calculating the operators' annual contributions to the Decommissioning and Nuclear Waste Disposal Funds. To account for current developments regarding the return on investment for both funds and future return expectations, the Federal Council adopted a new inflation rate of 1.5% and a new long-term return on investment of 3.5%. In future, a safety supplement of 30% of the calculated decommissioning and nuclear waste disposal costs will also be charged. The revised SEFV enters into force on 1 January 2015 and will lead to a substantial increase in the contribution payments to the Federal Decommissioning and Nuclear Waste Disposal Funds.

EU sector-specific aspect: System efficiency

Sustainability Report 2013/14, p.48

EU11 Average generation efficiency of thermal plants by energy source and by regulatory regime

The net generation efficiency of the Beznau nuclear power plant in the reporting year was 33.9% for Block 1 and 32.3% for Block 2. The generation efficiency is slightly less for Block 2 as some heat is diverted to the REFUNA district heating network.

The gas-fired combined-cycle power plants in Italy reported an average generation efficiency for the reporting year of 52.4% (Calenia) and 51.8% (Rizziconi).

EU12 Transmission and distribution losses as a percentage of total energy

Losses on the distribution grids of Axpo Grids (grid levels 1 to 5) amounted to 0.59%. CKW Grids reported grid losses (grid levels 3 to 7) of 2.84%.

Environmental dimension

Energy

Relevance
The entire Axpo Group has a binding commitment to environmental protection that is documented in the sustainability policy adopted by the Board of Directors (see Environment & Society at www.axpo.com). As the products and services of the Axpo Group are all related to energy, the focus falls on the environmentally benign and, most importantly, climate-friendly production, use and distribution of energy. Axpo consistently strives to minimise the impact of its business activities on humans, animals and the environment as much as possible.

Management approach
The different companies, in particular the planning and producing units, are individually responsible for the practical implementation of environmental protection in line with regulatory requirements and the Group-wide sustainability strategy.

Measures to improve energy efficiency are being successfully applied in the following four areas: increases in production in power plants, reductions in transmission losses, reductions in consumption in building management, and reduction in consumption by the customers. For Axpo, it is important not only to generate more electricity with the same resources, but also to basically reduce consumption, both at the level of the customers and the level of the company itself. A five-year programme to improve energy efficiency, ending in 2018, was implemented together with the Energo Association (see www.energo.ch) for the office buildings in Baden.

The generation and distribution of power always affects nature. To reduce this impact as much as possible, Axpo constantly optimises its production facilities. The environmental aspect energy - in particular with regard to the use of non-renewable primary energy carriers and emissions, mainly greenhouse gas emissions - is carefully monitored throughout the Group with the help of an ISO 14064-certified greenhouse gas inventory (see Sustainability Report 2013/14, p.51).
With respect to water and effluents, Axpo's business activities have two main impacts: The warming of the Aare river by the inflow of cooling water from the Beznau nuclear power plant and the disruption of fish migration patterns by obstructions caused by hydro power plants. The necessary compensation habitats and other compensation measures are defined in detail during the Environmental Impact Assessments. Environmental Impact Assessments are part of the standard approval procedure for new and rehabilitation projects. For hydro power plants, the concession conditions for using the water often also include measures to protect biodiversity. In special cases, additional protection plans agreed with the authorities have to be implemented.

Investments and expenses related to environmental protection are usually part and parcel of all major infrastructure projects and are therefore included in the project costs.

Impacts and results
All energy efficiency and environmental measures that are mandatory by law, including the conditions attached to power plant concessions, are monitored by the competent government offices. Axpo did not receive any fines for breaches of environmental laws and regulations in the reporting period. For more information, please consult the Sustainability Report 2013/14, p.59.

In the reporting period, energy efficiency was increased by 16,508 MWh in total. Of paramount importance here are the efficiency gains of 10,838 MWh in the production plants (for more information, please consult the Sustainability Report 2013/14, p.50).

Axpo makes a further important contribution to the protection of the climate with its low-CO_2 production mix: measured for Axpo's entire power plant fleet, greenhouse gas intensity is only 48 g of CO_2 equivalents per kWh. This is just a fraction of the GHG intensity of the European electricity mix of around 500 g of CO_2 equivalents per kWh.

G4-EN3 Energy consumption within the organisation

Direct energy consumption refers to the fuels burned in the company's own production facilities, buildings and vehicles, namely natural gas, crude oil and renewable fuels.

Direct energy consumption in production and operations in TJ	2013/14	2012/13	2011/12
Nuclear fuel for production: Beznau nuclear power plant, gross thermal energy production	67,058	66,450	62,600
Fossil fuels for production: Natural gas for gas-fired combined-cycle power plants; diesel for emergency backup generators; gas for gas-fired combined heat and power plants	17,351	18,460	39,200
Fossil fuels for operations: Building heating with gas and oil; fuel for cargo, delivery and passenger vehicles	64	64	64
Renewable fuels: Biomass, biogas and wood for energy production	3,010	3,100	2,960

Indirect energy consumption refers to the fuel volume supplied by pipeline and cable used within the company, such as electricity and district heating. It should be noted that the energy losses include all grid losses attributable to Axpo even if part of the transported energy is only forwarded on behalf of other companies.

Indirect energy consumption for production, in buildings and via transmission losses in TJ	2013/14	2012/13	2011/12
Energy procurement for production: Electricity required for pumped-storage power plants (fully consolidated power plants) and electricity used for production facilities	1,282	1,620	2,220
Energy lost via transmission: Total transmission losses via Axpo's grids (caused by Axpo energy and third parties)	801	799	830
Energy required for building management: District heating and electricity used in buildings	63	80	91

G4-EN4 Energy consumption outside of the organisation

Indirect energy consumption for production, in buildings and via transmission losses in TJ	2013/14	2012/13	2011/12
Energy procurement for production: Electricity required for pumped-storage power plants (partner plants)	513	n.a.	n.a.

G4-EN5 Energy intensity

Total energy consumption per employee is around 20,000 GJ.

G4-EN6 Reduction of energy consumption

Sustainability Report 2013/14, p.48
Improvements in energy efficiency are targeted in the following four areas: increases in production in power plants, reductions in transmission losses, reductions in consumption in building management, and reduction in consumption by the customers.

Production increases in power plants are achieved by boosting generation efficiency. The measures vary, depending on the technology and the type and location of the power plant (particularly relevant for hydro power plants). The following measures to increase production efficiency were implemented successfully in the reporting year:

Hydro power plants: In the reporting year, energy efficiency gains of around 9,300 MWh in total were recorded for the power plants at Central de Riddes, Stalden, Mapragg, Sarelli and Rüchlig.

Nuclear energy: No efficiency gains were realised in the reporting year.

Biomass fermentation: The first units in Kompogas's CHP fleet have already been optimised, leading to an improvement in energy efficiency of around 60 MWh.

Distribution grids: Thanks to optimisation measures and voltage conversions, energy efficiency on the distribution grids of Axpo and CKW was improved by around 5,200 MWh in total.

In January 2012, Axpo entered into a five-year energy savings contract with the Energo Association to improve **energy efficiency in its administration buildings**. The objective of the programme is to reduce energy consumption in the company buildings in Baden by at least 12% over the five years by optimising the existing building technology. During this process, a large number of measuring devices, regulation and control systems for various facilities are being converted from supply-focused regulation to demand-focused regulation. The buildings A,B,C,D,E and S are affected.

The most important of these programme measures to be successfully implemented in the 2013/14 financial year include:

- Reduction in the air volume used by the south and north air-conditioning systems in building C.
- From March to the beginning of June, the waste heat produced by the chiller in building S was used to heat buildings C and D. During this time the groundwater heat pump in building C was switched off.

Other measures realised in the 2013/14 financial year include:

- The central oil heating system was replaced by a new environmentally-friendly heat pump and gas heating system. The heating system was switched off at the beginning of June. During the building period, electricity was used to generate hot water. The heating system has been operational again since the beginning of September (reduction of around 250 tonnes of CO_2 in the current financial year).
- Motion detectors for lighting control were installed in the staircases, corridors and toilets in building B.
- Motion detectors for lighting control were installed in the staircase in building A.
- In building M, the installation of a voltage stabiliser reduced electricity consumption by 12%.

Energy efficiency in the buildings and data centres of CKW also improved by 20 MWh. With the help of two "ProKilowatt" support programmes (lighting programme for multi-family dwellings and circulating pump programme), consumption by CKW's customers was also reduced by around 450 MWh.

Energy efficiency gains in MWh	2013/14
Production increases in power plants	10,838 MWh
Reduction in transmission losses	5,200 MWh
Reduction in consumption in building management	20 MWh
Reduction in consumption by customers	450 MWh
TOTAL	**16,508 MWh**

G4-EN7 Reductions in energy requirements of products and services

Sustainability Report 2013/14, p.48

Emissions

Sustainability Report 2013/14, p.48

G4-EN15 Direct greenhouse gas (GHG) emissions (Scope 1)

In the reporting year, Axpo once again drew up an ISO 14064-certified greenhouse gas inventory for the Group as a whole. This protocol covers the entire electricity production, transmission and distribution value chain, as well as the power saws used to keep the grid free of undergrowth, the motor vehicle fleet and the oil used for heating. Greenhouse gas emissions are expressed in CO_2 equivalents. As with the Axpo Annual Report and Sustainability Report, the fully consolidated Group companies form the system boundaries for the greenhouse gas inventory.

Gross emissions
In the reporting year, Axpo emitted a total of around 1.07 million tonnes of CO_2 equivalents (gross emissions). This is comparable with the previous year's emissions. Of these approximately 1.07 million tonnes of CO_2 equivalents, the lion's share of some 1.05 million tonnes of CO_2 equivalents concerned the production processes. Of these, some 930,000 tonnes of CO_2 equivalents concern the operation of the gas-fired combined-cycle power plants in Italy.

