Sustainability Report 2014/15

Axpo Holding AG

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☑ On this information Ernst & Young Ltd has provided limited assurance.

CEO interview

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

Andrew Walo, Axpo is experiencing some hard times. Is sustainability still on the agenda?

Very much so, it is a key issue. Sustainability is part of Axpo's DNA and it has been so for over a century. Our top priority is to remain profitable, even in the currently difficult market climate, and to ensure our corporate success for the long term. To do this, the Group must renew itself from within. Progress has been pleasing.

That all sounds very positive - so is everything in the green area?

Our efforts are making an impact and I'm pleased about that. We have identified cost saving potential and have already acted on that in some respects. But this isn't enough, we also have to tap into new sources of revenue and flexibly exploit the opportunities on the market. So it remains a very challenging process. Moreover, we have yet to see any signs of a recovery in wholesale prices.

Against this backdrop, is there still room for the environmental aspects of sustainability?

You can't have one without the other. Axpo is Switzerland's biggest producer of renewable energies, and we want things to stay that way. We also see great potential in wind energy. In July, we announced the acquisition of Volkswind GmbH, a wind farm developer. This enables Axpo to significantly expand its value chain in the wind energy segment: we will now be involved in every stage, from planning and project development to the construction, operation and marketing of wind energy. In September, we achieved another big goal, with the inauguration of Global Tech I, an offshore wind farm around 100 km away from Bremerhaven, in the North Sea. Axpo has a 24.1% stake in GT I. With the addition of Volkswind and Global Tech I, Axpo's wind energy portfolio has increased by around 60%, to more than 400 MW.

Does that also mean that Axpo relies mainly on renewable energies abroad?

As the main source of renewable energy in Switzerland, hydro power remains central to Axpo's portfolio. In June, the upgrading of the Rüchlig run-of-river power plant in Aarau was completed and the Linth-Limmern pumped-storage power plant, for which the first machine group is scheduled to become fully operational in 2016, is another major landmark in Switzerland's energy future. But it's true that most of our wind energy investments are made abroad. We believe this is the most sustainable option, both from an economic and an environmental perspective. Project planning and construction are cheaper abroad thanks to more straightforward and therefore shorter procedures, and the subsidy schemes are well-established. Also, it simply makes more sense to build wind turbines firstly, where, because of the better wind conditions, they produce more electricity and, secondly, where they are further away from residential areas. Both these are difficult to achieve in Switzerland.

So does Axpo undertake different activities in Switzerland in terms of environmental sustainability?

Absolutely, they're very exciting. In producing hydrogen from domestic hydro power, we are seeking to break into a new area of business and contribute to reducing CO_2 emissions. We already have a strategic partner - Coop - who is keen to enable emission-free motoring and is planning to build a network of fuel stations for this purpose. There are plans to build an electrolyser, i.e. the plant for producing hydrogen, at our Eglisau-Glattfelden hydro power plant. By utilising the electricity from the run-of-river power plant, we will massively reduce greenhouse gases compared with conventionally generated hydrogen. This presents an opportunity for Axpo to make a relevant contribution to reducing mobility-generated greenhouse gas emissions.

As a public sector company, the expectations placed on Axpo are particularly high in terms of its contribution to society. Isn't that only right?

The fact is that, nowadays, every company has a responsibility to its employees, but also to its wider environment.
Axpo has been expressing its commitment to society for many years now, in many different ways. Supporting the next generation is something that is particularly important to us: we have been committed to PluSport for many years. As well as the PluSport Day and the training camps for children with disabilities, we are now also setting up football tournaments. In addition, the "Axpo Football Camps" are hugely popular among football-loving girls and boys throughout Switzerland.
Moving towards a sustainable energy future, we also promote innovation in various ways. The Axpo Energy Award honours the most innovative idea by a young company with start-up capital of CHF 50,000; the "Axpo Student of the Year" recognises new solutions identified by students at universities and federal institutes of technology and, as a partner to the Innovaare Innovation Park, we are helping to create a space for innovation in the energy segment.

You promote innovation - will Axpo also be reinventing itself?

The energy world is experiencing fundamental change. We want to be actively involved in shaping that change. We have set ourselves ambitious targets, including in terms of sustainability, because we firmly believe that sustainability creates added value not only for people, nature and the environment but also for the company itself. We have set ourselves goals in six action fields, ranging from ensuring corporate success, reducing our carbon footprint and increasing energy efficiency, to ensuring our business partners comply with our sustainability principles.
As well as rigorously pursuing sustainable development, we also want to remain one of the leading energy companies in the realm of sustainability. That's why I too attach great importance to transparent reporting, based on the Global Reporting Initiative guidelines. This compels us to be honest, not least with ourselves.

Facts & figures

Economic performance

in millionen CHF	2014/15	2013/14[1)]
Total income	5 860	6 705
Result for the period	-990	-730
Order volume	958	1 072
Personnel expenses	628	655
Taxes, fees and duties paid to the public sector	105	74
Dividends to the public sector	4	78

Energy business I Electricity production

	in GWh	in MW
Nuclear energy	21 305	3 030
Gas	6 187	1 780
Hydro power, including small-scale hydro power plants	8 825	3 535
Other renewable energies	723	420

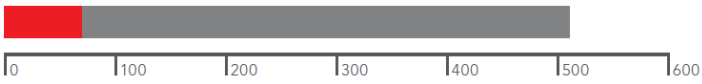
Environmental performance

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-equivalents/kWh



Axpo as a whole	75
Europe (UCTE)	515

Increase in energy efficiency I in MWh/year

Power plants	20 650
Transmission	1 500
Buildings & Data center	200
Customers	1 680
Total	**24 030**

Social performance and occupational safety

	2014/15	2013/14
Expansion of new energies	+266,6 MW	+68,5 MW
Conveying of energy knowledge at visitor centres	66 300 visitors	82 300 visitors
Number of employees (full-time equivalents)[2]	3 920	4 102
Number of days lost due to occupational accidents per FTE	0,26	0,34

[1)] The currency hedging result for operating transactions was previously recognised in the financial result. The Axpo Group changed this practice in the 2014/15 financial year and now recognises the result from currency hedging transactions above EBIT. This means that the operating result provides a more reliable and relevant view of the effects of transactions and the earnings situation. The prior-year figures have been restated accordingly.

[2)] Total workforce, temporary and permanent staff not including apprentices

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 plus 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+
- Approval of 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 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 only energy company in Switzerland with application level 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
- Identification of sustainability focus topics for Axpo, grouped into fields of action with binding goals for the next four years

2014/15:

- Publication of the sustainability report - as the first energy company in Switzerland in alignment with G4 „comprehensive" under GRI
- Transfer of the tasks of the Sustainability Advisory Board to Sustainability Management
- Approval of the revised Axpo 2015 sustainability policy

Fields of action and goals

The focus of Axpo's commitment to sustainability is firstly on the business perspective 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, in FY 13/14 Axpo committed to taking action in the following six areas and is striving 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 50% compared with 2008. The reasons for this are the cheap production of electricity from the primary energy source of coal (the price of which has fallen by 50%), the European economic crisis 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 greatly reduced profits.

Axpo's approach: In this challenging situation, Axpo will place the focus on a positive free cash flow (FCF). Consequently, Axpo will reduce operating costs, selectively invest and increase its revenues from new or expanded areas of business. In taking this approach, Axpo is seeking to maintain its good credit rating (currently A), because of which Axpo is viewed as a trustworthy business partner and is able to continue to enjoy favourable financing terms. 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.

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 energy efficiency. The greatest leverage for reducing greenhouse gas emissions at Axpo lies in the systematic use of CO_2-free electricity for 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 dialogue with non-governmental organisations (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. Furthermore, the transmission and distribution grids must be designed and converted in a manner commensurate with this turnaround.

Axpo's approach: For Axpo to be involved in shaping a future energy system, it is important to establish a sound understanding of the possible developments. This will enable it to anticipate trends and develop appropriate business activities. Axpo already makes a considerable contribution to reshaping the energy system, in its role 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, and through opening up new business areas such as the conversion of electricity to hydrogen for energy storage.

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 priority.

6. Axpo makes a contribution to society

The challenge: As a public-sector enterprise, Axpo has a particular responsibility 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 180 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 2014/15
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 at the end of the FY.
	Ensure the company's risk capacity	Maintaining a solid equity ratio of 32.1% 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	Verification of the Group-wide greenhouse gas inventory conducted by independent auditors Ernst & Young AG.
	Reduce net greenhouse gas emissions in Switzerland by 80% by 2017 compared to the base year 2008/09 (150,000 t) to 30,000 t CO_2 equivalents	Reduction of 8,200 tonnes on 30,700 tonnes net compared with the previous year. Scheduled reductions by 2017 remain on track. Cumulative reduction in the Axpo CO_2 footprint compared with the base year: Direct emissions (Scope 1): 17,060 t Indirect emissions (Scope 2): 103,940 t
	Increase energy efficiency by 180,000 MWh in the production and distribution of electricity and in operations by 2017 (base year 2013/14)	Increase of 24,027 MWh achieved (planned: 24,007 MWh). Cumulative increase in energy efficiency compared with the base year: 40,540 MWh
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 of social and environmental minimum standards (80% of order volumes via business partners who have signed the Code)	During the last financial year, the code has also been introduced at Group companies abroad and now forms a standard part of all new contracts across the Group. A system for measuring targets is being set up.
	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)	Certified EPDs are available for the following power plants: – Beznau nuclear power plant – Wildegg-Brugg run-of-river power plant – Löntsch storage plant – Au-Schönenberg small-scale hydropower plant – Otelfingen Kompogas facility – Rizziconi combined-cycle gas turbine plant (Italy) – Tegra wood-fired power plant in Domat/Ems (new since FY 2014/15)

Fields of action	Goals	Performance 2014/15
4) Axpo plays an active role in shaping the energy turnaround	Expand the portfolio of renewable energies through profitable projects at home and abroad	Expansion: 266.6 MW (previous year 68.5 MW): Wind: + 243.3 MW Hydroelectric power: + 22.6 MW Photovoltaics: + 0.7 MW Wind: Completion of the Global Tech I off-shore wind farm (400 MW: Axpo's stake: 24.1%, 96.4 MW). Takeover of wind farm developer Volkswind GmbH with an existing wind power portfolio of 84 MW in Germany and 63 MW in France. Hydroelectric power: Rüchlig power plant: The whole plant has been operational since June 2015. 11 MW, 68.7 GWh/a, CFR plant. Russein power plant: The whole plant has been operational since the end of April 2015. 11.6 MW, 52 GWh/a, CFR plant. Photovoltaic plants: “Solarstrom macht Schule” project: Realise 9 photovoltaic plants with an output of 700 kWp; 650 MWh/a. Biomass: The Kompogas Winterthur plant has been operational since October 2014 (gas production only, no electricity)
	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%) is progressing according to schedule. One pioneering project is the extraction of hydrogen using renewable energy from our own run-of-river power plants, for use as fuel in fuel cell vehicles. A partnership has been formed with Coop for the purchase of CO_2-free hydrogen. Through its subsidiary Coop Mineraloel AG, the Swiss supermarket chain owns a dense network of service stations throughout Switzerland. It is also planning to progressively replace part of its own fleet with hydrogen fuel cell vehicles.

Fields of action	Goals	Performance 2014/15	
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 met, with 0.27 lost work days per full-time equivalent.	☑
	The annual voluntary turnover rate is between 4% and 6%.	At 6.4%, the voluntary turnover rate is slightly above the target range.	
	The annual absence rate is below the 3% threshold	The absence rate stood at 2.4%, 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.	With 66,300 visitors, the target was not quite met (-20% compared with the previous year). The reason for the decline in visitors is due mainly to the fact that the "Linthal 2015" project is in the final phase and there are as yet only a handful of attractions to be seen in the Tierfehd area, where the popular guided tours were held. Guided tours "on the mountain" for the public are not planned until the end of 2017, after the completion of assembly work and the inauguration of all four machine groups.	
	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 180 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 2014, the Axpo Energy Award was again 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 and tournaments with disabled children.	

