

Axpo Holding AG

Sustainability Report 2019/20

Table of contents

1. Introduction	1
2. Fields of action and goals	3
3. Green bond reporting	9
4. Reporting in accordance with GRI Standards	14
5. Reporting in accordance with the EU CSR Directive	14
6. Materiality analysis	15
7. GRI Report	22
7.1 General disclosures	23
7.2 Additional information for electricity companies	34
7.3 Specific Standard Disclosures	36
7.4 External assurance	71
7.5 GRI content index	72

✓ Ernst & Young Ltd. has provided limited assurance on these disclosures.

1. Introduction

Axpo CEO Christoph Brand on the importance of sustainability within the Group

Christoph Brand, you have been CEO of Axpo since May 2020.

Have you taken over a sustainable company?

Definitely – and across all three dimensions of sustainability. Axpo is on a solid economic footing. We are performing well on an environmental level as Switzerland's largest producer of renewable energy. And we also play an important role in society as a relevant company and responsible employer.

How do you define economic sustainability?

Through interconnections in production, trading business and international customer business, Axpo has set a course for sustainable economic success at an early stage. The results for the past financial year were very positive despite the challenging economic environment. The EBIT of CHF 791 million and the free cash flow of CHF 319 million were both significantly higher than in the previous year, underlining our operational strength.

How has the coronavirus pandemic affected Axpo?

Demand for electricity has obviously fallen during the crisis, with some markets such as Italy seeing a significant drop. At the same time, Trading & Sales achieved very good results. This shows that Axpo is well set to absorb setbacks in individual markets and business areas.

How has the coronavirus crisis affected operations in the power plants?

Axpo operates critical infrastructure in Switzerland. The safety of both our employees and the power plants is paramount. Our power plants and grids ensured reliable delivery at all times, and our employees have done a fantastic job. The overhauls of the Beznau and Leibstadt nuclear power plants were only possible with extensive protective measures in place, but they were completed successfully.

How has the coronavirus crisis affected Axpo as an employer?

We reacted quickly and professionally; at times we were even ahead of the authorities. The safety of our employees was and remains our top priority. We have adapted the way we work, whether on site at our operating locations or through flexible home working. Digitalisation has received a major boost, making us more agile, more flexible and more efficient. We want to continue to take advantage of this after the coronavirus pandemic.

How do you plan to achieve this?

We want to permanently establish new ways of working in the company – not by imposing them from on high, but through a participatory process that employees can get involved in. Participation is also important to me in the context of the ongoing strategy process, which is why we have also invited younger employees to take part.

What does diversity mean for Axpo?

Axpo is an extremely diverse company. Our employees come from around 60 different countries and are active in a wide range of professional fields. We are also seeking to increase the proportion of female employees and managers through a Groupwide diversity programme. Diversity in every respect is becoming increasingly important for corporate success in the face of technological, demographic and social change.

How does Axpo contribute to society?

We created more new jobs last year, adding around a further 300 FTEs. Axpo also supports over 200 different organisations and projects with a cultural, environmental or social focus.

How important is environmental sustainability?

Hugely important, not just for Axpo but for society as a whole. Viewed as a whole, our power plant portfolio produces around 80 g of CO₂ per kilowatt hour, a third of the European average. And in Switzerland, we generate around one-third of the country's consumption almost entirely without greenhouse gas emissions. We also make our customers more climate-friendly by offering them bespoke renewable energy solutions.

Why are Axpo's renewable energy investments chiefly in other countries?

Axpo has invested a lot of money in renewable energy in Switzerland over the past ten years. With an installed capacity of around 5,000 MW, Axpo is the country's largest producer of renewable energy. We operate over 100 large-scale and small-scale hydro power plants in Switzerland and generate electricity from the recycling of biogenic waste. Photovoltaics is also a key area in Switzerland. Our subsidiary CKW installs a new PV plant almost every working day. Together with CKW, we have also set up a new business segment for battery storage systems. There are currently major question marks over the economic viability of systems such as large-scale PV plants in Switzerland, however, which will persist for as long as the regulatory framework remains fairly unfavourable. Hydro power is unfortunately value-destructive overall, mainly due to the high water charges. You could say that the whole of Switzerland benefits from hydro power, but that we and the other producers are the ones footing the "bill".

What are the main areas of focus in Europe?