The breakdown by source is as follows:

Detailed greenhouse gas emissions in tonnes of CO_2 equivalents	2013/14	2012/13	2011/12
Production			
Direct emissions international	930,900	979,100	2,060,000
Direct emissions Switzerland	28,900	33,570	36,200
Indirect emissions international	6,860	7,020	3,140
Indirect emissions Switzerland (including pumped energy)	78,900	71,780	104,000
Transmission (only relevant for Switzerland)			
Direct emissions (SF_6 emissions)	3,570	5,570	4,460
Indirect emissions (transmission losses)	10,360	15,270	15,900
Operation administration buildings			
Direct emissions international	200	196	183
Direct emissions Switzerland	4,500	4,520	4,490
Indirect emissions international	270	124	324
Indirect emissions Switzerland	840	1,770	1,690
Total greenhouse gas emissions	**1,065,000**	**1,119,000**	**2,200,000**

The reduction in indirect emissions from transmission losses is mostly due to the adjustment of the greenhouse gas intensity of the transmitted electricity rather than reduction measures.

The breakdown by scope is as follows:

Emissions by greenhouse gas in tonnes of CO_2 equivalents	2013/14	2012/13	2011/12
Total greenhouse gas emissions	**1,065,000**	**1,119,000**	**2,200,000**
of which direct emissions (Scope 1)	968,000	1,023,000	2,100,000
of which indirect emissions from the generation of purchased energy (Scope 2)	73,000	25,000	20,000
of which voluntarily disclosed emissions (Scope 3)	24,000	71,000	100,000

The changes to the Scope 2 and 3 emissions compared to the previous years are due to the fact that the Linth-Limmern and Sarganserland pumped-storage power plants have been fully consolidated as of the reporting year. As a result, the emissions from pumped energy for these power plants are now reported as Scope 2 emissions.

The breakdown by greenhouse gas is as follows:

Emissions by greenhouse gas in tonnes of CO_2 equivalents	2013/14	2012/13	2011/12
Total greenhouse gas emissions	**1,065,000**	**1,119,000**	**2,200,000**
of which CO_2	1,035,200	1,088,800	2,170,660
of which CH_4	22,440	21,000	21,100
of which N_2O	4,030	3,630	3,700
of which SF_6	3,540	5,530	4,500
of which coolants	24	40	40

Net emissions

The greenhouse gas emissions from transmission losses and pumped energy were neutralised in the reporting year by buying a CO_2-free electricity product. This is documented by deleting matching certificates of origin.

In the 2013/14 financial year, 10,360 t of CO_2 equivalents in grid transmission losses and 77,900 t of CO_2 equivalents in pumped energy were neutralised in this manner. This resulted in the following net emissions:

	Scope and place of emission	Gross emissions in tonnes of CO_2 equivalents	Net emissions In tonnes of CO_2 equivalents
Switzerland	Direct, Scope 1	37,020	37,020
	Indirect, Scope 2	66,320	1,450
	Direct, Scope 3	80	80
	Indirect, Scope 3	23,710	320
	Total emissions in Switzerland	**127,130**	**38,870**
International	Direct, Scope 1	930,850	930,850
	Indirect, Scope 2	6,860	6,860
	Indirect, direct Scope 3	360	360
	Total emissions international	**938,070**	**938,070**
Total	**Total emissions**	**1,065,190**	**976,930**

G4-EN15-EU Report CO_2 equivalents per MWh, broken down by regulatory regime, for: i) Net generation from all generating capacity; ii) Net generation from all fossil fuel generation; and iii) Estimated net delivery to end users. This includes emissions from own generation.

Greenhouse gas intensity of Axpo's Swiss production mix:

- 6 kg CO_2 equivalents per MWh (direct and indirect emissions)

Greenhouse gas intensity of Axpo's total production mix:

- 48 kg CO_2 equivalents per MWh (direct and indirect emissions)

Greenhouse gas intensity for fossil-based generation:

- The two gas-fired combined-cycle power plants in Calenia and Rizziconi (Italy) report direct greenhouse gas emissions of 393 and 397 kg CO_2 equivalents per MWh, respectively.

G4-EN16 Energy indirect greenhouse gas (GHG) emissions (Scope 2)

Sustainability Report 2013/14, p.51

G4-EN16-EU Report CO_2e per MWh, broken down by regulatory regime, for: Estimated net delivery to end users. This includes emissions from purchased power.

Axpo delivers electricity to its end customers via its subsidiary CKW. The delivery mix disclosure is prepared per calendar year. In the 2013 calendar year, the greenhouse gas intensity of CKW's delivery mix was 7 kg CO_2 equivalents / MWh (direct emissions) or 15 kg CO_2 equivalents / MWh (direct and indirect emissions).

G4-EN17 Other indirect GHG emissions (Scope 3)

Sustainability Report 2013/14, p.51

G4-EN18 GHG emissions intensity

The greenhouse gas emissions intensity per employee was around 240 tonnes of CO_2 equivalents.

G4-EN19 Reduction of GHG emissions

As a leading project developer, Axpo has registered many Swiss CO_2 reduction projects with the Federal Office for the Environment in compliance with CO_2 legislation. In the reporting year, two district heating networks powered by wood energy were commissioned in a number of municipalities. Axpo registered these networks with the Federal Office for the Environment as a CO_2 compensation project and is responsible for the receipt and marketing of the CO_2 certificates generated by this project. Heating facilities fired by locally sourced wood are replacing decentralised heating plants mostly fired by fossil fuels, which leads to a substantial reduction in greenhouse gas emissions. Thanks to the compensation for this reduction, the buyers of the generated heat pay attractive prices for energy compared to fossil fuels.

The energy savings contract with the Energo Association for the Axpo buildings in Baden aims to reduce energy consumption and thus greenhouse gas emissions through targeted measures to improve the existing building technology by at least 12% over the next five years. This project has been active since January 2012. The most important measure to reduce the greenhouse gas emissions is the replacement of the central oil heating system by a new environmentally-friendly heat pump and gas heating system. This will result in a reduction of around 250 tonnes of CO_2 in the current 2013/14 financial year.

G4-EN20 Emissions of ozone-depleting substances (ODS)

Axpo prepared environmental product declarations for the Beznau nuclear power plant, the Kompogas plant in Otelfingen, the Wildegg-Brugg run-of-river power plant, the Löntsch storage plant, the Au-Schönenberg small-scale hydro power plant and the Rizziconi gas-fired combined-cycle power plant. These declarations report the total emissions of ozone-depleting substances per kWh over the entire life-cycle of the plant. However, in the overall context of Axpo's environmental impacts these emissions do not play a major role.

Axpo is constantly drawing up new environmental product declarations for the rest of its power plants and technologies. All current studies and figures can be found at: www.axpo.com – Environment & Society – Sustainability Policy – Life Cycle Assessments.

G4-EN21 NO_X, SO_X and other significant air emissions

The main power plants that emit air pollutants are the two gas-fired combined-cycle power plants in Italy.

Air pollutant emissions in tonnes	NO_x emissions		CO emissions	
	2013/14	2012/13	2013/14	2012/13
Calenia gas-fired combined-cycle power plant	108	119	27.6	16.8
Rizziconi gas-fired combined-cycle power plant	74	72	9.6	12.4

G4-EN21-EU Report emissions per MWh for net generation from all generating capacity; net generation from all combustion power plants.

The main power plants that emit air pollutants are the two gas-fired combined-cycle power plants in Italy.

Air pollutant emissions in kg/MWh	NO_x emissions		CO emissions	
	2013/14	2012/13	2013/14	2012/13
Calenia gas-fired combined-cycle power plant	0.07	0.08	0.018	0.011
Rizziconi gas-fired combined-cycle power plant	0.09	0.08	0.012	0.013

Effluents and waste

Relevance
Radioactive waste is the most important type of waste for Axpo. Axpo is responsible to the public and its employees for its nuclear facilities. The protection of the public, its employees and the environment against radiation has absolute priority. This also involves the proper treatment of radioactive waste.

Management approach
Radioactive waste originating from the operation of Beznau nuclear power plant is grouped into operational waste, spent fuel rods and waste from reprocessing.

The health and safety of employees are ensured by consistently implementing all the relevant regulations. The permitted radiation levels for employees defined in the Swiss Federal Nuclear

Safety Inspectorate (ENSI) guideline G15[1] are monitored in accordance with the ENSI guideline B09[2] and reported to ENSI in accordance with its guideline B03[3].

Operational waste (IAEA classification: Low-level and short-lived intermediate-level waste (LILW)):

At the Beznau nuclear power plant, radioactive operational waste (raw waste) is regularly generated by the water purification systems and the flue gas and exhaust air cleaning processes. Other waste is generated by the replacement of components when doing maintenance, refurbishment or retrofitting work and by the consumables used during these processes.

The radioactive raw waste is collected, conditioned in batches and transferred to intermediate storage. Unconditioned waste at the Beznau nuclear power plant is stored in special areas in the controlled zone[4]. At the Beznau nuclear power plant, waste is conditioned by mixing resins with polystyrene and cementing the radioactive sludge. Flammable and fusible raw waste and exhaust air filters are prepared for treatment at the ZWILAG plasma plant. Specific approval has been obtained for all processes in accordance with the Nuclear Energy Ordinance and ENSI guideline B05[5]. It is routine to store the conditioned waste packages in the power plant's own interim storage facility (residue storage and low-level waste storage in the interim storage facility ZWIBEZ). The Beznau nuclear power plant also uses the facilities of the central interim storage facility in Würenlingen (ZWILAG).

The Beznau nuclear power plant's radioactive waste is captured in an electronic accounting system used by all Swiss nuclear facilities. This means that information about the volumes, storage location and radiological features of the waste is always available.

A key element in the minimisation of radioactive waste is the testing of materials from the controlled zone to confirm that the levels of residual radioactivity are below regulatory limits. In the reporting year, 60 tonnes of material at the Beznau nuclear power plant was tested and confirmed to be inactive in accordance with ENSI guideline B04[6].

Spent fuel rods and waste from reprocessing (IAEA classification: High-level waste, HLW):

After their final removal from the reactor core, spent fuel rods are stored in the power plant's own spent fuel pool for cooling for several years. As the temperature of the spent fuel rods decreases significantly during this time, the spent fuel rods can subsequently be packed safely into interim storage casks. These storage casks are built in compliance with international standards[7] and are licensed and stored in Switzerland in accordance with ENSI guidelines G04[8] and G05[9]. The packed casks are stored in the plant's own ZWIBEZ interim storage facility. Five casks are currently stored here.