Stakeholder dialogue

Axpo attaches great importance to an open, active and honest exchange of views with all key 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 customers, shareholders, politicians, employees, suppliers, concession grantors (cantons and municipalities), the local population, NGOs, the media and the general public, 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. The local population worries first and foremost about the specific impacts of projects: 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 local community stakeholders, please turn to p.72 and p.74.

Examples relating to hydro power:
Advisory groups are set up for Axpo's new or concession renewal projects for hydroelectric power plants. These groups consist of representatives of the authorities, municipal governments 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 enable solutions to be developed that adequately address the concerns and objections of the local population, authorities and environmental organisations. The public dialogue held in this way meets with broad 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

In the reporting year, successful results were 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 and building work began in April 2015. As work continues, environmental protection organisations will be invited to visit the site on a regular basis and see how the project is progressing.

As regards other proposed power plant projects (e.g. at Plessur and Moesa), environmental protection organisations are being encouraged to become involved at an early stage.

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 for a company in the face of competition and rapidly changing markets. Axpo maintains a regular dialogue with its staff members. One focus area for staff members during the last twelve months was Axpo's strategy in response to the still challenging market environment and the resulting tasks and scope of each individual. Another core theme involved embracing all the facets of the new brand image "Full of Energy", which expresses the company's vigour, forward-looking orientation and innovativeness, and putting that into practice at the company, through the staff members.

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. The Intranet is a forum for interactive dialogue and staff members are actively encouraged to get involved. The Executive Board also uses various communication channels to provide regular information about important decisions and the latest core issues.

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 to three 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 Affairs employees or top management) or through the associations of which Axpo is a member. During the reporting year there were, for instance, direct exchanges between the CEO of Axpo Holding and the Environment, Spatial Planning and Energy Committee of the Council of States. As part of the consultation process on the Federal Council's Energy Strategy 2050, there were various other contacts with members of the Employees' Committee of the Public

Affairs department. These meetings took place as part of the process of drafting individual aspects of the Federal Council's Energy Strategy 2050, namely the decommissioning of the nuclear power plants and support for hydro power plants.
(GRI G4-26, GRI G4-27)

Reporting principles

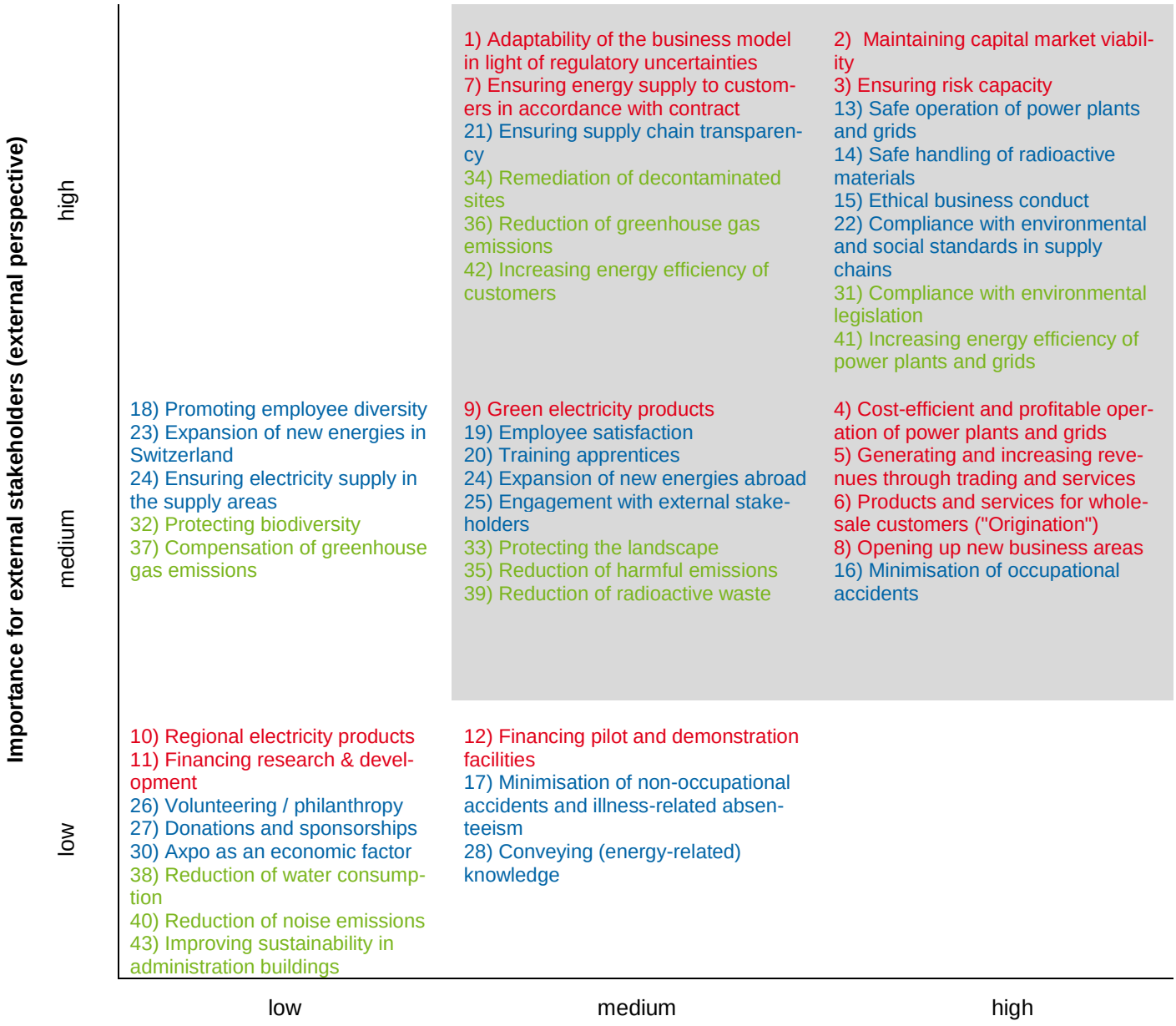
Axpo has prepared its report for the 2014/2015 financial year in accordance once again with the Global Reporting Initiative's guidelines. The sustainability report has been prepared in compliance with the GRI G4 guidelines, "comprehensive" option. External assurance has been retained and is explicitly indicated for each indicator that has been assured (see GRI G4 content index, [p. 83).

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 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.

Due to the new way of determining materiality introduced this year, some aspects are no longer relevant to Axpo in this reporting year. 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 – 30; environmental dimension: topics 31 - 43.

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 perspectives were assessed through discussions with members of the Board of Directors of Axpo Holding (owner's

view), members of CESPE-N (view of political decision-makers) and the NGOs WWF Switzerland and Economiesuisse. (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.

Some topics are also relevant 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, p.53) 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 last 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 www.axpo.com). Indirect greenhouse gas emissions are reduced by procuring a CO_2-free and guarantee-of-origin-labelled electricity product (for further information, see Emissions, p.51). (GRI G4-20, GRI G4-21)

Material aspects and indicators from the materiality test

Material sustainability topics for Axpo from the economic dimension:

No.	Topic	Reference action field (AF) and GRI aspect	Page(s) in report
1	Ensuring the adaptability of the business model in light of regulatory uncertainties in Switzerland and Europe	AF 1: Axpo ensures its long-term corporate success; GRI aspects: Availability and reliability; Economic performance	7 43 40
2	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	7 40
3	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	7 40
4	Cost-efficient and profitable operation of power plants and grids	GRI aspect: Economic performance	40
5	Revenue generation and continually increasing revenues through trading activities and the provision of services	GRI aspect: Economic performance	40
6	Offering specific products and services for wholesale customers in Europe (origination)	GRI aspect: Economic performance	40
7	Ensuring energy supply to customers in accordance with contract	GRI aspect: Availability and reliability	43
8	Opening up new business areas	GRI aspect: Economic performance	40
9	Providing green electricity products	GRI standard disclosure G4-8: Markets	23

Material sustainability topics for Axpo from the social dimension:

No.	Topic	Reference action field (AF) and GRI aspect	Page(s) in report
13	Ensuring the safe operation of power plants and grids	GRI aspect: Disaster/emergency planning	78
14	Ensuring the secure handling of radioactive materials	GRI aspects: Customer health and safety, decommissioning of power plants	79 45
15	Enforcing ethical business conduct	GRI aspects: Compliance, anti-competitive behaviour, anti-corruption	74 74 74
16	Minimisation of occupational accidents	AF 5: Axpo is a responsible employer; GRI aspect: Occupational health and safety	8 63
19	Promotion of employee satisfaction	AF 5: Axpo is a responsible employer; GRI aspects: Employment, training and education- non-discrimination	8 58 68 72
20	Training apprentices	GRI aspects: Employment, training and education	58 68
21	Ensuring supply chain transparency	AF 3: Axpo enforces sustainability principles among its business partners; GRI aspects: Supplier assessment, anti-corruption, anti- competitive behaviour	8 70 74 74
22	Compliance with environmental and social standards in supply chains	AF 3: Axpo enforces sustainability principles among its business partners; GRI aspects: Compliance, supplier assessment	8 74 70
24	Expansion of new energies abroad	AF 4: Axpo plays an active role in shaping the energy turnaround; GRI aspect: Availability and reliability	8 43
25	Engagement with external stakeholders (e.g. in construction projects)	GRI aspect: Local communities	72

Material sustainability topics for Axpo from the environmental dimension:

No.	Topic	Reference action field (AF) and GRI aspect	Page(s) in report
31	Compliance with environmental legislation	GRI aspect: Compliance	58
33	Protection of the visual landscape	GRI aspect: Local communities	72
34	Remediation of decontaminated sites	GRI aspect: Effluents and waste	55
35	Reduction of harmful emissions	GRI aspect: Emissions	51
36	Reduction of greenhouse gas emissions	AF 2: Axpo reduces its carbon footprint and increases energy efficiency: GRI aspect: Emissions	7 51
39	Reduction of radioactive waste	GRI aspect: Effluents and waste	55
41	Increasing energy efficiency of power plants and grids	AF 2: Axpo reduces its carbon footprint and increases energy efficiency: GRI aspect: System efficiency, energy	7 46 47
42	Increasing energy efficiency of customers	AF 2: Axpo reduces its carbon footprint and increases energy efficiency: GRI aspect: Energy	7 47

In addition to the aspects that were deemed "material", the following sector-specific aspect for energy companies is included in the report:

No.	Topic	Reference action field (AF) and GRI aspect	Page(s) in report
12	Financing pilot & demonstration projects	AF 4: Axpo plays an active role in shaping the energy turnaround; GRI aspect: Research and development	8 44

(GRI G4-19)

GRI Report

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 2014/15, 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.

In addition, Axpo is engaged in the expansion of renewable energies. For example, it has a 24.1% stake in the Global Tech I offshore wind farm. The farm covers an area of 41 km2 and comprises 80 wind power plants, each with an output of 5 megawatts. Besides offshore projects, Axpo also invests in onshore wind farms in countries such as Germany, Italy, Spain and France.

Axpo is active in 34 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 and on the sustainability focus topics set in the previous financial year. This included rolling out the Code for Business Partners at Axpo's foreign companies and further improving energy efficiency, chiefly at Axpo's own production plants.

A 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 energies. 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, reducing its investments or increasing its revenues, primarily from new or expanded business areas.