[1] ENSI-G15: Radiation protection objectives for nuclear installations, November 2010
[2] ENSI-B09: Calculation and documentation of dosage for persons exposed to radiation, July 2011
[3] ENSI-B03: Notifications by nuclear facilities, September 2008, rev. 2 of 15 February 2010
[4] Controlled zones are marked or demarcated areas reserved for working with radioactive materials pursuant to Art. 69 of the Radiological Protection Ordinance (RPO 814.501)
[5] ENSI-B05: Requirements for the conditioning of radioactive waste, February 2007
[6] ENSI-B04: Tests to confirm that the levels of residual radioactivity of materials and areas from controlled zones are below the regulatory limits, August 2009
[7] Regulations for the Safe Transport of Radioactive Material, 2012 edition, IAEA Safety Standards no. SSR-6
[8] ENSI-G04: Design and operation of storage facilities for radioactive waste and spent fuel rods, rev. 1 March 2012
[9] ENSI-G05: Requirements for transport and interim storage casks, April 2008

Waste from the reprocessing of fuel rods from the Beznau nuclear power plant is transported from the reprocessing facility to Switzerland and stored in the ZWILAG interim storage facility in accordance with guideline G04. The Swiss regulations for the road and rail transport of radioactive materials are based, among others, on the international regulations on the transport of hazardous goods by road[10] and by rail[11]. The IAEA recommendations for the safe transport of radioactive materials apply to all transport carriers[12].

Impacts and results
To ensure consistency with the information provided in the 2013 ENSI safety report, the following figures concern the 2013 calendar year.

All radiation limits were met in 2013, so that the safety and health of the employees are guaranteed.

At 20m^3, the volume of unconditioned operational waste (raw waste) generated at the Beznau nuclear power plant was slightly less than in the previous year and at the lower end of the multi-year fluctuation band. The nuclear plant also produced another 7 m^3 of conditioned waste.
In addition, the Beznau nuclear power plant reported 13 tonnes of high-level waste from spent fuel rods for the reporting year.

At the Leibstadt partner plant which is managed by Axpo, 41m^3 of unconditioned, 35m^3 of conditioned and 19 tonnes of high-level waste from spent fuel rods were generated in the reporting year.

In 2013, no waste from the reprocessing of spent fuel rods was transported back to Switzerland.

	LILW unconditioned		LILW conditioned		HLW from nuclear fuel	
	m3	m3 / MWh	m3	m3 / MWh	tU	tU / MWh
Beznau NPP	20	3.4×10^{-6}	7	1.2×10^{-6}	13	2.2×10^{-6}
Leibstadt NPP	41	4.2×10^{-6}	35	3.2×10^{-6}	19	2.0×10^{-6}

EU sector-specific guidance for DMA: Describe the management strategy and storage methods for different types of radioactive nuclear waste

Sustainability Report 2013/14, p.55

[10] 0.741.621 European Agreement of 30 September 1957 concerning the International Carriage of Dangerous Goods by Road (ADR)
[11] 0.742.403.1 Convention of 9 May 1980 concerning International Carriage by Rail (COTIF)
[12] IAEA Safety Standards: Regulations for the Safe Transport of Radioactive Material, 2012 edition, Specific Safety Requirements SSR-6

G4-EN22 Total water discharge by quality and destination

The technologies used by Axpo to generate electricity do not produce large volumes of effluents. As a result, total water discharge by quality and destination is not captured in detail.

G4-EN22-EU Include thermal discharges as part of the total volume of planned and unplanned water discharges.

The Beznau nuclear power plant (Beznau NPP) is the only power plant in Axpo's fleet whose operation causes a significant temperature increase in a body of water. The cooling water of the Beznau NPP discharged back into the river Aare is on average 8.6 degrees Celsius warmer than the original temperature of the river water. Once the discharged cooling water has mixed with the rest of the water in the river, the temperature increase is minimal at about 0.6 degree Celsius.

G4-EN23 Total weight of waste by type and disposal method

Sustainability Report 2013/14, p.55

G4-EN23-EU Report on PCB and nuclear waste; report on radioactive waste produced per net MWh nuclear generation per year

	LILW unconditioned		LILW conditioned		HLW from nuclear fuel	
	m3	m3 / MWh	m3	m3 / MWh	tU	tU / MWh
Beznau NPP	20	3.4×10^{-6}	7	1.2×10^{-6}	13	2.2×10^{-6}
Leibstadt NPP	41	4.2×10^{-6}	35	3.6×10^{-6}	19	2.0×10^{-6}

For more information on radioactive waste, please consult the Sustainability Report 2013/14, p.55

Polychlorinated biphenyls (PCBs) are poisonous and carcinogenic chemical compounds of chlorine; they were previously used as insulating oil in transformers, capacitors and breakers, among others. Insulating oils containing PCBs have been prohibited in Switzerland since 1986. During the 1990s, Axpo Grids ran a broad-based project to identify all accessible volumes of insulation oils containing PCBs. Ever since, new insulating oils have been tested to ensure that they are completely free of PCBs. Old insulating oils (from containers that are not marked "Free of PCBs") are tested for disposal before being transferred to the old oil bunker for interim storage. Before old oils can be released for disposal, they have to be tested and confirmed free of PCBs prior to transportation. Waste disposal specialists at special institutions handle the disposal of contaminated batches. Experience has shown that PCBs can usually be found in breaker capacitors, breakers and hermetically sealed units that cannot be inspected in a non-destructive manner. The employees are under instructions to pour oils from unmarked appliances or from unknown sources into a special container, which is tested for PCBs before being emptied into the large storage containers.

G4-EN24 Total number and volume of significant spills

Since 2010, nuclear plant operators have communicated all nuclear energy key figures (reportable incidents, operational availability, dose values) on a calendar year basis only in order to ensure comparability with the official ENSI and WANO reports. To avoid contradictory data and misconstruction of the ENSI and WANO reports, a conscious decision was taken to forego the

additional effort of converting and communicating these figures for other time periods (hydrological year).

Reportable incidents do not necessarily entail the accidental leakage of measurable quantities of radioactive substances. They only indicate that an irregular event took place during operations, which had to be monitored and reported. There were no accidental incidents with leakage of measurable quantities of radioactive materials during the 2013/14 reporting year.

Reportable incidents (2013)
Beznau Block I and Block II: 8 (1 INES NA, 7 INES 0)
Leibstadt (partner plant, equity-consolidated): 8 (1 INES NA, 7 INES 0)
Gösgen (partner plant, equity-consolidated): 11 (4 INES NA, 7 INES 0)

G4-EN25 Weight of transported, imported, exported or treated waste deemed hazardous under the terms of the Basel Convention 2, Annex I, II, III and VIII, and percentage of transported waste shipped internationally

The transport of radioactive materials and waste is relevant for Axpo. These, however, do not fall under the Basel Convention but are regulated by other international treaties (see Sustainability Report 2013/14, p.55).

G4-EN26 Identity, size, protected status and biodiversity value of water bodies and related habitats significantly affected by the organisation's discharges of water and runoff

The operation of Axpo's power plants does not result in any discharges of water that materially affect any water bodies.

Compliance

G4-EN29 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations

Axpo did not receive any fines for breaches of environmental laws and regulations in the reporting period.

Social dimension: Labour practices and decent work

Employment

Sustainability Report 2013/14, p.67

EU sector-specific guidance for DMA: Programmes and processes to ensure the availability of a skilled workforce (former EU14); policies and requirements regarding health and safety of employees and employees of contractors and subcontractors (former EU16).

Sustainability Report 2013/14, p.67

G4-LA1 Total number and rates of new employee hires and employee turnover by age group, gender and region

	Total new hires (persons)	Rate of new hires	Total departures (persons)	Turnover rate*
Total for Group	**396**	**8.98%**	**317**	**7.19%**
Total for Switzerland	**244**	**6.16%**	**303**	**7.64%**
Women	**46**	**6.24%**	**74**	**10.04%**
<20	1	50.00%	0	0.00%
20 - 29	12	13.33%	10	11.11%
30 - 39	15	8.33%	27	15.00%
40 - 49	13	5.88%	19	8.60%
50 - 59	5	2.48%	10	4.95%
>=60	0	0.00%	8	19.05%
Men	**198**	**6.14%**	**229**	**7.10%**
<20	4	80.00%	2	40.00%
20 - 29	76	16.14%	44	9.34%
30 - 39	54	8.08%	62	9.28%
40 - 49	47	4.79%	62	6.31%
50 - 59	16	1.98%	35	4.33%
>=60	1	0.34%	24	8.22%

Notes: The data is based on employees with a permanent employment contract who earn a monthly salary or an hourly wage; the rates are based on the number of new hires and departures as a ratio of the total number of employees; *turnover rate does not include retirements

	Total new hires (persons)	Rate of new hires	Total departures (persons)	Turnover rate*
Total international	**152**	**34.23%**	**14**	**3.15%**
Women	**49**	**31.61%**	**4**	**2.58%**
<20	0	0.00%	0	0.00%
20 - 29	23	76.67%	2	6.67%
30 - 39	18	26.87%	1	1.49%
40 - 49	6	12.50%	0	0.00%
50 - 59	2	22.22%	1	11.11%
>=60	0	0.00%	0	0.00%
Men	**103**	**35.64%**	**10**	**3.46%**
<20	0	0.00%	0	0.00%
20 - 29	59	111.32%	5	9.43%
30 - 39	34	27.64%	1	0.81%
40 - 49	4	4.71%	3	3.53%
50 - 59	2	8.33%	1	4.17%
>=60	4	100.00%	0	0.00%

Notes: The data is based on employees with a permanent employment contract who earn a monthly salary or an hourly wage; the rates are based on the number of new hires and departures as a ratio of the total number of employees; *turnover rate does not include retirements

At 7.64%, the turnover rate in Switzerland for the reporting year is slightly lower than in the previous year (8.17%). The rate for new hires is falling (6.16%, previous year 7.86%). The increase in the total number of employees is mainly driven by an increase in employee numbers in other countries. This increase has a significant impact on the rate for new hires for the Group as a whole. The rate for new hires for the Group as whole of 8.98% is slightly higher than in the previous year (8.77%), while the turnover rate is slightly lower (7.19%, previous year 7.82%).