Organisational profile

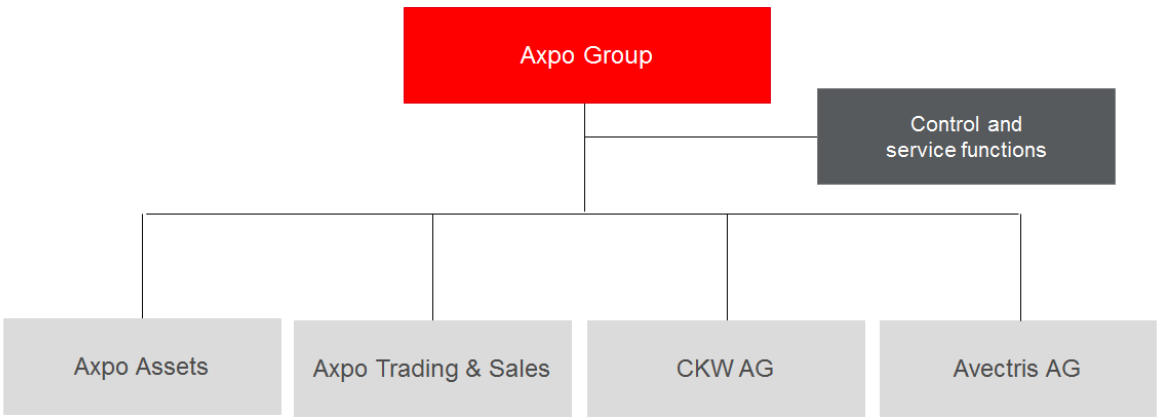
G4-3 Name of the organisation

Axpo Holding AG

G4-4 Primary brands, products and services

Axpo is a Swiss energy company and 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 Avectris AG.



The Business Area Assets operates the power plant fleet (nuclear energy, renewable energies, gas) 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 markets energy from the power plant fleet and is engaged in energy trading throughout Europe. It trades in physical energy volumes and financial products on around 36 energy markets 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 (origination).

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, Avectris AG provides technical and commercial IT services to Axpo, the cantonal electricity utilities of North Eastern Switzerland and third-party customers, primarily from the energy industry.

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 34 European countries as well as Tunisia and the USA. It has local representative offices in 24 of those countries. In addition, as the Group's internal IT -service provider, Avectris AG looks after additional customer sites in the Netherlands and China.

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

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).

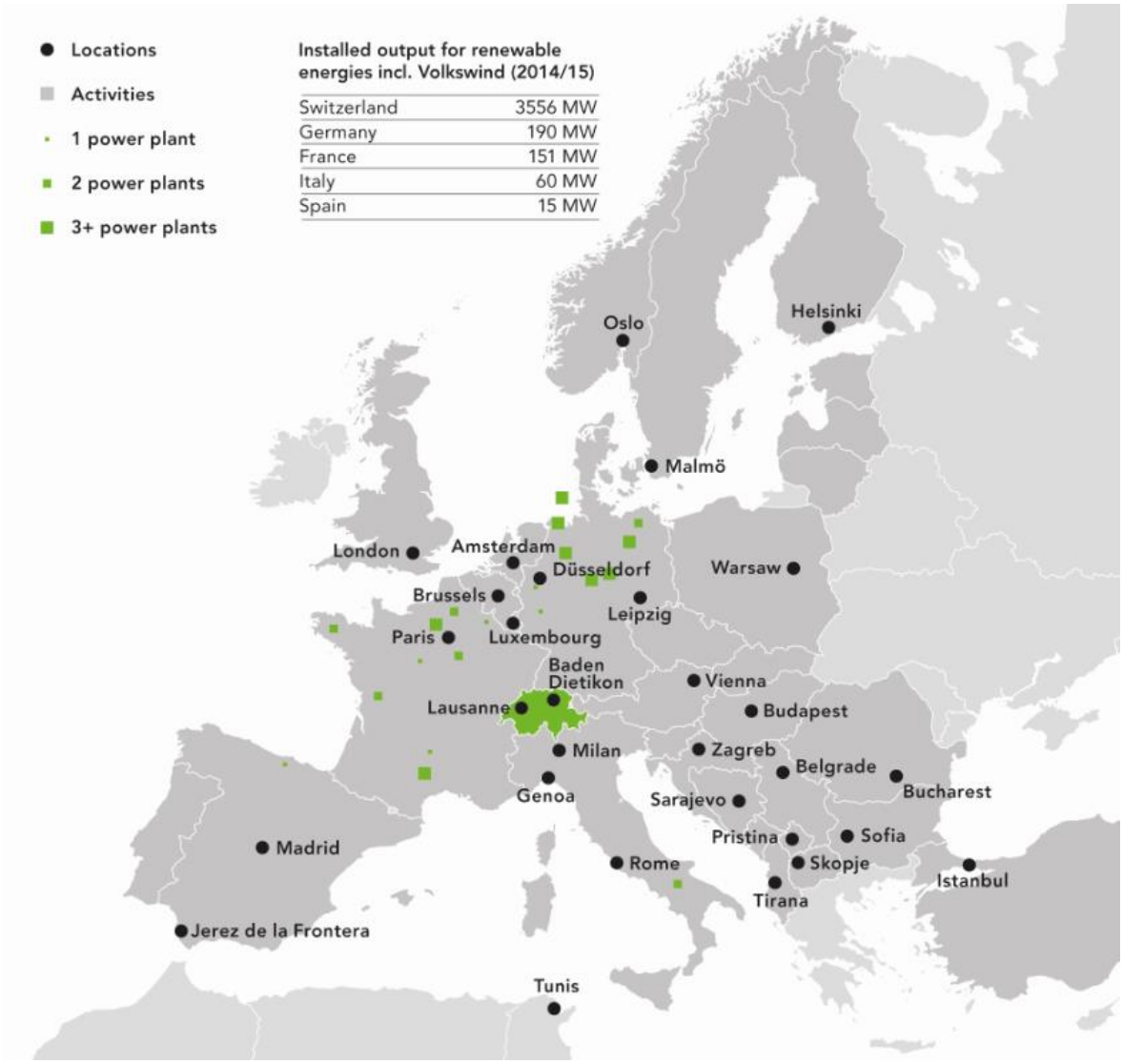
The shareholders of Axpo Holding AG

	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.



G4-9 Scale of organisation

The Group-wide permanent and temporary full-time equivalents (without apprentices) as at 30 September was 3,920 for the reporting year. These full-time equivalents comprise 4,197 persons or 775 women and 3,422 men. Axpo employs 3,731 persons in Switzerland and 466 abroad. The most important business locations are listed on page 23 of the Sustainability Report 2014/15, .

Total income: Financial Report of Axpo Holding AG 2014/15, p.6
Total capitalisation: Financial Report of Axpo Holding AG 2014/15, p.8

Quantity of products provided:
Electricity sales totalled 81,160 million kWh and gas sales amounted to 18,911 million kWh

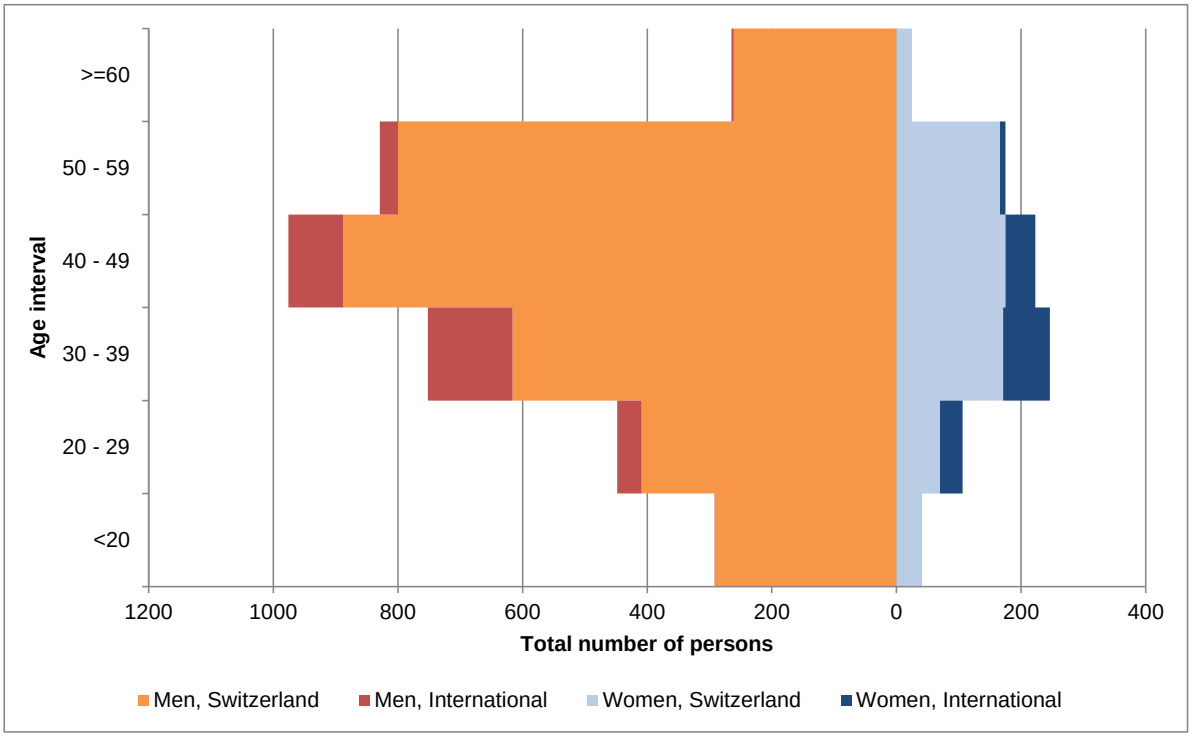
G4-10 Breakdown of total number of employees

☑

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	
	2014/15	*2013/14*	2014/15	*2013/14*	2014/15	*2013/14*
Total	**4,197**	***4,435***	**3,731**	***3,991***	**466**	***444***
Women	**775**	***899***	**606**	***744***	**169**	***155***
Part-time	318	*399*	299	*383*	19	*16*
Fixed-term	4	*1*	4	*1*	0	*0*
Permanent	314	*398*	295	*382*	19	*16*
Full-time	457	*500*	307	*361*	150	*139*
Fixed-term	11	*7*	11	*7*	0	*0*
Permanent	446	*493*	296	*354*	150	*139*
Men	**3,422**	***3,536***	**3,125**	***3,247***	**297**	***289***
Part-time	245	*395*	244	*393*	1	*2*
Fixed-term	4	*4*	4	*4*	0	*0*
Permanent	241	*391*	240	*389*	1	*2*
Full-time	3,177	*3,141*	2,881	*2,854*	296	*287*
Fixed-term	19	*22*	19	*22*	0	*0*
Permanent	3,158	*3,119*	2,862	*2,832*	296	*287*

Number of apprentices (individuals)	Switzerland		International	
	2014/15	*2013/14*	2014/15	*2013/14*
Total	**398**	***406***	**0**	***0***
Women	**41**	***35***	**0**	***0***
Part-time	0	*0*	0	*0*
Full-time	41	*35*	0	*0*
Men	**357**	***371***	**0**	***0***
Part-time	0	*0*	0	*0*
Full-time	357	*371*	0	*0*



G4-10-EU Workforce of contractors

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 2014/15, EU17, p.62.

G4-11 Collective bargaining agreements

Percentage of total employees covered by collective bargaining agreements.

	Switzerland		International	
	2014/15	*2013/14*	2014/15	*2013/14*
Total	**7.92%**	**8.05%**	**43.99%**	**53.60%**
Women	1.08%	1.03%	38.46%	56.13%
Men	9.19%	9.56%	47.14%	52.25%

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

G4-11-EU Collective bargaining agreements at contractors

Axpo cannot quantify this key figure. For more on this, please refer to the Sustainability Report 2014/15, G4-10-EU, 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), Fuels (gas, nuclear fuel), operating supplies and materials	– Hydro power plants – New energy plants including projects – Electricity grids – Gas infrastructure – Telecommunications facilities	– Hydro power plants – Nuclear energy plants – Gas-fired combined-cycle power plants – New energy plants – Electricity grids – Gas infrastructure – Telecommunications facilities	Customer-specific energy products and services for wholesale customers (cantonal and municipal utilities), local distributors and energy producers Grid-related services CO_2 services Supply of electricity and heat to end customers Electrical, lighting, IT and telecommunication services
Providers of construction and engineering services			
Suppliers of maintenance services			
Providers of financial and advisory services			
Suppliers of energy products and energy 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 GE-Power, international trading partners for energy products such as EDF, E.On, GDF Suez (Engie) and Vattenfall, as well as a large number of international, national and even regional suppliers from the most diverse sectors.

Since August 2015, the newly-created Strategic Procurement function at Group level has been responsible for defining, implementing, operating and optimising a Group-wide, standard procurement process, including the necessary systems.