G4-LA1-EU **For the employees leaving employment during the reporting period, provide the average length of tenure of employees leaving broken down by gender and age group.**

Age bracket	Departures (persons)	Average length of tenure in years
Total for Group	**317**	**7.24**
Women	**78**	**6.24**
<20	0	0.00
20 - 29	12	2.63
30 - 39	28	3.71
40 - 49	19	4.82
50 - 59	11	9.26
>=60	8	19.73
Men	**239**	**7.56**
<20	2	4.30
20 - 29	49	4.68
30 - 39	63	5.34
40 - 49	65	4.85
50 - 59	36	9.43
>=60	24	24.06

EU15 **Percentage of employees eligible to retire in the next 5 and 10 years broken down by job category and by region**

	Age 55-59	Age 55-59	Age >60	Age >60
Functional levels 1 - 8	**By persons**	**In percent**	**By persons**	**In percent**
Group	384	10.02%	238	6.21%
Switzerland	374	10.86%	238	6.91%
International	10	2.58%	0	0.00%

Functional level 9+ incl. ExB	**By persons**	**In percent**	**By persons**	**In percent**
Group	54	9.39%	35	6.09%
Switzerland	52	10.02%	30	5.78%
International	2	3.57%	5	8.93%

EU17 Days worked by contractor and subcontractor employees involved in construction, operation and maintenance activities

Axpo can only collect material statistical data on the number of external employees involved or the days worked by them where the work activities awarded to subcontractors are substantial. As reported in the EU commentary to LA1, for the fully consolidated companies on which this report focuses, this only applied in the reporting year to the Beznau nuclear power plant and the Axpo's Linthal 2015 construction site. At Beznau NPP, the workforce of Block 2 was supported by around 300 external specialists. In this case, the external employees worked around 295,719 man-hours. On average, around 650 employees worked on Axpo's Linthal 2015 construction site on behalf of Kraftwerke Linth-Limmern AG (KLL).

In some cases, subcontractors also took care of smaller jobs. Around 30 to 90 employees of third-party companies worked on the Rüchlig power plant construction site. For the rest of Axpo's power plants, external subcontractors are appointed by the operational management as needed to carry out general maintenance work that cannot be done by in-house employees.

EU18 Percentage of contractor and subcontractor employees that have undergone relevant health and safety training

Axpo does not gather any data on the percentage of contractor and subcontractor employees who have undergone health and safety training. In Switzerland, all mandates given to third-party companies are governed by Swiss law. Axpo therefore assumes that the statutory requirements regarding health and safety are met and that the employees receive the required training and instructions.

G4-LA2 Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operations

In Switzerland, all employees, whether full-time or part-time, receive the same benefits. However, employees with a fixed-term contract of up to three months are not subject to the general employment conditions, but to the Swiss Code of Obligations. However, annual leave entitlement is also due to employees with fixed-term contracts of up to three months under the general employment conditions.

Internationally, company benefits depend on the country and employment contract and may vary for full-time and part-time employees. The statutory provisions, however, are always observed.

G4-LA3 Total number of employees who were entitled to and took parental leave, return to work and retention rates after parental leave, by gender

	Number of employees entitled to parental leave in 2013/14	Number of employees who took parental leave in 2013/14
Group	**4,807**	**168**
Switzerland	**4,363**	**125**
Women	771	26
Men	3,592	99
International	**444**	**43**
Women	155	25
Men	289	18

	Number of employees who returned to work after parental leave in 2013/14	Number of employees who were still employed 12 months after returning from parental leave in 2013/14
Group	**175**	**181**
Switzerland	**124**	**144**
Women	26	21
Men	98	123
International	**51**	**37**
Women	27	18
Men	24	19

Note: For reasons related to the IT systems, the rate of return and retention rate for the reporting year cannot be calculated.

Occupational health and safety

Relevance

The health and safety of Axpo employees is an important corporate objective. Axpo endeavours to create a working and business environment that safeguards the health and safety of its employees, business partners and customers. All companies of the Axpo Group ensure the occupational health and safety of their employees in accordance with national regulations. Axpo has also adopted policies and procedures to ensure occupational health and safety. The employees are informed of these guidelines and procedures in an effort to reduce or even eliminate the risk of accidents and occupational diseases.

Management approach

The Head of Group Safety is responsible for occupational health and safety for the whole Group. This obligation is documented in Axpo's Code of Conduct as well as its business principles. The Group directive on "Occupational health and safety" underlines Axpo's efforts to offer its employees adequate working conditions and work tools. At the same time employees are expected to conduct

themselves in a manner that promotes their own as well as others' health and safety. The Group companies also appoint safety officers who are in charge of occupational safety and health.

Impacts and results
All new employees are instructed in safety issues during their induction courses. To avoid accidents and health problems in the workplace as far as possible, safety issues are regularly discussed with the Staff Councils as a preventive measure. The employees also receive additional training in specific topics. A monitoring system to capture details of all trained employees is currently being looked into. Using its own occupational health and safety requirements as a benchmark, Axpo expects third parties who engage in transactions with Axpo or who are active on its premises or property or construction sites to observe the statutory provisions on occupational health and safety. In addition, programmes to promote general health and well-being are being run in some business areas. The CKW Group, for example, has established an occupational health management unit.

The Group reports absenteeism due to sickness and accident of 2.17%, which is 0.34% better than in the previous year. This improvement is primarily due to the reduction in absences due to sickness by 1.1% to 4.49%.

Occupational accidents increased from 0.16 in the previous year to 0.34 lost days per full-time equivalent, which is slightly higher than the threshold of 0.3 which is accepted as "good practice" by SUVA and used by Axpo as a benchmark (see action field 5, p.7). Substantial increases were recorded both for Axpo Power and for CKW. The marked increase for Axpo Power is mainly due to a few long-term absences related to occupational accidents and occupational diseases. In addition, six new fully consolidated partner plants were added to the statistics.

G4-LA5 Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programmes

Safety officers are appointed in each Group company with responsibility for ensuring occupational health and safety. The safety officers of the different divisions join forces with a representative of the Staff Council (SC) to form the Occupational Health and Safety working team. The Staff Council has a right of co-determination regarding occupational health and safety.

At CKW, matters of occupational health and safety (occupational accidents and occupational diseases) are the remit of the Occupational Safety working group.

G4-LA6 Type of injury and rates of injury, occupational diseases, lost days and absenteeism, and total number of work-related fatalities, by region and by gender

	Rate of occupational accidents	Rate of non-occupational accidents	Rate of sickness	Absentee rate	Rate of injury
Group	**31.15**	**91.43**	**417.28**	**539.85**	**10.67**
Women	11.19	49.63	586.76	647.58	8.86
Men	34.96	99.41	384.91	519.28	11.01
Switzerland	**32.10**	**98.99**	**420.26**	**551.35**	**11.49**
Women	2.59	58.45	588.88	649.92	10.13
Men	37.20	106.00	391.10	534.30	11.72
International	**19.68**	**no data**	**381.25**	**400.93**	**0.81**
Women	59.57	no data	574.84	634.41	1.70
Men	1.18	no data	291.52	292.70	0.39

Notes: Permanent and fixed-term employees receiving a monthly salary or hourly wage, including apprentices. Rates expressed as days per 200,000 regular working hours or number of injuries per 200,000 regular working hours. The rate for occupational accidents also includes occupational diseases. The breakdown of occupational accidents by gender is based partly on estimates. The rate for non-occupational accidents at the foreign locations could not be determined for the reporting year.

G4-LA6-EU Report on health and safety performance of contractors and subcontractors working on site or on behalf of the reporting organisation off site.

External contractors and/or subcontractors are obliged by contract to provide health and safety training for their employees. For large construction projects, Axpo also appoints an onsite safety officer, who makes sure that employee safety on the construction site is guaranteed by the contractor. He also provides onsite training to the relevant people. There were no fatal accidents in the reporting year, but one external employee seriously injured his arm in an occupational accident.

G4-LA7 Workers with a high incidence or high risk of diseases related to their occupation

Axpo refers all cases showing signs of long-term absenteeism due to illness or accident to a professional case manager as soon as possible. These cases are managed by the health insurer, where case managers analyse the situation together with the employee who is unable to work and decide on the next steps in cooperation with Axpo. They specifically coordinate the case with the general practitioner and other professionals providing medical treatment, the company's medical officer, the relevant social or private insurance schemes, the employee's family and friends as well as line managers and work colleagues. Axpo's Social Counselling department can also be contacted for support.

CKW established an occupational health management unit which is responsible for initiatives in the areas of absenteeism management, case management, leisure time safety and health promotion.

For Axpo, an important element of prevention is to avoid cases of burn-out. Managers are trained to recognise the relevant signs and employees are offered courses on how to consciously manage the body's energy balance.

At Axpo, the health and safety of employees take top priority. Protective measures are implemented to remove or mitigate potential risks. As a result there are no occupations with a high incidence or high risk of diseases.

G4-LA8 Health and safety topics covered in formal agreements with trade unions

Sustainability Report 2013/14, p.64

Training and education

Relevance
The employees are the most important asset in Axpo's long-term success. This requires the company to successfully recruit qualified employees, in particular also young and well-trained university graduates, to ensure a balanced age structure.

Rapid developments in technology and IT as well as changing political and economic parameters also emphasise the importance of continuing education throughout an employee's professional career.

Management approach
The company showcases itself at various events for university graduates in order to attract young, well-educated employees. During the reporting year, Axpo participated in ten careers fairs and also gave a guest lecture at a Swiss university. In the non-academic field, Axpo offers a wide range of apprenticeships, including training positions for electricians, electrical designers and construction designers, as well as careers in electronic engineering, information technology, mechanical and electrical engineering and the commercial professions.

Given the ongoing and future challenges facing the energy sector, employee development at Axpo is an essential and well-planned process. These future challenges are also reflected in the new skills profiles prepared for managers and employees. These form the basis not only for employee development, training and education, but also for agreements on objectives and the assessment of employee performance. Employee reviews take place twice a year. Employee performance is assessed and compared to the agreed objectives and development options. Employees receive bonus payments based on the overall performance of Axpo and its subsidiary companies. Even in times of additional cost pressure the company offers attractive fringe benefits, excellent insurance cover and attractive employee benefits insurance. In addition to the line managers and a professional HR team, employees have access to a competent social counsellor when they need specific support.