To ensure sustained and targeted development of procurement in the Axpo Group, Strategic Procurement is responsible for drafting and implementing the procurement rules and processes that apply throughout the Group at all the Axpo companies and subsidiaries. Various tools are used to illustrate the comparability and degree of maturity or mastery of processes at the local units, including centrally consolidated KPIs (key performance indicators). Among other things, a Group-wide supplier management system incorporating aspects of sustainability as well as risk management will be implemented during FY 2016.

The order volume for the procurement of goods, materials, third-party services and investments in, for example, power plants totalled around CHF 958 million during the reporting year. The following principles and policies apply to this procurement:

- 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.

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 Procurement 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 year under review saw no material changes with regard to the companies included in the consolidated financial statements. Detailed information on all changes to the scope of consolidation is provided in the Financial Report of Axpo Holding AG for 2014/15, p.42.

The capital structure did not change in any way. Detailed information is provided in the Financial Report of Axpo Holding AG for 2014/15, 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. When it comes to 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 checks 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 2014/15, Effluents and waste, 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.

In operating electricity grids, Axpo makes sure that all the legal rules and limits with regard to non-ionising radiation ("electrosmog") are strictly observed.

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 protocol pursuant to ISO 14064. Axpo also has ISO-9001, ISO-4001 and OHSAS-18001 certified companies, divisions and business units. Axpo erects 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 chairs board committee – Swisselectric and VSE represented on the standing committee – Axpo is represented in some working groups

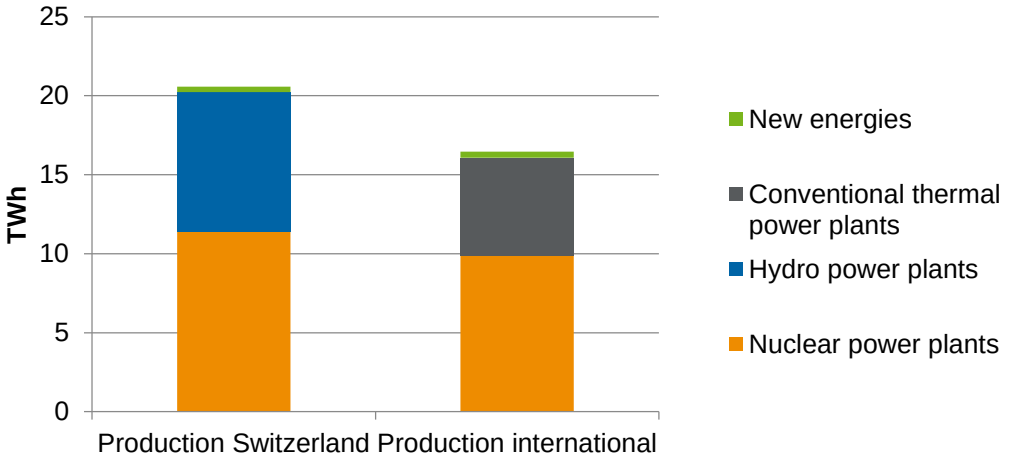
Association / organisation	Description of membership
International level	
Eurelectric Association of the electricity industry	Umbrella association of the European electricity industry: – VSE is the Swiss member; Swisselectric takes the thematic lead on some aspects – Axpo is represented in all strategically 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

Axpo (including CKW) has a total installed power plant capacity of around 8,820 MW. This includes the fully consolidated plants as well as all investments in other companies based on the energy share of Axpo, including Volkswind. The breakdown by technology and country is as follows:

Technology and country	Installed capacity
Hydro power Switzerland, including small-scale hydro power plants	approx. 3,530 MW
Nuclear energy Switzerland, including long-term contracts	approx. 1,680 MW
New energies Switzerland, excluding small-scale hydro power plants, chiefly biomass	approx. 30 MW
Foreign hydro power	approx. 5 MW
Foreign nuclear energy (long-term contracts with France)	approx. 1,350 MW
Foreign gas-fired combined-cycle power plants (Italy)	approx. 1,780 MW
New energies abroad, mainly wind (Germany, France, Italy, Spain)	approx. 390 MW
Total	**approx. 8,820 MW**

G4-EU2 Net energy production



G4-EU3 Number of private, industry and business customers

In Switzerland, Axpo mainly sells electricity to the B2B sector. Its biggest customers are five cantonal utilities and two municipal utilities. Axpo also delivers electricity to around 50 energy supply companies (local distributors) and 18 industrial customers (end users).

Through its subsidiary CKW, Axpo delivers electricity directly to some 200,000 private customers and 5,000 business customers as well as indirectly to other customers through a total of eleven local distributors.

Axpo Italy provides electricity and gas to a total of around 90,000 customers through its sales partners. The following customer segments are directly served by Axpo Italy:

Customer segments served by Axpo Italy	Number of electricity customers	Number of gas customers
Residential complexes	4,468	52
Households	11,258	9,453
SMEs (< 10 GWh /year)	32,130	11,899
Top customers (>10 GWh /year)	196	40

G4-EU4 Length of transmission and distribution grids

Grid level	Overhead line	Cable
Grid level 1 (stub lines – Axpo only)	0 km	3 km
Grid level 3 (cross-regional transmission grid)	2,228 km	427 km
Grid level 5 (regional transmission grid)	886 km	1,364 km
Grid level 7 (local transmission grid, including home electricity connections – CKW only)	384 km	4,429 km

G4-EU5 Allocation of CO_2 emission rights in accordance with the emissions trading system

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 2014 calendar year, Rizziconi emitted 205,140 tonnes of CO_2 and Calenia 411,986 tonnes of CO_2 in total. For the 2015 calendar year, the following amounts of CO_2 were emitted until the end of the reporting period (30.9.2015): Rizziconi: 1,054,950 tonnes of CO_2; Calenia: 884,971 tonnes of CO_2.

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 2014/15, Notes to the consolidated financial statements, p. 75 - 76. Sustainability Report 2014/15, Materiality analysis, p. 16

G4-18 Defining the report content and aspect boundaries

Sustainability Report 2014/15, Materiality analysis, p. 16

G4-19 List of material aspects

Sustainability Report 2014/15, Material aspects and indicators, p. 16

G4-20 Material aspects within the organisation

Sustainability Report 2014/15, Materiality analysis, p. 16

G4-21 Material aspects outside the organisation

Sustainability Report 2014/15, Materiality analysis, 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 2014/15, Reporting principles, p. 14

G4-23 Significant changes in scope

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

Sustainability Report 2014/15, Reporting principles, p. 14

Stakeholder engagement

G4-24 Stakeholders

List of stakeholder groups engaged by the organisation.

Sustainability Report 2014/15, Dialogue with stakeholder groups, p. 12

G4-25 Selection of stakeholders

Sustainability Report 2014/15, Dialogue with stakeholder groups, p. 12

G4-26 Approach to stakeholder engagement

Sustainability Report 2014/15, Concrete dialogue, p. 14

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

Sustainability Report 2014/15, Concrete dialogue, p. 14

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. In addition, the visitor centres and various power plants operated by Axpo encourage direct exchange, by acting as a source of information for anyone interested.

Dialogue with the media:
In 2014/15, 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 media briefings where it informs the media directly of important developments affecting the Group. Axpo's media office is staffed round the clock, 365 days a year. In future, media representatives and other stakeholders will also be informed about the latest news in a newsletter published roughly once a month. Interested parties can subscribe to the newsletter free of charge at www.axpo.com, where all the media releases and other information can also be found.

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 2014/15, p.11. Dialogue with shareholders mainly took place at the eight meetings of the Board of Directors, the Board of Directors' two-day retreat and the Annual General Meeting. 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 redefining their positions regarding the Federal Council's Energy Strategy 2050.

Dialogue with non-governmental organisations, government offices and municipal representatives:
For more information, please consult the Sustainability Report 2014/15, Local communities, p.72.

Dialogue with the scientific and academic communities:
For more information, please consult the Sustainability Report 2014/15, Research and development, p.44.

Report profile

G4-28 Reporting period

The information in this report covers the 2014/15 financial year
(1 October 2014 to 30 September 2015).

G4-29 Date of the most recent previous report

The last Sustainability Report was published for the 2013/14 financial year on 19 December 2014.

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 contact information, please consult the Sustainability Report 2014/15, Publishing details and contact persons, p.86.

G4-32 Chosen "in accordance" option

In compliance with the GRI G4 guidelines, "comprehensive" option.

G4-33 External assurance

On selected indicators Ernst & Young Ltd has provided limited assurance. The indicators concerned have been identified with ☑ in the Sustainability Report 2014/15. Please consult the Sustainability Report 2014/15, External assurance, 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 2014/15, 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 2014/15, Dialogue with stakeholders, p.12). 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 2014/15, 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, government offices, 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

It is part of the remit of the Board of Directors 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

Axpo's longstanding success is due to the fact the Executive Board, together with the Board of Directors, pursues a long-term perspective, meaning that Axpo has a clear track record, including in the sphere of sustainability. At Axpo, all employees - including senior management - receive a regular performance review as part of the MbO process. The thematic objectives can refer to all three sustainability dimensions. However, there is no formal procedure for assessing the performance of the Board of Directors in regard to economic, environmental and social performance.

For more information, please consult the Sustainability Report G4-LA11, p.69.

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. Basically, each Group company is responsible for its own risks according to the principle of causation and manages them under its own responsibility. Risks that affect all Group companies are captured together, and measures to manage these risks are coordinated at Group level. By aggregating the individual risks using Monte Carlo simulation, the risks can be presented on a consolidated basis at Group level. 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 reports are 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.

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

Guaranteed anonymity is a principle of whistleblowing; for this reason, Axpo does not divulge either the number of or details concerning reports (see also Compliance, p. 74)

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

The Board's Remuneration and Human Resources / Nominations 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, the Chairman of the Audit and Finance Committee (AFC), the members of the AFC 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 generally make severance payments to members of the Board of Directors or Executive Board 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 is periodically validated with reference to various external benchmarks. 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 2014/15, p.88-91).

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

The Remuneration and Human Resources / 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 the 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 9.5 to 1.

Correction regarding the ratio published in the Sustainability Report 2013/14: the actual ratio in FY 2013/14 was 9 to 1 (and not 10 to 1).

G4-55 Ratio of percentage increase in the annual total compensation

The ratio of the percentage increase in the annual total compensation for the highest paid employees and all employees is -2.3 percent.

Ethics and integrity

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

Sustainability Report 2014/15, Compliance, p. 74

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

Sustainability Report 2014/15, Compliance, p. 74

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

Sustainability Report 2014/15, Compliance, p. 74

Specific standard disclosures

Economic dimension

Economic performance

Relevance
Axpo is one of the largest Swiss energy companies and 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.

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 2014/15, Action field 1, Axpo ensures its long-term corporate success, p. 7).

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. Further cost cuts and adaptation to current market needs will remain on the permanent list of management tasks. 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. In addition, new sectors with future earnings potential are to be exploited. Last spring, for instance, Axpo decided to expand its business activities: in a few market regions in the USA that are very similar to the European markets, clear growth potential was identified. Axpo will be commencing its activities in the USA in the next year.

G4-EC1 Direct economic value generated and distributed

	2014/15		2013/14[1]	
Total income (in CHF m)	5,860		6,672	
Result (in CHF m)	-990		-730	
Axpo as an economic factor (in CHF m)	Switzerland	International	Switzerland	International
Order volume (goods, materials, third party supplies, investments in property, plant and equipment, in CHF m) [2]	905	53	972	100
Personnel expenses (salaries and employee benefits)[3]	567	62	589	66
Taxes, fees and duties paid to the public sector	119	-14	87	-13
Dividend payments to the public sector[4]	4	0	78	0

[1] The currency hedging result for operating transactions was previously recognised in the financial result. The Axpo Group changed this practice in the 2014/15 financial year and now recognises the result from currency hedging transactions above EBIT. This means that the operating result provides a more reliable and relevant view of the effects of transactions and the earnings situation. The prior-year figures have been restated accordingly.
[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] Public shareholders of Axpo Holding AG, CKW AG and KLL AG, KVR AG and ALK AG

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

As confirmed by the 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 the general decline in run-off on the one hand, and a possible increase in extreme weather events with high rainfall volumes and the 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. In 2013, this was 2.04 billion tonnes of CO_2. 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 has also adopted 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 will take effect from 1 January 2019. As Axpo's gas-fired combined-cycle power plants in Italy come under the European emissions trading system, electricity production could become more expensive compared with CO_2-free production.

In October 2014, the heads of the EU member states agreed a policy framework for the EU's energy policy until 2030 ("2030 climate and energy package"). This decision provides the framework for the EU's energy policy until 2030:

- 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 33% of the pensionable salary, whereby the employer pays 60% to 72% of the contributions.

From 1 January 2015, the risk contribution is 1.0% (previous year: 2.8%) of the pensionable salary, with the employer contributing 60%. The funding ratio is:

• PKE Energy Pension Foundation: 114.4% (31.12.2014) and 111.1% (30.06.2014)

• PKE Energy Pension Fund Cooperative: 103.6% (31.12.2014) and 101.4% (30.06.2015)

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 2014/15 financial year was CHF 16.5 million. The funding ratio of the PKE Energy Pension Foundation was 114.4% (31.12.2014) and 111.1% (30.06.2015) 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 subsidy programmes such as the compensatory feed-in remuneration (CFR) in Switzerland for its new energies power plants, e.g. the wood-fired power plant in Domat-Ems or under the German Renewable Energies (Expansion) Act (shortened to the Renewable Energies Act [Erneuerbare-Energien-Gesetz, EEG]) for the Global Tech I offshore wind farm. The subsidies are the same for all market players.

Sector-specific aspect: Availability and reliability of energy supply

Relevance
Meeting its energy supply obligations to its customers is a central priority 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 distribution grid in Switzerland, thereby making an important contribution to securing the national supply of electricity.

Management approach
Axpo relies on various options to meet its supply obligations. For one thing, Axpo has 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 continue fulfilling its supply obligations in the future, 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 new 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 was completed in 2015.

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 in meeting its supply obligations. 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 distribution 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 Axpo 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 0.0095 [1/a] for Axpo grids and 0.22 [1/a] for CKW (excluding the grids of EW Altdorf and EW Schwyz). The average interruption duration per end user and year (SAIDI, System Average Interruption Duration Index) was 0.28 [min/a] for Axpo grids and 18.4 [min/a] for CKW in 2014 (excluding the grids of EW Altdorf and EW Schwyz).

EU10 Planned expansion of capacity to meet expected demand for electricity

Sustainability Report 2014/15, Availability and reliability, p.43.

Sector-specific aspect: Research and development

Relevance
Innovations occur when new ideas originating from research and development are successfully turned into products or processes and marketed. As an energy producer and, therefore, a user of technology, Axpo focuses on developing pilot and demonstration facilities to enable new technologies for energy generation, adjustments to the distribution grid and energy storage to be integrated into the electricity system.

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 (EPFL) 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 research programmes with the PSI and other institutions that are supported by Swissnuclear, Axpo has ongoing access to new knowledge. The exchange of information with the academic world is secured by supporting the research done by the new Swiss Competence Centre for Energy Research. By providing information and participating in

steering meetings, Axpo makes an active contribution 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. The behaviour in use of new technologies is checked in real-life operation by carrying out pilot and demonstration projects.

One pioneering project is the production of hydrogen using renewable energy from our own run-of-river power plants, for use as fuel in fuel cell vehicles. With this virtually CO_2-free, cleanly produced hydrogen from domestic hydro power, Axpo is demonstrating its commitment to the CO_2-free mobility of the future. This project is intended to make an important contribution to the reduction of CO_2 emissions by vehicles and opens up a new and attractive field of business for Axpo. In the medium and long term it will also reduce Switzerland's dependence on fossil fuels and be replaced by a domestic, CO_2-free energy carrier.

Impacts and results
Axpo invested CHF 7.1 million in research and development in the reporting year. In the P&D area, a partnership has been formed with Coop for the purchase of CO_2-free hydrogen from domestic hydro power. Through its subsidiary Coop Mineraloel AG, the Swiss retailer owns a dense network of service stations throughout Switzerland. It is also planning to progressively replace part of its own fleet with hydrogen fuel cell vehicles.

Axpo intends to build its first electrolyser, which produces hydrogen in a climate-neutral process with the aid of electricity, at the Eglisau-Glattfelden power plant. The company made this decision following an informed review of suitable locations and in close consultation with the relevant authorities. The location is well-suited in terms of production and storage space and has good transport links. The power plant is also owned entirely by Axpo and has a concession licence which is valid until the end of 2046.

Sector-specific aspect: Provisions for the dismantling of nuclear power plants

Relevance
The task of guaranteeing the safe operation or safe handling of radioactive substances involves the entire value chain and the life cycle of nuclear energy plants. 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 make regular contributions to 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 relate to the Beznau nuclear power plant. The fund contributions by Kernkraftwerk Leibstadt AG and Kernkraftwerk Gösgen-Däniken AG, in which Axpo has significant stakes, are paid by the companies themselves.

On 25 June 2014, the Federal Council approved the revision of the Decommissioning and Disposal Funds Ordinance (DDFO), which entered into force on 1 January 2015. The revision adjusts the

basis for calculating the operators' annual contributions to the Federal Decommissioning Fund and the Nuclear Waste Disposal Fund for Nuclear Installations. To take account of future rises in costs for the decommissioning and nuclear waste disposal and the development of returns on the invested funds, the Federal Council has set the rate of inflation at 1.5% and the long-term nominal return (return on investment) at 3.5%. In future, a safety supplement of 30% of the calculated decommissioning and nuclear waste disposal costs will also be charged, in accordance with the latest applicable cost studies. For 2015, these adjustments entail an increase in the contributions payable by KKB to the decommissioning and nuclear waste disposal fund of around CHF 53 million, to around CHF 91 million. As it believes that the 30% cost supplement is unwarranted and disproportionate, Axpo has filed a complaint against the provisional order for the 2015 and 2016 contribution years. Consequently, until further notice, the increased contribution has no legal force for Axpo. Depending on how these proceedings develop, back payments may be payable in future; however, rather than being reported in the income statement, these will result purely in an asset swap.

For more information, please consult the Financial Report of Axpo Holding AG 2014/15, Uncertainty of estimates for Beznau nuclear power plant (KKB), p. 26

Sector-specific aspect: System efficiency

Sustainability Report 2014/15, Availability and reliability, p. 43

EU11 Generation efficiency of thermal power plants

The net generation efficiency of the Beznau nuclear power plant in the reporting year was 33.6% 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 plant.

The gas-fired combined-cycle power plants in Italy reported an average electrical generation efficiency for the reporting year of 52.6% (Calenia) and 52.5% (Rizziconi).

EU12 Transmission and distribution losses

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 2.88%.

Environmental dimension

Energy

Relevance
The entire Axpo Group has a binding commitment to environmental protection that is documented in the sustainability policy (see Sustainability 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 offer more services that can help customers make energy savings. Measures intended to increase energy efficiency – where economically feasible – are also being consistently implemented within the company itself. A five-year programme to improve energy efficiency, ending in 2017, was implemented together with the Energo Association (see www.energo.ch) for the office buildings in Baden.

The generation and distribution of power always affect nature. To reduce this impact as much as possible, Axpo constantly optimises its production facilities. The environmental aspects of energy – in particular with regard to the use of non-renewable primary energy carriers and emissions, mainly greenhouse gas emissions – are carefully monitored throughout the Group with the help of an ISO 14064-certified greenhouse gas inventory (see Sustainability Report 2014/15, Emissions, 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 effects of hydro power plants in terms of residual flows, hydropeaking, bedload balance and the disruption of fish migration patterns. The necessary compensation habitats and other compensation measures (environmental mitigation and replacement 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 2014/15, Compliance, p.58.

In the reporting period, energy efficiency was improved by 24,036 MWh in total. Of paramount importance here are the efficiency gains of 20,656 MWh in the production plants (for more information, please consult the Sustainability Report 2014/15, G4-EN6, p. 49).

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 75 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.

There was a noticeable reduction in energy consumption at the Beznau nuclear power plant compared with previous financial years as a result of the long-term maintenance measures performed during the last financial year. By way of contrast, operating hours for the Italian CCPPs have almost doubled.

The reduction in the use of fossil fuels during operations is the result of replacing the central oil-fired heating system at the Baden site (approx. 4 TJ of heating oil), of upgrading the vehicle pool at the Baden site with more efficient "mobility" vehicles (approx. 3 TJ petrol) and of reducing operations at the Tegra wood-fired power plant, which means fewer machines, e.g. wheel loaders, needed to be used (approx. 3 TJ diesel). Reducing operations at the Tegra wood-fired power plant also meant that half the level of renewable energies was required, since less wood needed to be burned.

Direct energy consumption in production and operations in TJ	2014/15	2013/14	2012/13	2011/12
Nuclear fuel for production: Beznau nuclear power plant, gross thermal energy production	46,104	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	36,379	17 351	18 460	39 200
Fossil fuels for operations: Building heating with gas and oil; fuel for cargo, delivery and passenger vehicles	56	64	64	64
Renewable fuels: Biomass, biogas and wood for energy production	1,493	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.

The reduction in the energy required for building management is largely the result of closing the data centre at the Baden site itself.

Indirect energy consumption for production, in buildings and via transmission losses in TJ	2014/15	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	1,147	1 282	1 620	2 220
Energy lost via transmission: Total transmission losses via Axpo's grids (caused by Axpo energy and third parties)	807	801	799	830
Energy required for building management: District heating and electricity used in buildings and data centres	57	63	80	91

G4-EN4 Energy consumption outside of the organisation

Indirect energy consumption for production, in buildings and via transmission losses in TJ	2014/15	2013/14	2012/13	2011/12
Energy procurement for production: Electricity required for pumped-storage power plants (partner plants)	488	513	n.a.	n.a.

G4-EN5 Energy intensity

Total energy consumption per full-time equivalent is around 20,000 GJ (previous year 20,000 GJ).

G4-EN6 Reduction of energy consumption

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As regards electricity, 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 were implemented successfully in the reporting year:

Hydro power plants: In the reporting year, energy efficiency gains of around 20,600 MWh in total were recorded for the power plants at Central de Riddes, Mapragg, Sarelli, Rüchlig, Russein and Fionay.

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

Biomass fermentation: No efficiency gains were realised in the reporting year.

Distribution grids: Thanks to optimisation measures and voltage conversions, energy efficiency on the distribution grids was improved by around 1,500 MWh in total.

The storage systems at both data centres used by Avectris were replaced with a view to increasing **energy efficiency in terms of building management**. Additional servers were also virtualised and old server and network components were replaced with energy-efficient alternatives. All these measures have resulted in electricity savings of around 200 MWh/year.

Increasing energy efficiency for customers

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 800 MWh of electricity.

The installation at customer premises of CKW VoltControl devices, which reduce the supply voltage to a constant 210 volts, makes it possible to use an average of 15% less electricity, depending on the device and local voltage level (e.g. lighting 15-25%, computers and screens 3-6%, refrigerators and washer/dryers 10-15% and pumps and ventilators 10-20%). In total, these devices enabled customers to reduce their electricity consumption by 340 MWh.

In Italy too, Axpo offers a wide range of services for increasing energy efficiency for customers from commerce and industry. In addition to consumption analyses and energy audits, the following specific energy efficiency measures were also implemented in the areas of heating technology and lighting at its customer premises and resulted in a reduction in electricity consumption:

- Replacement of old heat pumps with new devices some 20% more efficient. The energy savings made within the Axpo Italy customer portfolio as a result of this measure amount to 30 MWh.

- Replacement of old neon lighting or sodium vapour lamps with new LEDs or induction lamps featuring the latest control technology including sensors and dimmers. This measure enabled customers to reduce the electricity they use for lighting by up to 60%. The energy savings achieved within the Axpo Italy customer portfolio as a result of this measure amount to 510 MWh.