The employee development programme also includes external training and education courses to develop management, core, IT, language and specialist skills. The induction of new employees is supported in part by a comprehensive introduction to the energy sector that covers the entire value chain, from production to trading, transmission and distribution as well as sustainability in electricity production. In addition, employee development comprises advice on external training and education courses, special talent management and management programmes to promote upcoming young employees and managers, manager and development centre programmes, customised offers for teams (e.g. team development, team assessments), individual advisory options such as coaching, career guidance, 360° feedback and management of change processes.

Impacts and results
The commitment to university marketing pays dividends. Axpo was again ranked in the top 20 most popular employers in Switzerland and achieved position 19 among engineering students, as was demonstrated by the results of the Swiss Student Survey for the engineering fields.
In total, Axpo appointed 13 graduates directly after graduation, four trainees, 21 interns and four working students in the financial year.

In addition, during the reporting year, 108 apprentices started at Axpo in 24 skilled trades. At the end of 2013/14, there were 406 apprentices employed at Axpo. The training and education offer was in much in demand in the reporting year. The average time spent on training and education was around 29 hours per employee and 34 hours per manager.

G4-LA9 Average hours of training per year per employee, by gender and by employee category

	Employees	Management
Total	**28.80**	**33.45**
Switzerland	**27.51**	**33.04**
Women	20.41	25.97
Men	29.32	33.59
International	**40.24**	**37.25**
Women	40.32	18.00
Men	40.19	40.00

Note: This data is based on permanent employees who earn a monthly salary or an hourly wage.

G4-LA10 Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings

Sustainability Report 2013/14, p.67

G4-LA11 Percentage of employees receiving regular performance and career development reviews, by gender and by employee category

At Axpo, all employees receive a regular performance review as part of the MbO process. From the next financial year, the MbO assessment process will be expanded to include development objectives and measures as well as skills objectives.

Supplier assessment for labour practices

Relevance
Axpo attaches great importance to having business partners who share its values and its principles of compliance and ethics. To achieve a mutually fair, trusting and long-term partnership, Axpo therefore asks its business partners (suppliers of goods and service providers) to commit expressly to the guiding principles of Axpo for sustainable, ethical and law-abiding transactions.

Management approach
Axpo for the first time compiled and published its guiding principles in a Code for Business Partners in 2014. This Code, which applies worldwide to all business partners and their employees, follows the following conventions and standards in terms of its content:

- Principles of the United Nations Global Compact (UNGC)
- OECD Guidelines for Multinational Enterprises (issued by the Organisation of Economic Cooperation and Development)
- Agreements of the International Labour Organisation (ILO)
- ICC Business Charter for Sustainable Development (issued by the International Chamber of Commerce)
- SA8000 (standard for social responsibility in company management)
- Recommendations of the procurement offices of the Swiss Confederation

In a separate chapter, the Code lists the requirements for "socially acceptable working conditions". Business partners are obliged to create fair working conditions that take adequate account of the following:
Occupational health and safety, living wages, acceptable working hours in compliance with local legislation, including regular annual leave, freedom of association (trade unions) and collective bargaining.

In another chapter, the Code states that business partners must respect prevailing human rights and treat their employees with dignity and respect. This includes a ban on child labour, forced labour, discrimination and disciplinary punishment.

The Code also expects business partners to run their business responsibly and in an environmentally compatible manner. They must reduce negative impacts on humans and the environment from their business operations while observing the applicable provisions. This includes using resources efficiently, avoiding and mitigating environmental pollution, dealing safely with hazardous materials and manufacturing environmentally-benign products.

Impacts and results
The Code for Business Partners has a binding effect. It applies to public procurement processes and forms part of the Axpo Group General Terms and Conditions of Business. In other business relationships with suppliers of goods and services where the Axpo Group General Terms and Conditions of Business do not apply, the Code must be included as an integral contractual component. As a result, the Code applies to all direct business partners of Axpo. In addition, Axpo expects business partners to make sure that their important suppliers (and upstream suppliers) and subcontractors also abide by the principles set forth in the Code. In fuel procurement contracts, business partners also have to explicitly undertake to apply the principles of the Code.

The Code contains regulations for controlling compliance: Business partners must provide transparent information. On request, the business partner must give Axpo all the information

needed for a correct and comprehensive initial assessment as part of a self-assessment. Axpo reserves the right to check implementation of the Code if there is a suspicion of any violations of the Code. With regard to fuel procurement, business partners agree that they, their suppliers, upstream suppliers and subcontractors, may be visited by external experts and audits may be conducted of them. Axpo reserves the right to demand action in the case of non-performance of the Code and, if need be, to end the business relationship. The roll-out of the Code for Business Partners for the Group started in July 2014 and will continue until 2015 for the Group's foreign companies. The binding deadline is 2017 (see also fields of action and objectives). Objective achievement will be regularly measured from the 2014/15 financial year.

G4-LA14 Percentage of new suppliers that were screened using labour practices criteria

Sustainability Report 2013/14, p.67

G4-LA15 Significant actual and potential negative impacts for labour practices in the supply chain and actions taken

Sustainability Report 2013/14, p.67

Social dimension: Human rights

Non-discrimination

Sustainability Report 2013/14, p.73

G4-HR3 Total number of incidents of discrimination and corrective actions taken

The Axpo Complaints Commission did not receive any complaints in the 2013/14 period. No incidents of discrimination were registered in the reporting year.

Supplier human rights assessment

Sustainability Report 2013/14, p.69

G4-HR10 Percentage of new suppliers that were screened using human rights criteria

Axpo regularly screens selected suppliers and downstream suppliers for compliance with human rights criteria. For example, as part of the nuclear fuel procurement process Axpo specialists regularly visit the production plants of suppliers and downstream suppliers in Germany, Sweden, Russia, France and the US. These specialists also seek direct contact with the local employees. There are no signs of any human rights violations at any of these plants. As a result, no measures were taken in the reporting year regarding compliance with human rights criteria by suppliers and downstream suppliers.

G4-HR11 Significant actual and potential negative human rights impacts in the supply chain and actions taken

Sustainability Report 2013/14, p.69

Social dimension: Society

Local communities

Sustainability Report 2013/14, p.13

Relevance
Particularly when expanding its infrastructure, Axpo is very aware that the company's activities has to be aligned with the specific needs of individual stakeholder groups. Acceptance of its business activities and an open exchange with all stakeholder groups is something Axpo values very highly. The main concerns of the various parties are very different, however. NGOs usually place most emphasis on the protection of biodiversity and the landscape and the sparing use of untouched areas of nature. The concession grantors are mainly interested in local security of supply and the public revenues flowing to the local community. The local population worries first and foremost about the specific impacts of projects: construction and operation of the actual energy plants, the required infrastructure (e.g. access roads), the harm done to the visual landscape, environmental changes versus job creation or the impact on tourism.

Management approach
To assess the impact of its business activities on the community, in particular during the construction and operation of infrastructure measures, Axpo engages in transparent communication and investigates the expected effect of all its projects. From the planning stage through to the completion of a project, Axpo works closely with local authority representatives and involves the local population from the outset. This also applies to topics such as the use and production of new energies. Information events and discussions are staged in the immediate communities and cantons where power plants are located as well as in municipalities with grid concessions. The frequency of such events is dictated by current developments and needs. At the national level, responsibility for public dialogue lies with the Axpo Group and is handled by the Corporate Public Affairs department. At the local level, the local companies are responsible for stakeholder dialogue. The broader public has access to a wealth of information on the company at www.axpo.com.

Impacts and results
Examples of results for the reporting year include:
In the 2013/14 financial year, Axpo Kleinwasserkraft AG engaged in lively discussions of its projects with various stakeholder groups. The renewal of the concession for the Kollbrunn (ZH) small-scale hydro power plant is being discussed at a round table with the AquaViva-Rheinau Association and the WWF. These discussions are organised and managed by the Office for Waste Management, Water, Energy and Air (AWEL) of the Canton of Zurich. A number of meetings and information events addressed at directly affected parties, environmental organisations and angling associations also took place as part of the concession renewal process for the Bürglen (TG) small-scale hydro power plant. In support of the naturemade star fund, since 2008 Axpo has been managing a steering committee representing NGOs, angling associations and government representatives which focuses on the realisation of small-scale hydro power projects in the concession area.

Working groups are set up for Axpo's new or concession renewal projects for hydro power plants. These groups consist of representatives of the authorities, municipal governments, NGOs and environmental organisations. Information events for concession municipalities are also organised. For projects already in the process of realisation, construction site visits and various information events are held.

Discussions and coordination meetings with neighbouring residents and representatives of interest groups have led to solutions that adequately address the concerns and objections of the local population, authorities and environmental organisations. This dialogue with the public finds widespread acceptance.
The main topics of discussion with support groups and external organisations include the demands of environmental conservation organisations concerning run-off water, replacement measures, fish passage and the higher-level planning of projects.
Successful results have been achieved for the project to optimise the Tschar power plant, for which the renewal of the concession was issued in 2013/14 ahead of time. Building work is expected to start in April 2015. The same success has been attained for the Russein power plant, for which all approvals were acquired without any objections. This project is currently being realised.

With respect to the development of projects in the field of new energies, CKW plans its activities in intensive collaboration with cantonal and municipal authorities and environmental organisations. Visits to the Lutersarni wind power plant were organised for individual representatives of local government departments and associations. During these visits, CKW was able to provide specific proof of its progress in the new energies sector. Cooperation with the authorities, the local population and associations on current power plant projects has been intensified. More information events took place to introduce the Lindenberg wind farm, in which CKW is a partner, and contact was established with representatives of the municipal authorities. Cooperation with the municipal authorities in CKW's supply area concerning CKW's "Solar Power Sets a Precedent" initiative remains strong. CKW is using this initiative as an opportunity to teach the representatives of the local authorities about the opportunities, advantages and challenges of solar energy and thus promote understanding and interest in urgent energy topics. In spring, CKW took over a prepared project for a wind farm on the cantonal border between Lucerne and Aargau and has since established close contact with the Triengen and Kirchleerau municipalities where the wind farm will be located as well as the two neighbouring municipalities Moosleerau and Schmiedrued. The project for four wind power plants was introduced to the local community at three public events in June 2014.

EU sector-specific guidance for DMA: Stakeholder participation in decision-making processes related to energy planning and infrastructure development

Sustainability Report 2013/14, p.13 and p.71

G4-SO1 Percentage of operations with implemented local community engagement, impact assessments and development programmes

Axpo reviews the involvement of the local community for all infrastructure projects such as the construction of new power plants or grids. Local communities are involved in projects relating to existing power plants and administration buildings as and when needed.

G4-SO2 Operations with significant actual or potential negative impacts on local communities

By operating large hydro power plants and the Beznau nuclear power plant, Axpo provides important jobs for the local people. This is particularly true for hydro power plants in sometimes very remote mountainous areas. Apart from these positive impacts, the operation of such power plants also has potential negative impacts. Although Axpo gives top priority to the safety of its power plants and implements many measures to ensure that safety, it is the nature of the business that potential negative impacts cannot be entirely excluded. Examples include the effects of

hydropeaking in hydro power plants, the safety of the dams and the safety of the nuclear power facilities.

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

There were no cases, either in Switzerland or abroad, where Axpo's direct activities made it necessary to displace any people.

Anti-corruption

Sustainability Report 2013/14, p.73

G4-SO3 Total number and percentage of operations assessed for risks related to corruption and the significant risks identified

Sustainability Report 2013/14, p.73

G4-SO4 Communication and training on anti-corruption policies and procedures

Sustainability Report 2013/14, p.73

G4-SO5 Confirmed incidents of corruption and actions taken

Sustainability Report 2013/14, p.73

Anti-competitive behaviour

G4-SO7 Total number of legal actions for anti-competitive behaviour, anti-trust and monopoly practices and their outcomes

Sustainability Report 2013/14, p.73

Compliance

Relevance

The Axpo Group stands for reliability, sustainability and innovation. As a corporate group, Axpo is not only responsible for satisfying the steadily growing body of legal requirements, but also the high expectations of all stakeholders regarding its conduct as a company. True to its mission statement, Axpo will continue to run its business with great integrity and in accordance with the highest ethical standards, and will do so everywhere, at all times and regardless of what others may perhaps expect or demand. Axpo understands the term "compliance" to mean an unconditional commitment to integrity, ethics and abidance by the law.

Management approach

Since 1 October 2010, the Axpo Group has applied a Code of Conduct according to which Axpo is committed to compliance in its business activities. The Code of Conduct sets out in detail what is permitted and not permitted at the Axpo Group. Its rules of conduct also govern, among other things, Axpo's responsibility towards people, the environment and society. The following twelve principles form part of the Code of Conduct and must be observed by all governance bodies and employees of the Axpo Group in their daily activities:

- Integrity in business operations
- Overriding importance of safety
- Protection of personal rights
- Fair competition guarantee
- Prohibition of corruption and other criminal acts
- No exertion of influence through gifts and invitations
- Disclosure of conflicts of interest
- Integrity of business partners
- Observance of confidentiality
- Professional communication
- Procedure for dealing with doubt
- Reporting of breaches of rules

In their daily work, all governance bodies and employees of the Axpo Group at all times comply with the applicable laws, the Code of Conduct and the ethical principles set forth in this Code – wherever Axpo operates and regardless of what others may expect or demand.

Axpo's Corporate Compliance Programme serves to prevent, recognise and remedy any infringements of the law, ethical principles, internal rules and best practice standards and to promote a general understanding of compliance. The company must react to compliance breaches in an adequate manner.

a) Prevention of non-compliance:
When the Code of Conduct was introduced, all governance bodies and employees of the Axpo Group were trained in the Code of Conduct and the principles of anti-corruption. New employees are inducted into the rules of the Code of Conduct on an ongoing basis; internal processes are continuously improved, as required, as part of the compliance management process. Currently, almost 100% of the workforce has been trained. Some specific compliance courses were also held in the reporting year.

In the fourth quarter of 2014, a web-based learning programme (e-learning) on the Code of Conduct and compliance was launched Group-wide for all governance bodies and employees. The e-learning programme starts with a statement by the Group CEO. The introduction is followed by sections on integrity in business operations (gifts and invitations, corruption), compliance with market rules (anti-competitive agreements), dealing with information (insider trading) and responsibility to people and the environment (harassment, sustainability). The e-learning programme ends with a test on the learning material that has to be passed.

In addition to the training courses offered by the Compliance Officer, Axpo's managers are obliged to ensure implementation of the compliance principles. They implement the Code of Conduct by serving as an example and creating a compliance culture shaped by ethics, integrity and trust. Governance bodies and employees can (and should) ask for help at any time if they suffer any doubts, have any concerns or are unclear about the route that has to be taken to avoid compliance breaches. Governance bodies and employees can turn to their line managers, the Head of Compliance or the competent Compliance Officer. Early advice on compliance serves to avoid non-compliance. Ideas, concerns or questions of governance bodies and employees can be submitted via Axpo's Ethics Hotline, which can also be used on an anonymous basis.

Axpo's Code of Conduct, which is binding for all governance bodies and employees, including the members of the Board of Directors of Axpo Holding AG and the Executive Board, also regulates the process of handling conflicts of interest. The Board of Directors of Axpo Holding AG, which is

responsible for overall compliance supervision under the law, uses the regular Corporate Compliance Report to form an overview of the status of compliance at the company.

b) Recognition and remediation:
Even the best code of conduct is useless if the company is unaware of breaches of its provisions or other rules. Axpo maintains a culture of trust and mutual respect, in which the Axpo values and the basic principles described in the Code of Conduct can and should be discussed sincerely, honestly and openly.

Governance bodies and employees are encouraged to report actual or suspected breaches of Axpo's rules or the law to their line managers, the Head of Compliance or the competent Compliance Officer. The same applies if governance bodies or employees are asked by someone to violate such rules or principles. Axpo prohibits any unlawful treatment (e.g. disadvantage, discrimination or retaliation) of governance bodies or employees who follow this Code of Conduct. It also prohibits the unlawful treatment of governance bodies or employees who report actual or suspected (in good faith) breaches by governance bodies, employees or third parties against the Code of Conduct or other regulations, or who help in investigating such allegations.

Breaches can be reported in person or anonymously (e.g. via Axpo's Ethics Hotline; see above). In 2015, the Group also intends to carry out specific compliance reviews (audits) and employee surveys to uncover any breaches and further improve the Corporate Compliance Programme.

In addition to the Code of Conduct, Axpo implemented internal rules "against bullying and sexual harassment in the workplace". These directives identify the persons in each Group company whom employees can contact in confidence when a matter is serious. If this does not stop the misconduct, the directive defines the process for submitting a formal compliant against the harassment.

As part of the compliance risk assessment process, all operation sites were audited in the reporting year to identify the risks related to compliance with all the principles set forth in the Code of Conduct. No significant risks were identified for the anti-corruption rule or any of the other principles.

c) Reaction to breaches of compliance:
Breaches of the Code of Conduct or Axpo's ethical principles are not tolerated. Axpo does not pay "lip service" to compliance. The Code of Conduct must be followed to the letter and spirit of its contents by all governance bodies and employees. Breaches of the law, the Code of Conduct or other Axpo regulations may result in disciplinary action or consequences under labour and/or criminal law.

Impacts and results
The objective of Axpo's Corporate Compliance Programme is to ensure the consistent and permanent alignment of all actions taken by the Axpo Group with the requirements of the law, articles of association, regulations and internal policies as well as the principles of business ethics and integrity:

- The Axpo Complaints Commission did not receive any complaints in the 2013/14 period. No incidents of discrimination were registered in the reporting year.
- As no cases of corruption were reported in the reporting year, no corrective action was needed.
- Axpo did not receive any material fines for breaches of environmental laws and regulations in the reporting year.
- No breaches of the rules on the use and provision of products and services were disclosed in the reporting year.
- Axpo received one fine for violating the law in the reporting year: The Romanian parliament adopted its new energy and natural gas law (no. 123/2012) on 10 July 2012. This law is progressively phasing out the electricity law no. 13/2007. The new law was needed to implement the requirements of Directive 2009/72/EC on the rules for the internal market in electricity. One of the most significant changes was the new prohibition against bilateral contracts negotiated directly with the counterparties. With the entry into force of the revised law, new energy contracts must be concluded directly with OPCOM (Romanian electricity market operator). Axpo Energy Romania was informed by ANRE (Romanian energy sector regulator) that it has violated Art. 23 paragraph (1) of the law 123/2012 as well as Art. 55 of the general terms and conditions of the licence granted to Axpo Energy Romania. Axpo Romania subsequently received a fine of EUR 11,000. This was not an intentional breach of the new legislation. However, to avoid similar breaches, Axpo Romania will more consistently monitor all new laws and regulations.
- During proceedings for anti-competitive behaviour or anti-trust and monopoly practices, the Italian competition authority launched an investigation into some energy companies in 2013, including Axpo's subsidiary Axpo Italy (previously EGL) and the power plant company Calenia Energia and issued a fine. The fine was appealed. The action could not be finalised in the reporting year.

G4-SO8 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations

Sustainability Report 2013/14, p.73

EU sector-specific aspect: Disaster / emergency planning and response

Relevance
Axpo is responsible for the operation of large-scale technical facilities for the generation of electricity such as nuclear power plants and hydro power plants. As such, professional emergency and crisis management is an essential component of Axpo's safety culture.

Management approach
Axpo applies comprehensive emergency and crisis management across the board in all parts of the organisation, from the individual operational units to the Group's central headquarters. The Group directive "Emergency and crisis management" sets out the responsibilities and powers.

By setting up emergency teams at all the different locations of the Axpo Group and establishing crisis management procedures, the company takes the preventive measures needed to ensure that all events which could negatively affect the company, the employees, the customers or other human beings and the environment can be managed in an orderly manner.
A uniform interpretation of the minimum number of scenarios that need to be included in an emergency management plan and the standard definition of all terms are key to the establishment of high standards.
Each Group company has such a crisis management organisation. Crisis management at Group level is initiated and managed centrally by the CEO of the Axpo Group. The Head of Group Safety is in charge of superordinate coordination and controlling.