Energy efficiency gains in MWh	2014/15	2013/14
Production increases in power plants	20,647 MWh	10,838 MWh
Reductions in transmission losses	1,500 MWh	5,200 MWh
Reductions in consumption in building management and computer centres	200 MWh	20 MWh
Reductions in consumption by customers (CKW and Axpo Italy)	1,680 MWh	450 MWh
TOTAL	**24,027 MWh**	**16,508 MWh**

G4-EN7 Reductions in energy requirements of products and services

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Emissions

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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 2.07 million tonnes of CO_2 equivalents (gross emissions). This is almost double the figure for the last financial year. The comparatively high emissions were caused by the massive increase in operating hours for the Italian CCPPs due to the favourable market conditions for these power plants. Of these approximately 2.07 million tonnes of CO2 equivalents, the lion's share of some 2.05 million tonnes of CO_2 equivalents concerned the production processes. Of these, some 1.95 million tonnes of CO_2 equivalents concerned 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	2014/15	2013/14	2012/13	2011/12
Production				
Direct emissions international	1,950,830	930,900	979,100	2,060,000
Direct emissions Switzerland	24,020	28,900	33,570	36,200
Indirect emissions international	3,850	6,860	7,020	3,140
Indirect emissions Switzerland (including pumped energy)	73,310	78,900	71,780	104,000
Transmission (only relevant for Switzerland)				
Direct emissions (SF_6 emissions)	1,220	3,570	5,570	4,460
Indirect emissions (transmission losses)	10,480	10,360	15,270	15,900
Operation administration buildings				
Direct emissions international	200	200	196	183
Direct emissions Switzerland	3,950	4,500	4,520	4,490
Indirect emissions international	270	270	124	324
Indirect emissions Switzerland	780	840	1,770	1,690
Total greenhouse gas emissions	**2,068,890**	**1,065,000**	**1,119,000**	**2,200,000**

The values in the table have been rounded off.

The reduction in direct emissions from transmission is due to the reduction in SF_6 emissions. These fell as a result of selling off plants to Swissgrid and not least as a result of the constant modernisation or replacement of plants associated with SF_6.

The breakdown by scope is as follows:

Greenhouse gas emissions by scope in tonnes of CO_2 equivalents	2014/15	2013/14	2012/13	2011/12
Total greenhouse gas emissions	**2,068,890**	**1,065,000**	**1,119,000**	**2,200,000**
of which direct emissions (Scope 1)	1,980,150	968,000	1,023,000	2,100,000
of which indirect emissions from the generation of purchased energy (Scope 2)	65,760	73,000	25,000	20,000
of which voluntarily disclosed emissions (Scope 3)	22,980	24,000	71,000	100,000

The values in the table have been rounded off.

The breakdown by greenhouse gas is as follows:

Emissions by greenhouse gas in tonnes of CO_2 equivalents	2014/15	2013/14	2012/13	2011/12
Total greenhouse gas emissions	**2,068,890**	**1,065,000**	**1,119,000**	**2,200,000**
of which CO_2	2,044,230	1,035,200	1,088,800	2,170,660
of which CH_4	20,090	22,440	21,000	21,100
of which N_2O	3,330	4,030	3,630	3,700
of which SF_6	1,190	3,540	5,530	4,500
of which coolants	50	24	40	40

The values in the table have been rounded off.

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 for both the transmission losses as well as the used pumped energy. This is documented by deleting matching certificates of origin.

In the 2014/15 financial year, 10,480 tonnes of CO_2 equivalents in grid transmission losses and 72,670 tonnes 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	29,290	29,290
	Indirect, Scope 2	61,910	1,100
	Direct, Scope 3	20	20
	Indirect, Scope 3	22,620	290
	Total emissions in Switzerland	**113,840**	**30,690**
International	Direct, Scope 1	1,950,860	1,950,860
	Indirect, Scope 2	3,850	3,850
	Indirect, direct, Scope 3	350	350
	Total emissions international	**1,955,060**	**1,955,060**
Total	**Total emissions**	**2,068,900**	**1,985,750**

The values in the table have been rounded off.

G4-EN15-EU Greenhouse gas intensity in CO_2 per MWh for i) total electricity generation capacity and ii) conventional thermal power plants

Greenhouse gas intensity of Axpo's Swiss production mix: ☑

- 6 kg CO_2 equivalents per MWh (direct and indirect emissions, previous year: 6 kg CO_2 equivalents per kWh)

Greenhouse gas intensity of Axpo's total production mix: ☑

- 75 kg CO_2 equivalents per MWh (direct and indirect emissions, previous year: 48 kg CO_2 equivalents per kWh) The increase in greenhouse gas intensity is due to the increase in operating hours for the CCPPs in Italy.

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 391 and 393 kg CO_2 equivalents per MWh, respectively.

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

Sustainability Report 2014/15, Emissions, p. 51

G4-EN16-EU Greenhouse gas intensity in CO_2 per MWh for electricity supplied to end customers

Axpo supplies its end customers in Switzerland via its subsidiary CKW. The delivery mix disclosure is prepared per calendar year In the 2014 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)

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G4-EN18 GHG emissions intensity

The greenhouse gas emissions intensity per full-time equivalent was around 470 tonnes of CO_2 equivalents (previous year 230 tonnes of CO_2 equivalents), The increase in greenhouse gas intensity is mainly due to the increase in operating hours for the CCPPs in Italy.

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. For example, district heating networks powered by wood energy were commissioned in a number of municipalities over the past year. 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.

As regards its own buildings at the Baden site, Axpo has achieved greenhouse gas reductions of around 220 tonnes of CO_2 by replacing the central oil-fired heating system. This involved installing a new central heat generation system consisting of two heat pumps, a gas boiler and a backup oil-heating boiler. This renovation measure has saved around 81,000 litres of heating oil.

G4-EN20 Emissions of ozone-depleting substances

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, the Tegra wood-fired power plant in Domat/Ems 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 – Sustainability – Climate protection.

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. The increase in air emission loads compared with the previous year is due to the increase in operating hours.

Air pollutant emissions in tonnes	NO_x emissions		CO emissions	
	2014/15	2013/14	2014/15	2013/14
Calenia gas-fired combined-cycle power plant	210	108	45.5	27.6
Rizziconi gas-fired combined-cycle power plant	247	74	29.4	9.6

G4-EN21-EU Emissions per MWh from 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	
	2014/15	2013/14	2014/15	2013/14
Calenia gas-fired combined-cycle power plant	0.09	0.07	0.020	0.018
Rizziconi gas-fired combined-cycle power plant	0.09	0.09	0.011	0.012

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.

[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

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 were 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. Six casks were stored there as of the end of the reporting year.
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 2014 ENSI safety report, the following figures concern the 2014 calendar year.

All radiation limits were met in 2014, so that the safety and health of the employees are guaranteed.

At 17 m^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 10 m^3 of conditioned waste. In addition, the Beznau nuclear power plant reported 13 tonnes of high-level waste from spent fuel rods.

At the Leibstadt partner plant, which is managed by Axpo, 40 m^3 of unconditioned, 35 m^3 of conditioned and around 20 tonnes of high-level waste from spent fuel rods were generated.

[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
[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

	LILW unconditioned		LILW conditioned		HLW from nuclear fuel	
	m^3	m^3/MWh	m^3	m^3/MWh	tU	tU/MWh
Beznau NPP	17	2.6×10^{-6}	10	1.6×10^{-6}	13	2.0×10^{-6}
Leibstadt NPP	40	4.2×10^{-6}	35	3.7×10^{-6}	20	2.1×10^{-6}

In addition, 2014 saw the transportation of long-lived intermediate-level waste (ILW) resulting from the reprocessing of spent fuel rods back to Switzerland (for the Beznau nuclear power plant 20 CSD-C[13] moulds, total 3.6 m^3; for the Leibstadt nuclear power plant 40 CSD-C moulds, total 7.2 m^3, and 56 CSD-V[14] moulds, total 10.08 m^3).

Additional information for energy companies: Strategy for the storage and handling of nuclear waste.

Sustainability Report 2014/15, Effluents and waste, p. 55

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 Thermal discharges associated with 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. The introduction of heated cooling water is set out in detail within the water removal concessions.

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

Radioactive waste is the most important type of waste for Axpo (see Sustainability Report 2014/15, Effluents and waste, p. 55ff). This is why other forms of waste are not captured and reported in detail.

G4-EN23-EU Polychlorinated biphenyls and radioactive waste

For information regarding radioactive waste, see Sustainability Report 2014/15, Effluents and waste, 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

[13] CSD-C moulds: Conteneur de Standard de Déchets Compacté
[14] CSD-V moulds: Conteneur de Standard de Déchets Vitrifiés

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 reporting year.

Reportable incidents (2014):	
Beznau Block 1 and Block 2:	13 (3 INES NA, 10 INES 0)
Leibstadt (partner plant):	14 (5 INES NA, 8 INES 0, 1 INES 1)
Gösgen (partner plant):	12 (1 INES NA, 11 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 2014/15, Effluents and waste, 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 run-off

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 2014/15, Training and education, p. 68

Additional information for energy companies: Programmes and processes to ensure the availability of a skilled workforce; policies and requirements regarding health and safety of employees and employees of contractors and subcontractors.

Sustainability Report 2014/15, Training and education, p. 68

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*	
	2014/15	*2013/14*	2014/15	*2013/14*	2014/15	*2013/14*	2014/15	*2013/14*
Total for Group	**315**	***396***	**7.20%**	***8.98%***	**479**	***317***	**10.94%**	***7.19%***
Total for Switzerland	**246**	***244***	**6.29%**	***6.16%***	**439**	***303***	**11.22%**	***7.64%***
Women	**46**	***46***	**7.10%**	***6.24%***	**108**	***74***	**16.67%**	***10.04%***
< 20	1	*1*	2.44%	*50.00%*	0	*0*	0.00%	*0.00%*
20-29	11	*12*	15.71%	*13.33%*	14	*10*	20.00%	*11.11%*
30-39	22	*15*	12.87%	*8.33%*	36	*27*	21.05%	*15.00%*
40-49	7	*13*	4.00%	*5.88%*	35	*19*	20.00%	*8.60%*
50-59	4	*5*	2.41%	*2.48%*	19	*10*	11.45%	*4.95%*
≥ 60	1	*0*	4.00%	*0.00%*	4	*8*	16.00%	*19.05%*
Men	**200**	***198***	**6.13%**	***6.14%***	**331**	***229***	**10.14%**	***7.10%***
< 20	1	*4*	0.34%	*80.00%*	1	*2*	0.34%	*40.00%*
20-29	62	*76*	15.16%	*16.14%*	56	*44*	13.69%	*9.34%*
30-39	56	*54*	9.09%	*8.08%*	76	*62*	12.34%	*9.28%*
40-49	46	*47*	5.18%	*4.79%*	91	*62*	10.25%	*6.31%*
50-59	28	*16*	3.50%	*1.98%*	64	*35*	8.00%	*4.33%*
≥ 60	7	*1*	2.68%	*0.34%*	43	*24*	16.48%	*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*	
	2014/15	*2013/14*	2014/15	*2013/14*	2014/15	*2013/14*	2014/15	*2013/14*
Total international	**69**	***152***	**14.84%**	***34.23%***	**40**	***14***	**8.60%**	***3.15%***
Women	**38**	***49***	**22.62%**	***31.61%***	**24**	***4***	**14.29%**	***2.58%***
< 20	0	*0*	0.00%	*0.00%*	0	*0*	0.00%	*0.00%*
20-29	20	*23*	55.56%	*76.67%*	6	*2*	16.67%	*6.67%*
30-39	12	*18*	16.00%	*26.87%*	8	*1*	10.67%	*1.49%*
40-49	5	*6*	10.42%	*12.50%*	7	*0*	14.58%	*0.00%*
50-59	1	*2*	11.11%	*22.22%*	2	*1*	22.22%	*11.11%*
≥ 60	0	*0*	0.00%	*0.00%*	1	*0*	0.00%	*0.00%*
Men	**31**	***103***	**10.44%**	***35.64%***	**16**	***10***	**5.39%**	***3.46%***
< 20	1	*0*	100.00%	*0.00%*	0	*0*	0.00%	*0.00%*
20-29	10	*59*	25.64%	*111.32%*	2	*5*	5.13%	*9.43%*
30-39	17	*34*	12.50%	*27.64%*	9	*1*	6.62%	*0.81%*
40-49	3	*4*	3.41%	*4.71%*	4	*3*	4.55%	*3.53%*
50-59	0	*2*	0.00%	*8.33%*	1	*1*	3.45%	*4.17%*
≥ 60	0	*4*	0.00%	*100.00%*	0	*0*	0.00%	*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

Compared with the previous year, more employees left the company both in Switzerland and abroad. The number of male employees leaving in Switzerland increased significantly.