Efficient crisis management should achieve the following in the event of a crisis:
- Damage limitation or damage avoidance (employees, third parties and operation),
- Maintenance or immediate recovery of the most important business operations,
- Timely, active, transparent and reliable internal and external communication aimed at specific target groups (Axpo's reputation),
- Establishment of the conditions needed for the efficient return of operations to the status quo before the crisis (return to normal procedures).

Impacts and results
Axpo implements measures in advance to avoid crises. As part of the risk and safety management process, possible dangers to the Group are identified and measures suitable for dealing with the risks are implemented in order to avoid a crisis situation.

To secure the defined processes and structures in the event of a crisis, the crisis management process is continuously improved through the targeted training of the members of the crisis management team and regular crisis management drills.

EU sector-specific guidance for DMA: Contingency planning measures, disaster/emergency management plan and training programmes and recovery/restoration plans.

Sustainability Report 2013/14, p.77

Social dimension: Product responsibility

Customer health and safety

Relevance
The need to ensure safety in the production plants and the transmission of electricity, and thus also the safety and health of the customers, takes first priority. Axpo will continue to invest in the safety of its assets while complying with all official directives. The company is committed to the consistent management of all risks. The obligation to operate its power plants safely without harming the environment is a central concern.

Management approach
Compared to other countries, Switzerland has very strict official directives when its comes to protection against non-ionising radiation. Since the introduction of the Ordinance on Protection from Non-Ionising Radiation (NIR Ordinance) in 2000, places with sensitive use (where people regularly spend lengthy periods of time, i.e. apartments, offices, etc.) are much better protected. To ensure the best possible protection, a limit of 1 µT applies, which is considerably more strict than the international standard of 100 µT.

The NIR Ordinance prescribes a phase-optimised reduction of fields for existing power lines, which Axpo has already implemented throughout the Group. As the above directives are always implemented in full for new lines, all existing and new power lines comply strictly with all statutory regulations on electrosmog.

In addition to the NIR Ordinance, the emergency safety measures of the Nuclear Energy Ordinance, the Radiation Protection Ordinance and the various ordinances of the Swiss Federal Nuclear Safety Inspectorate (ENSI) are also important.

The Swiss nuclear power plants have been built to withstand extreme conditions such as earthquakes, floods and airplane crashes. Axpo's facilities meet all the relevant regulatory requirements in Switzerland; they are constantly modernised and upgraded. To highlight its commitment to nuclear safety and radiation protection, Axpo has adopted a Nuclear Safety Charter.

The additional exposure to radiation in the immediate vicinity of the operational nuclear power plants is significantly lower than the radiation occurring naturally in the environment. This is confirmed by ENSI's annual Radiological Protection Report.

Axpo's hydro dams also meet the most stringent safety standards. They are permanently monitored and regularly checked. Dams of a certain category have to be resistant to earthquakes of a magnitude that is expected only once every 10,000 years.

Impacts and results
All facilities for the production and distribution of electricity are subject to strict national statutory provisions and regulations, all of which are observed. In 2003, the Swiss Federal Office of Energy (SFOE), which is in charge of dams, instructed all operators to review the earthquake resistance of all dams within the next ten years. Axpo submitted the required confirmation for all 30 of its dams in this category by the end of 2013. No cases of harm caused to the health of customers or safety shortcomings that could pose a danger to the public became known in the reporting period. No complaints or legal actions are pending in this regard.

EU sector-specific guidance for DMA: State the processes for assessing community health risks including monitoring, prevention measures and, if applicable, long-term health-related studies.

Sustainability Report 2013/14, p.78

G4-PR1 Percentage of significant product and service categories for which health and safety impacts are assessed for improvement

Sustainability Report 2013/14, p.78

G4-PR2 Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes

Sustainability Report 2013/14, p.78

EU25 Number of injuries and fatalities to the public involving company assets, including legal judgements, settlements and pending legal cases of diseases.

No cases became known in the 2013/14 financial year of independent third parties being injured on Axpo premises or otherwise affected negatively by Axpo's assets.

Compliance

Sustainability Report 2013/14, p.73

G4-PR9 Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services

Sustainability Report 2013/14, p.73

EU sector-specific aspect: Access

Relevance
There are no technical problems of access at any of the locations in Switzerland and Europe where Axpo is active. However, failure to pay is met by disconnection.

Management approach
As there are no technical problems of access at the locations where Axpo is active, the problem does not have to be managed. If electricity bills are not paid, a phased reminder process is triggered, which culminates in a block on energy deliveries.

Impacts and results
In the private customer segment served by CKW AG (excluding EW Altdorf and EW Schwyz), around 1,100 customers were disconnected for late payment. In an estimated 75% of these cases, the connection was restored again within 48 hours, another 15% were without electricity for one week, another 5% for one month and the remaining 5% for a longer period. The basic rule is that electricity supply is restored within 24 hours from receipt of payment, i.e. as soon as the relevant proof of payment is submitted.

EU sector-specific guidance for DMA: Programmes, including those in partnership with government, to improve or maintain access to electricity and customer support services

Sustainability Report 2013/14, p.79

EU26 Percentage of population unserved in licensed distribution or service areas

Sustainability Report 2013/14, p.79
In Switzerland, all households are served with energy.

EU27 Number of residential disconnections for non-payment, broken down by duration of disconnection and by regulatory regime

Sustainability Report 2013/14, p.79

In the private customer segment served by CKW AG (excluding EW Altdorf and EW Schwyz), around 1,100 customers were disconnected for late payment. In an estimated 75% of these cases, the connection was restored again within 48 hours, another 15% were without electricity for one week, another 5% for one month and the remaining 5% for a longer period. The basic rule is that electricity supply is restored within 24 hours from receipt of payment, i.e. as soon as the relevant proof of payment is submitted.

EU28 Power outage frequency

Reliability and security of supply are core requirements for electricity customers. Axpo uses the distribution codes developed by the Association of Swiss Electricity Companies (VSE) to measure the reliability of electricity supply. The average interruption frequency per end user and year (SAIFI, System Average Interruption Frequency Index) was 0.00299 [1/a] for Axpo Grids and 0.34 [1/a] for CKW in 2013 (excluding the grids of EW Altdorf and EW Schwyz).

EU29 Average power outage duration

Reliability and security of supply are core requirements for electricity customers. Axpo uses the distribution codes developed by the Association of Swiss Electricity Companies (VSE) to measure the reliability of electricity supply.
The average interruption duration per end user and year (SAIDI, System Average Interruption Duration Index) was 0.04602 for Axpo Grids in 2013 and 21.3 minutes per year for CKW in 2013 (excluding the grids of EW Altdorf and EW Schwyz).

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

The Beznau nuclear power plant reported the following availability in the reporting year:
Beznau NPP Unit 1: 96.7% (refuelling)
Beznau NPP Unit 2: 91.0% (maintenance)

The gas-fired combined-cycle power plant in Calenia in Italy reported the following availability in the reporting year:
Unit 1: 98.08%
Unit 2: 97.71%

The gas-fired combined-cycle power plant in Rizziconi in Italy reported the following availability in the reporting year:
Unit 1: 96.30%
Unit 2: 97.93%

Availability is less important for hydro power plants than for a gas-fired combined-cycle power plants, for example. Current availability as measured is very high, as each of the hydro machine groups has a relatively low degree of complexity. Moreover, there is a very large number of machine groups in the entire hydro fleet, which greatly reduces the effect of the failure of a single machine group. The hydro fleet is very decentralised, thus reducing the risk of simultaneous failures. The hydro machine groups also use water supply settings that allow an annual average for the operating hours of less than 3,500 hours in total. This means that regular maintenance work can be planned and carried out without production losses.

EU sector-specific aspect: Provision of information

Relevance
There are no known relevant factors that prevent access to and the safe use of electricity products in Switzerland and at Axpo's European locations, particularly as Axpo primarily supplies electricity to business customers.

Management approach, impacts and results
Information on Axpo's electricity products and services is always available in the language used in the relevant market, both online and in print format. In some cases Axpo also organises events for discussion and the exchange of information and ideas. Employees of the company are available to answer any additional questions.

EU sector-specific guidance for DMA: Practices to address language, cultural, low literacy and disability related barriers to accessing and safely using electricity and customer support services.

Sustainability Report 2013/14, p.81

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Building a better working world

To the Executive Management of
Axpo Holding AG, Baden

Zurich, 11 December 2014

Report of the independent auditor on the Sustainability Report 2013/14

Our engagement

We have been engaged by Axpo Holding AG to perform a limited review of the following information stated in the Sustainability Report 2013/14 (hereafter "report") for the reporting period 1 October 2013 to 30 September 2014, which has been compiled on the basis of the Global Reporting Initiative (GRI):

- Chapter "Materiality analysis" (pages 15 to 18 of the report)
- Chapter "G4-10 Breakdown of total number of employees" (pages 24 to 25 of the report)
- Chapter "G4-EN3 Energy consumption within the organisation" (page 49 of the report)
- Key performance indicators on "G4-EN15 Direct greenhouse gas (GHG) emissions (Scope 1)," "G4-EN16 Energy indirect greenhouse gas (GHG) emissions (Scope 2)," "G4-EN17 Other indirect GHG emissions (Scope 3)" and "G4-EN19 Reduction of GHG emissions" in Chapter "Emissions" (pages 51 to 55 of the report)
- Chapter "G4-EN23-EU Report on PCB and nuclear waste; report on radioactive waste produced per net MWh nuclear generation per year" (page 58 of the report)
- Key performance indicators on "G4-LA1 Total number and rates of new employee hires and employee turnover by age group, gender and region," "G4-LA6 Type of injury and rates of injury, occupational diseases, lost days and absenteeism, and total number of work-related fatalities, by region and by gender" and "G4-LA6-EU Report on health and safety performance of contractors and subcontractors working on site or on behalf of the reporting organisation off site" in Chapter "Employment" (pages 59 to 66 of the report)
- Chapter "G4-LA9 Average hours of training per year per employee, by gender and by employee category" (page 68 of the report)
- Key performance indicators on "EU27 Number of residential disconnections for non-payment, broken down by duration of disconnection and by regulatory regime," "EU28 Power outage frequency" and "EU29 Average power outage duration" in Chapter "EU sector-specific aspect: Access" (pages 79 to 81 of the report)

Limitations of the engagement

Our engagement was limited to a review of the information listed above. We have not assessed the following information disclosed in the report:

- All information contained in other sections of the report.
- Data for the previous reporting periods were not reviewed for this engagement.
- Our engagement did not include a review of forward-looking statements.