G4-LA1-EU Average length of tenure of employees leaving

Age bracket	Departures (persons)		Average length of tenure in years	
	2014/15	*2013/14*	2014/15	*2013/14*
Total for Group	**479**	***317***	**7.62**	***7.24***
Women	**132**	***78***	**5.73**	***6.24***
< 20	0	*0*	0.00	*0.00*
20-29	20	*12*	3.50	*2.63*
30-39	44	*28*	4.39	*3.71*
40-49	42	*19*	5.10	*4.82*
50-59	21	*11*	9.33	*9.26*
≥ 60	5	*8*	16.60	*19.73*
Men	**347**	***239***	**8.33**	***7.56***
< 20	1	*2*	4.00	*4.30*
20-29	58	*49*	5.12	*4.68*
30-39	85	*63*	4.68	*5.34*
40-49	95	*65*	5.47	*4.85*
50-59	65	*36*	11.22	*9.43*
≥ 60	43	*24*	21.95	*24.06*

EU15 Employees eligible to retire in the next five and ten years

	Age 55-59				Age > 60			
	2014/15	*2013/14*	2014/15	*2013/14*	2014/15	*2013/14*	2014/15	*2013/14*
Functional levels 1 - 8	**By persons**		**In percent**		**By persons**		**In percent**	
Group	367	*384*	14.08%	*10.02%*	241	*238*	9.25%	*6.21%*
Switzerland	355	*374*	16.18%	*10.86%*	241	*238*	10.98%	*6.91%*
International	12	*10*	2.91%	*2.58%*	0	*0*	0.00%	*0.00%*
Functional level 9+ incl. ExB	**By persons**		**In percent**		**By persons**		**In percent**	
Group	54	*54*	16.98%	*9.39%*	33	*35*	10.38%	*6.09%*
Switzerland	52	*52*	19.70%	*10.02%*	30	*30*	11.36%	*5.78%*
International	2	*2*	3.70%	*3.57%*	3	*5*	5.56%	*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. This was only the case at the Beznau nuclear power plant and the "Linthal 2015" construction site. At the Beznau nuclear power plant, the workforce was supported by external specialists. In this case, the external employees worked around 87,397 man-days or 716,661 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 eight to 15 employees of third-party companies worked on the Rüchlig power plant construction site. The work was completed by the end of September 2015. 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. All mandates given to third-party companies are governed by the law of the country concerned. 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. 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		Number of employees who took parental leave	
	2014/15	*2013/14*	2014/15	*2013/14*
Group	**4 557**	***4 807***	**155**	***168***
Switzerland	**4 091**	***4 363***	**121**	***125***
Women	632	*771*	20	*26*
Men	3 459	*3 592*	101	*99*
International	**466**	***444***	**34**	***43***
Women	169	*155*	24	*25*
Men	297	*289*	10	*18*

	Number of employees who returned to work after parental leave		Number of employees who were still employed 12 months after returning from parental leave	
	2014/15	*2013/14*	2014/15	*2013/14*
Group	**146**	***175***	**137**	***181***
Switzerland	**117**	***124***	**110**	***144***
Women	16	*26*	19	*21*
Men	101	*98*	91	*123*
International	**29**	***51***	**27**	***37***
Women	19	*27*	16	*18*
Men	10	*24*	11	*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

As a responsible operator of large power plants and other infrastructure relevant to the supply of energy, Axpo has a particular obligation to address all aspects of safety in a consistent, comprehensive and efficient manner. This also means taking into account various ethical, economic and social principles and any statutory provisions. Axpo sees its responsibility for people and the environment as central to everything it does. The emphasis here is on the health and safety of our employees, external contractors, customers and the wider public.

The overarching objectives, rules of conduct and responsibilities associated with the protection of people (employees and third parties) are set out in the vision, mission, strategy, code of conduct and the Management and Organisational Manual.

Management approach

A systematic approach to prevention goes beyond merely remedying individual safety shortcomings and is designed, on a sustainable basis, to prevent such safety shortcomings being repeated

or occurring in the first place across the business as a whole. This generally calls for a combination of systems-related, technical, organisational and HR measures. The occupational health and safety management system can deliver this kind of sustainability. It also brings together the main requirements in terms of occupational health and safety within a single handy tool. As regards implementation, Axpo abides by national directives (EKAS 6508), industry solutions and the OHSAS 18001 standard, which covers solutions associated with occupational safety management systems. Core aspects of the established occupational health and safety management system include:

1. Setting out safety objectives
2. Operating a safety organisation and setting out responsibilities and competences accordingly within the area of health and safety
3. Systematic identification of dangers and risk assessment with a view to recognising and evaluating actual hazards
4. Establishing and consistently implementing measures for reducing or eliminating the dangers identified
5. Monitoring of whether objectives are being achieved

The elements shown are repeated continuously in a kind of cycle with a view to achieving constant improvements in health and safety. The Swiss Accident Insurance Institution (SUVA) is responsible for monitoring whether the EKAS directive is being properly implemented at Axpo.

Impacts and results
Axpo and the safety officers from the divisions are in regular contact with SUVA. Monitoring has so far given rise to no significant complaints and has helped forge a healthy relationship built on trust.

On taking up their position, and periodically throughout their service, all employees are given the training and development they need to be able at any time to identify potential dangers, adopt appropriate measures and take suitable steps at their own initiative to prevent accidents and protect people's health. Line managers pick up on what employees need in the way of training and draft training plans accordingly. Training, instruction and informative measures are documented to provide the relevant evidence. Third parties working on our behalf have provided assurances that the protection they enjoy against accidents and occupational diseases is consistent with statutory requirements. They are informed about the dangers associated with their work at Axpo and their rights and obligations in terms of 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 occupational accidents, non-occupational accidents and sickness of 2.36%, which represents a slight 0.2% deterioration compared with the previous year. This deterioration is due to the increase in absenteeism through sickness (up 0.16 to 4.65) and the increase in absenteeism through non-occupational accidents (up 0.05 to 1.03).

Occupational accidents fell compared with the previous year by 0.34 to 0.27 lost days per full-time equivalent, and are therefore below the threshold of 0.3 used by Axpo as a benchmark (see action field 5, p. 7).

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 Axpo Group company as process owners for the occupational health and safety management system. They give managers support and advice and help them assume their responsibility for occupational health and safety. The safety officer is responsible in this regard for ensuring the recommendations they make are factually correct. However, the responsibility for implementing occupational safety remains with managers. The safety officers 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, a Safety Commission (SaCo) appointed by the Executive Board and led by a member of the Executive Board provides support and advice and acts as a company-wide coordination and management committee for safety management purposes, helping people implement safety measures across the line organisation.

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

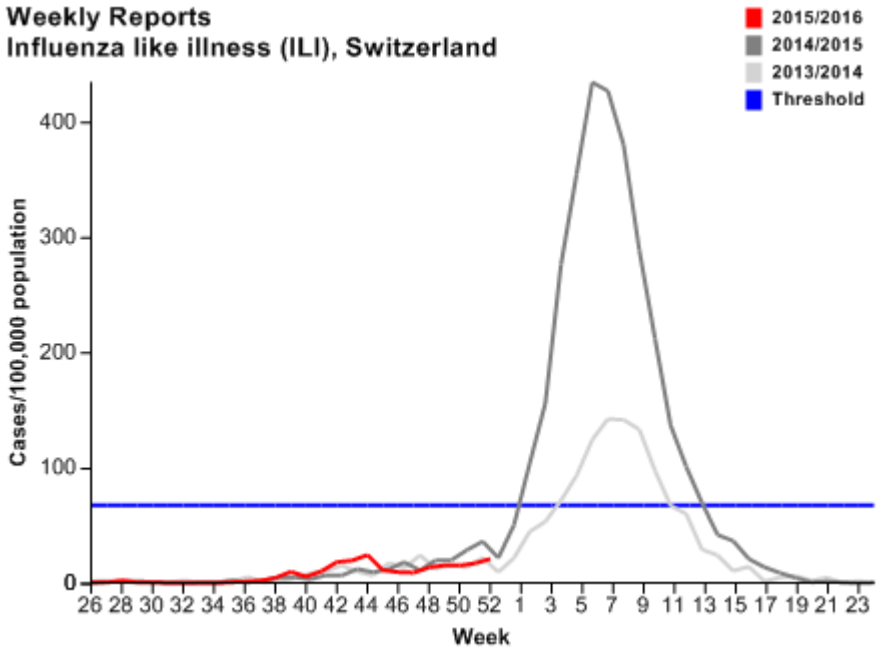
	Rate of occupational acci-		Rate of non-occupational		Rate of sickness		Absentee rate		Rate of injury	
	14/15	*13/14*	14/15	*13/14*	14/15	*13/14*	14/15	*13/14*	14/15	*13/14*
Group	**26.33**	***31.15***	**102.49**	***91.43***	**461.61**	***417.28***	**590.43**	***539.85***	**12.22**	***10.67***
Women	4.77	*11.19*	31.07	*49.63*	676.34	*586.76*	712.19	*647.58*	8.24	*8.86*
Men	30.49	*34.96*	116.28	*99.41*	420.13	*384.91*	566.91	*519.28*	12.99	*11.01*
Switzerland	**29.42**	***32.10***	**114.82**	***98.99***	**480.18**	***420.26***	**624.42**	***551.35***	**13.66**	***11.49***
Women	5.61	*2.59*	40.16	*58.45*	752.24	*588.88*	798.02	*649.92*	10.47	*10.13*
Men	33.31	*37.20*	127.01	*106.00*	435.77	*391.10*	596.08	*534.30*	14.18	*11.72*
International	**0.64**	***19.68***	***no data***	***no data***	**307.30**	***381.25***	**307.94**	***400.93***	**0.21**	***0.81***
Women	1.88	*59.57*	*no data*	*no data*	416.83	*574.84*	418.72	*634.41*	0.63	*1.70*
Men	0.00	*1.18*	*no data*	*no data*	250.60	*291.52*	250.60	*292.70*	0.00	*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.

The slight increase in the rate of non-occupational accidents, which stands at 102.49 (compared with 91.43 the previous year), is consistent with broader trends (as per the information provided by the Central Office for Statistics under the Federal Law on Accident Insurance (SSUV)).

At 26.33, the rate of occupational accidents was down on the previous year (31.15). Following the increase from FY 12/13 to FY 13/14, the reduction in FY14/15 took the figure below the threshold of 30.00 set by Axpo. Analysis has revealed that just four individual cases during FY 13/14 were responsible for the steep increase (three cases in Switzerland and one abroad). These four cases accounted for around 25% of all the hours of absence across the Axpo Group. As a consequence of a recovery, two people leaving and a death (occupational disease), the statistics are now showing a pattern more in keeping with earlier years. All this means the rate of occupational accidents is sensitive to individual cases involving many hours of absence, which is why it can be expected to fluctuate in future too. It also means there is no need for urgent action.

The variation in the rate of sickness is determined by the prevalence of influenza among other things. Following a rather tame flu epidemic in Switzerland during the winter of 2013/2014, the winter of 2014/2015 ranked among the most severe flu epidemics of the last ten years. The rate of sickness increased compared with the previous year to 462 (FY 13/14: 417). Given the rate is subject to cyclical fluctuations, there is no need for urgent action. As far as this year is concerned, there is currently nothing to suggest the overall rate of absence across the Group will be significantly different. The weeks typically associated with the onset of flu are still to come.



Weekly incidences of flu-related consultations in Switzerland (source: www.bag.admin.ch)

Looking at the overall rate of absence (= total for occupational accidents/non-occupational accidents/sickness), which stands at 590, it becomes clear the rate of sickness, at 462, accounts for the majority of cases.