Criteria

The report was prepared by the Executive Management of Axpo Holding AG on the basis of following criteria:

- GRI Sustainability Reporting Guidelines G4, Comprehensive option

The guidelines can be accessed on the GRI homepage (online at *www.globalreporting.org/reporting/g4/Pages/default.aspx*). We believe that these criteria are a suitable basis for our review.

(Translation of the original report in German language)

Responsibility of Axpo Holding AG's Executive Management

The Executive Management is responsible for the preparation of the report in accordance with the criteria. This responsibility includes developing, implementing and safeguarding adequate internal controls regarding the preparation of a report that is free of material misstatement due to fraud or error. In addition, the responsibility of the Executive Management includes selecting and applying the criteria and maintaining appropriate records.

Responsibility of the auditor

Our responsibility is to perform a limited assurance engagement and to express a conclusion based on our review. We performed our engagement in accordance with the Swiss Auditing Standard 950 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information". This standard requires that we comply with professional standards as well as plan and perform our audit procedures in order to obtain limited assurance that the report is prepared in all material respects in accordance with the criteria.

Based on materiality and risk considerations, we performed audit procedures to obtain a sufficient and suitable basis for our conclusion. The selection of the audit procedures is based on the professional judgment of the independent auditor. In a limited assurance engagement, the audit procedures are less comprehensive than in a reasonable assurance engagement and therefore a lower degree of audit assurance is obtained.

The performance of our engagement included the following main procedures:

- Assessment of the suitability of the underlying criteria and their consistent application.
- Interviews with employees regarding the sustainability strategy of Axpo Holding AG.
- Interviews with employees responsible for preparing the report to assess the process of preparing the report, the reporting system, the data capture and compilation methods as well as internal controls to the extent relevant for a review of the report.
- Interviews of employees in specialist departments responsible for the related topics.
- Reviewing the documentation of the systems and processes for compiling, analysing and aggregating sustainability data and testing such documentation on a sample basis.
- Analytical considerations, interviews and review of documents on a sample basis with respect to the compilation and reporting of data during onsite visits to the sites in Baden and Rathausen.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

Based on our limited assurance engagement, nothing has come to our attention that causes us to believe that the report of Axpo Holding AG for the reporting period ending on 30 September 2014 does not comply in all material respects with the criteria.

Ernst & Young Ltd

Alessandro Miolo
Partner

Mark Veser
Senior Manager

GRI index

Indicator	GRI Report 2013/14	Assurance
Strategy and analysis		
G4-1	20	[1]
G4-2	20	[1]
Organisational profile		
G4-3	21	[1]
G4-4	21	[1]
G4-5	22	[1]
G4-6	22	[1]
G4-7	22	[1]
G4-8	23	[1]
G4-9	24	[1]
G4-10	24	82
G4-10-EU	25	[1]
G4-11	25	[1]
G4-11-EU	**Fehler! Textmarke nicht definiert.**	[1]
G4-12	26	[1]
G4-13	27	[1]
G4-14	27	[1]
G4-15	28	[1]
G4-16	29	[1]
G4-EU1	30	[1]
G4-EU2	30	[1]
G4-EU3	30	[1]
G4-EU4	31	[1]
G4-EU5	31	[1]
Identified material aspects and boundaries		
G4-17	**Fehler! Textmarke nicht definiert.**, 31	[1]
G4-18	**Fehler! Textmarke nicht definiert.**, 32	82
G4-19	18, 32	82
G4-20	16, 32	[1]
G4-21	16, 32	[1]
G4-22	14, 32	[1]
G4-23	14, 32	[1]
Stakeholder engagement		
G4-24	11, 32	[1]
G4-25	11, 32	[1]
G4-26	13, 32	[1]
G4-27	13, 32	[1]
Report profile		
G4-28	33	[1]
G4-29	33	[1]
G4-30	33	[1]
G4-31	34	[1]
G4-32	34	[1]
G4-33	34	[1]
Governance		

Indicator	GRI Report 2013/14	Assurance
G4-36	34	[1]
G4-37	35	[1]
G4-38	35	[1]
G4-39	35	[1]
G4-40	35	[1]
G4-41	35	[1]
G4-42	36	[1]
G4-43	36	[1]
G4-44	36	[1]
G4-45	36	[1]
G4-46	37	[1]
G4-47	37	[1]
G4-48	37	[1]
G4-49	37	[1]
G4-50	37	[1]
G4-51	37	[1]
G4-52	38	[1]
G4-53	38	[1]
G4-54	38	[1]
G4-55	38	[1]
Ethics and integrity		
G4-56	38	[1]
G4-57	38	[1]
G4-58	38	[1]
Economic dimension		
G4-EC1	40	[1]
G4-EC2	40	[1]
G4-EC3	41	[1]
G4-EC4	42	[1]
G4-EC5	Immaterial	
G4-EC6	Immaterial	
G4-EC7	43	[1]
G4-EC8	44	[1]
G4-EC9	Immaterial	
EU10	45	[1]
EU11	47	[1]
EU12	47	[1]
Environmental dimension		
G4-EN1	Immaterial	
G4-EN1-EU	Immaterial	
G4-EN2	Immaterial	
G4-EN3	49	82
G4-EN4	49	[1]
G4-EN5	50	[1]
G4-EN6	50	[1]
G4-EN7	51	[1]

G4-34	34	[1]
G4-35	34	[1]
G4-EN9	Immaterial	
G4-EN10	Immaterial	
G4-EN11	Immaterial	
G4-EN12	Immaterial	
G4-EN12-EU	Immaterial	
G4-EN13	Immaterial	
G4-EN14	Immaterial	
EU13	Immaterial	
G4-EN15	51	82
G4-EN15-EU	54	[1]
G4-EN16	54	82
G4-EN16-EU	54	[1]
G4-EN17	54	82
G4-EN18	54	[1]
G4-EN19	54	82
G4-EN20	55	[1]
G4-EN21	55	[1]
G4-EN21-EU	55	[1]
G4-EN22	58	[1]
G4-EN22-EU	58	[1]
G4-EN23	58	[1]
G4-EN23-EU	58	82
G4-EN24	58	[1]
G4-EN25	59	[1]
G4-EN26	59	[1]
G4-EN27	Immaterial	
G4-EN28	Immaterial	
G4-EN29	59	[1]
G4-EN30	Immaterial	
G4-EN31	Immaterial	
G4-EN32	Immaterial	
G4-EN33	Immaterial	
G4-EN34	Immaterial	
Labour practices and decent work		
G4-LA1	60	82
G4-LA1-EU	62	[1]
EU15	62	[1]
EU17	63	[1]
EU18	63	[1]
G4-LA2	63	[1]
G4-LA3	64	[1]
G4-LA4	Immaterial	
G4-LA5	65	[1]
G4-LA6	66	82
G4-LA6-EU	66	82
G4-LA7	66	[1]
G4-LA8	67	[1]
G4-LA9	68	82
G4-LA10	68	[1]
G4-EN8	Immaterial	
G4-EN8-EU	Immaterial	
G4-LA11	68	[1]
G4-LA12	Immaterial	
G4-LA13	Immaterial	
G4-LA14	70	[1]
G4-LA15	70	[1]
G4-LA16	Immaterial	
Human rights		
G4-HR1	Immaterial	
G4-HR2	Immaterial	
G4-HR3	70	[1]
G4-HR4	Immaterial	
G4-HR5	Immaterial	
G4-HR6	Immaterial	
G4-HR7	Immaterial	
G4-HR8	Immaterial	
G4-HR9	Immaterial	
G4-HR10	70	[1]
G4-HR11	70	[1]
G4-HR12	Immaterial	
Society		
G4-SO1	72	[1]
G4-SO2	72	[1]
EU22	73	[1]
G4-SO3	73	[1]
G4-SO4	73	[1]
G4-SO5	73	[1]
G4-SO6	Immaterial	
G4-SO7	73	[1]
G4-SO8	76	[1]
G4-SO9	Immaterial	
G4-SO10	Immaterial	
G4-SO11	Immaterial	
Product responsibility		
G4-PR1	79	[1]
G4-PR2	79	[1]
EU25	79	[1]
G4-PR3	Immaterial	
G4-PR4	Immaterial	
G4-PR5	Immaterial	
G4-PR6	Immaterial	
G4-PR7	Immaterial	
G4-PR8	Immaterial	
G4-PR9	79	[1]
EU26	79	[1]
EU27	80	82
EU28	80	82
EU29	80	82
EU30	80	[1]

[1] = no external Assurance

Glossary

Environmental product declarations pursuant to ISO 14025
Environmental product declarations (EPD®) are used to measure, report and request external audits of the environmental impacts of products, e.g. 1 kWh electricity, in accordance with a standard procedure.

Greenhouse gas inventory pursuant to ISO 14064
ISO 14064 regulates how companies should capture, report and request external audits of its emissions of CO_2, methane and SF_6.

Guidelines for Multinational Enterprises
The Guidelines for Multinational Enterprises of the Organisation for Economic Cooperation and Development (OECD) are a multilaterally agreed, comprehensive code for responsible business conduct. The OECD governments have agreed to promote this code.
http://www.oecd.org/daf/inv/mne/48004323.pdf

Load balancing energy
Energy needed in the electricity delivery system to deal with unforeseen load fluctuations and power plant outages.

New energies
This includes all new energies except large-scale hydro power. In Switzerland, these include, for example, small-scale hydro power, firm biomass, biogas, geothermal energy, wind and solar power.

Swiss Accident Insurance Institution (SUVA)
SUVA is an independent entity established under public law which insures around 121,000 companies and 1.95 million employees against the consequences of accidents and occupational diseases.

Swissnuclear
Swissnuclear is the nuclear energy working group of swisselectric which promotes the safe and profitable operation of the nuclear power plants in Switzerland.

United Nations Global Compact
The United Nations Global Compact is a strategic initiative under which companies agree to gear their business activities and strategies to ten universally accepted principles in the areas of human rights, labour practices, environmental protection and anti-corruption. www.unglobalcompact.org

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