G4-LA6-EU Health and safety performance of contractors and subcontractors

☑

External contractors and/or subcontractors are obliged by contract to take occupational health and safety precautions for the benefit of their employees. They are informed about the dangers associated with their work at Axpo and their rights and obligations in terms of occupational health and safety. There were no serious or fatal accidents in the reporting year. No detailed data is recorded in Axpo's internal database regarding occupational health and safety at subcontractors (see also Sustainability Report 2014/15, G4-10, p. 24).

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 disease 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. The next steps are decided 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 2014/15, Occupational health and safety, p. 63

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 a total of eight events held at higher education establishments (informative lunches, guest lectures, fairs at higher education establishments). 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 internal training and education courses to develop management, key, 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, but can be affected by external factors (a sceptical attitude towards the energy sector). Axpo was ranked the 31st most popular employer in Switzerland. This was demonstrated by the results of the Swiss Student Survey for the engineering fields.
In total, Axpo appointed ten graduates directly after graduation, three trainees, 18 interns and two working students in the last financial year, as well as supporting three master's theses.
In addition, during the reporting year, 117 apprentices started at Axpo in 21 skilled trades. At the end of 2014/15, there were 398 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 23 hours per employee and 18 hours per manager.

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

	Employees		Management	
	2014/15	*2013/14*	2014/15	*2013/14*
Total	**23.49**	***28.80***	**23.08**	***33.45***
Switzerland	**22.03**	***27.51***	**22.40**	***33.04***
Women	18.88	*20.41*	29.47	*25.97*
Men	22.69	*29.32*	21.79	*33.59*
International	**34.98**	***40.24***	**28.98**	***37.25***
Women	34.22	*40.32*	12.25	*18.00*
Men	35.49	*40.19*	30.69	*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 2014/15, Training and education, p. 68

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. A broad-based talent review was undertaken for the first time in the reporting year with a view to identifying employees with significant development potential. Objectives and ambitions were discussed with these people with the aim of devising and agreeing individual development plans.

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 corporate social responsibility (CSR) 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 this 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. During the last financial year, it has also been introduced at Group companies abroad and now forms a standard part of all new supplier contracts across the Group. The binding deadline is 2017 (see also fields of action and objectives).

Given that Axpo has several thousand of business partners, it is impossible to carry out individual checks to determine whether all of them are complying with the stipulated principles and guidelines. With this in mind, this reporting year saw the first ever comprehensive screening of existing business partners against ecological, social and governance-related criteria. This also covers working practices and compliance with human rights. Some 1,300 business partners were selected, by turnover and region, and duly assessed. The results of this assessment indicated there was no immediate need for Axpo to take action. This screening is to be extended to further business partners in future and updated on a yearly basis.

When the Executive Board makes a business decision, the Group functions Sustainability Management, Compliance and Corporate Risk Management adopt a proactive approach – as part of the internal pre-steering process – to checking out potential new business partners against ecological, social and governance-related criteria.

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

Sustainability Report 2014/15, Supplier assessment for labour practices, p. 70

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

Sustainability Report 2014/15, Supplier assessment for labour practices, p. 70

Social dimension: Human rights

Non-discrimination

Sustainability Report 2014/15, Compliance, p. 74

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

The Axpo Complaints Commission did not receive any complaints in the 2014/15 period. No incidents of discrimination were registered in the reporting year.

Supplier human rights assessment

Sustainability Report 2014/15, Supplier assessment for labour practices, p. 70

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

Sustainability Report 2014/15, Supplier assessment for labour practices, p. 70

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

Sustainability Report 2014/15, Supplier assessment for labour practices, p. 70

Social dimension: Society

Local communities

Sustainability Report 2014/15, Concrete dialogue, p. 12

Relevance
Particularly when expanding its infrastructure, Axpo is very aware that the company's activities have to be aligned with the specific needs of individual stakeholder groups. Acceptance of its business activities and an open exchange with all stakeholder groups are 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:
Advisory groups are set up for new or concession renewal projects for hydro power plants. These groups consist of representatives of the authorities, municipal governments 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 enable solutions to be developed that adequately address the concerns and objections of the local population, authorities and environmental organisations.. The public dialogue held in this way meets with broad 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
In the reporting year, successful results were 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 and building work began in April 2015. As work continues, environmental protection organisations will be invited to visit the site on a regular basis and see how the project is progressing. As regards other proposed power plant projects (e.g. at Plessur and Moesa), environmental protection organisations are being encouraged to become involved at an early stage.

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. For example, intensive discussions have been taking place for several months now with the authorities (at federal, canton and municipality level) and many of those directly affected in relation to the Kirchleerau/Kulmerau wind farm project. From a stakeholder management perspective, the project is being supported by the University of Applied Sciences of Northwestern Switzerland with a view to assessing possible solutions for the wind farm with all interest groups as part of an ongoing dialogue. This dialogue will continue through subsequent phases of the project. 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. The "CKW meinSolarstrom" project caused something of a stir in the area around Lucerne after its launch during the autumn of 2015. Thanks to the support of Robert Küng, a member of the cantonal Government, the authorities, the business community and the wider population were given a positive impression of the public solar power plant.

Additional information for energy companies: Participation of stakeholders in decision-making processes affecting energy planning and infrastructure development.

Sustainability Report 2014/15, Concrete dialogue, p. 12 and Local communities, p. 72

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 displaced and compensated

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 2014/15, Compliance, p. 74

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

Sustainability Report 2014/15, Compliance, p. 74

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

Sustainability Report 2014/15, Compliance, p. 74

G4-SO5 Confirmed incidents of corruption and actions taken

Sustainability Report 2014/15, Compliance, p. 74

Anti-competitive behaviour

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

Sustainability Report 2014/15, Compliance, p. 74

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. 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. All employees (100%) at Axpo have completed the e-learning programme. E-learning was introduced at CKW in May 2015, although the programme is still to be completed.

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 early 2016, the Group also intends to conduct an employee survey regarding the compliance and corporate culture to find out how things stand and further improve the Corporate Compliance Programme as required.

In addition to the Code of Conduct, Axpo implemented internal directives "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.

The Compliance Risk Self-Assessment process that began in the previous reporting year, which involved identifying and assessing any compliance risks in conjunction with the management, is now complete. No new sites were inspected during the last financial year, but plans were made regarding measures and their implementation. This process covered all Axpo sites. No major risks were identified in the compliance areas covered by the Code of Conduct. The risk minimisation measures defined with the management have been implemented.

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 reporting year. No incidents of discrimination were registered.
- As no cases of corruption were reported in the reporting year, no corrective action was needed.
- Axpo did not receive any 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 Energy Romania SA reclaimed Romanian VAT to the value of RON 10,231,867 (~ EUR 2.3 million), based on the VAT calculation for 2009, in relation to a customer involved in bankruptcy proceedings while these bankruptcy proceedings were still to be concluded from a legal perspective. This would not, however, have been necessary under Romanian law. In 2014, the Romanian tax authority (ANAF) carried out a VAT audit and discovered this violation. Axpo Energy Romania duly refunded to the tax authority the incorrectly claimed VAT, plus interest on arrears and a fine of RON 1,534,801 (~ EUR 345,000). It will be possible, as applicable, to demand the VAT once more after the bankruptcy proceedings have been concluded.
- 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 2014/15, Compliance, p. 74

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 has a comprehensive emergency and crisis management policy. The Group directive "Crisis management" sets out the responsibilities and powers.

By setting up emergency and crisis teams, 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 a crisis 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 future crises. As part of the risk issue and crisis management process, all 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.

Additional information for energy companies: Crisis planning, disaster/emergency planning, training programs and recovery/restoration plans

Sustainability Report 2014/15, Disaster/emergency planning, p. 78

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 plants while complying with all official directives. The company is committed to the consistent management of all risks. The obligation to operate its power and transmission plants safely without harming the environment is a central concern.

Management approach
Compared to other countries, Switzerland has very strict official directives when it 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 facilities comply strictly with all statutory regulations on electrosmog.

In terms of nuclear energy, 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.

Also, thanks to consistent implementation of radiation protection provisions, normal operation of nuclear power plants does not result in any radiation exposure that might be dangerous to health in the immediate environment of nuclear plants. The local dose or local dose rate resulting from external radiation is monitored via the MADUK measurement network in the immediate environment of the nuclear plants and with passive dosimeters both in the immediate environment and at the perimeter fence. In addition, ENSI carries out random quarterly dose rate measurements at the perimeter fence, as well as specific measurement campaigns as required.

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.

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. Dams 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. 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.

The additional exposure to ionising radiation from ongoing operation of nuclear power plants was always below the emission threshold values for direct radiation outside the plant perimeter of 1 mSv per year for places where people live, work or spend a lot of time and of 5 mSv per year for other areas as per Art. 727, Paragraph 3 of the Radiation Protection Ordinance. As regards the Beznau and Gösgen nuclear power plants, no significant increase in the local dose was found in the natural subsoil at the fence either with the dosimeter or during the random quarterly samples performed by ENSI. At the fence around the Leibstadt nuclear power plant, local dose rates were found to be between 0.07 µSv / h (natural subsoil) and 0.18 µSv / h during the random quarterly samples performed by ENSI while the plant was in power operation. After making a deduction for the subsoil and taking into account the operating hours at the location with the greatest exposure, this equates to an increase in dose of some 0,7 mSv per year[15].

Additional information for energy companies: Process for assessing community health risks including monitoring, prevention and long-term health-related studies.

Sustainability Report 2014/15, Customer health and safety, p. 79

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

Sustainability Report 2014/15, Customer health and safety, p. 79

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 2014/15, Customer health and safety, p. 79

EU25 Injuries and fatalities to third parties in connection with business activities

No cases became known in the 2014/15 financial year of independent third parties being injured on Axpo premises or otherwise affected negatively by Axpo's assets.

Compliance

Sustainability Report 2014/15, Compliance, p. 74

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 2014/15, Compliance, p. 74

[15] ENSI Radiation Protection Report 2014, http://static.ensi.ch/1433484419/ensi_strahlenschutzbericht_web_2015.pdf

Sector-specific aspect: Programmes for safeguarding access to electricity

This aspect was not deemed to be significant to Axpo's strategic orientation within the Swiss market. The key figures concerned may be of relevance to external stakeholders, however, which is why they are reported here.

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 0.0095 [1/a] for Axpo grids and 0.22 [1/a] for CKW (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 0.28 [min/a] for Axpo grids and 18.4 [min/a] for CKW in 2014 (excluding the grids of EW Altdorf and EW Schwyz).

EU30 Average plant availability

Axpo's main power plants reported the following availability in the reporting year:

Power plant	Beznau nuclear power plant	Calenia gas-fired combined-cycle power plant	Rizziconi gas-fired combined-cycle power plant
Block 1	91.9%	86.6%	95.5%
Block 2	96.3%	91.9%	96.3%

Availability is less important for hydro power plants than for a gas-fired combined-cycle power plant, 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.

External assurance

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To the Executive Management of
Axpo Holding AG, Baden

Zurich, 27 November 2015

Report of the independent auditor on the Sustainability Report 2014/15

We have been engaged by Axpo Holding AG to perform a limited review of the following information stated in the Sustainability Report 2014/15 (hereafter "report") for the reporting period 1 October 2014 to 30 September 2015, which has been compiled on the basis of the Global Reporting Initiative (GRI):

- Selected information in the sub-chapter „An overview of our fields of action, goals and performance" (pages 9 to 11 of the report) which are identified with ☑
- Chapter „Materiality analysis" (pages 15 to 18 of the report)
- Selected information in the chapter „GRI Report" (pages 19 to 81 of the report) which are identified with ☑

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
- Forward-looking statements

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.

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 reviewed information in the report of Axpo Holding AG for the reporting period ending on 30 September 2015 does not comply in all material respects with the criteria.

Ernst & Young Ltd

Rico Fehr
Partner

Mark Veser
Senior Manager

(Translation of the original report in German language)

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Glossary

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

New energies
This includes all renewable 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.

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

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.

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.

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.

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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