We market around 16,600 MW of renewable energy in Europe, primarily wind and photovoltaic power. With our Urbasolar and Volkswind subsidiaries, we are constantly expanding PV and wind energy in Europe. Volkswind has already realised a total capacity of over 1,100 MW and is planning further plants with a combined installed capacity of 4,000 MW. Urbasolar is one of Europe's leading players in the photovoltaic sector. The company has already built around 400 PV plants with a capacity of 370 MW and has a further 1,000 MW in the project pipeline.

What lies behind this growth in renewable energy?

We will only be able to meet the demand for electricity, which realistically is set to rise sharply, by massively expanding supply from renewable sources. With this in mind, we are targeting further growth in the renewable energy sector. We are also combining environmental and economic sustainability, for example through bespoke energy procurement contracts that bring producers and consumers of renewable energy together. Put simply, we handle the marketing for producers, and guarantee quantities and prices for buyers. This is helping to make wind and PV increasingly competitive and also subsidy-free, as the example of the 25 MW PV plant in Evora, Portugal, has shown.

Axpo issued its first-ever green bond – a bond for sustainable projects – in the last financial year. Why did it do this?

Sustainability is a central pillar of our corporate strategy and is becoming an increasingly important selection criterion for investors. By issuing our first green bond, we want to strengthen our commitment in this area and create the basis for further green funding. We will use the net proceeds of CHF 133 million to finance PV and wind energy projects. The huge interest shown by investors confirms that we are on the right strategic path towards profitable growth in renewable energy. Axpo recently received an ESG rating of "C+" from ISS Oekom. This makes Axpo one of the most sustainable companies in the utilities sector.

2. Fields of action and goals

The focus of Axpo's commitment to sustainability is the business itself and all related activities. However, Axpo is also part of the Swiss economy and Swiss society. Based on this broad understanding of sustainability, Axpo is committed to the following six fields of action and is working to achieve the targets set for each one.

1. Axpo ensures its long-term economic success

The challenge: Ensuring the long-term success of the business is a priority. The key megatrends of "decarbonisation", "decentralisation" and "digitalisation" are fundamentally transforming the energy market. Axpo must find answers to this transformation. The challenge, however, is the limited availability of financial resources. Due to the substantial production capacities at Axpo's disposal, we are heavily dependent on trends in wholesale prices, which affects the securing of refinancing for this capital-intensive business.

Axpo's approach: The available investment capital will be used for further growth in existing business areas that are not dependent on electricity prices. Furthermore, we will be focusing on strengthening our innovative capacity and driving forward digital transformation. This will increase efficiency in our existing business activities and gain us the capabilities we need to identify and successfully open up new areas of business. New approaches will be required in order to pool the various capabilities within Axpo and in our external partnerships in the most effective way possible.

2. Axpo reduces its carbon footprint and increases energy efficiency

The challenge: Climate change is one of the global challenges of our time, and the overwhelmingly negative consequences can only be countered by a global rethink and global action. Under the Paris Agreement of December 2015, the member states of the United Nations Framework Convention on Climate Change commit to limiting man-made global warming to well below 2°C compared with pre-industrial levels, the aim being to cap the increase at 1.5°C. Developed industrial nations such as Switzerland can play an exemplary role in achieving this goal.

Axpo's approach: Axpo's contribution involves the low greenhouse gas intensity of its production mix and boosting energy efficiency. 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 in its buildings. Axpo's products and services also help its customers to improve their own energy efficiency and promote decarbonisation.

3. Axpo enforces sustainability principles among its business partners

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 creates a binding basis on which its business partners can engage with their own corporate responsibility. Axpo achieves this by means of its Code for Business Partners.

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

The challenge: Energy systems are in the process of transformation throughout Europe. The number of decentralised elements is increasing, the passive consumer is transforming into a discerning customer and “prosumer” and, due to changing customer needs and ever-sinking costs, renewable energy is booming. At the same time, state subsidies for renewable energy with fixed feed-in tariffs are being replaced with market-driven funding, or even abolished outright in many European countries. The upshot of these regulatory changes is that investors in new plants are increasingly exposed to the risk of changing wholesale prices. As renewable energy volumes are increased, the volatile electricity production associated with them must also be adaptable in line with demand. This is making electricity storage technologies ever more important.

Axpo’s approach: Axpo is helping through various business activities to reshape the energy system. In Switzerland, Axpo is the leading producer of renewable energy. Furthermore, its flexible hydro power plants create the capacity needed to balance out volatile electricity production. When it acquired the wind farm developer Volkswind in 2015 and photovoltaic developer Urbasolar in 2019, Axpo strengthened its activities in the development of renewable energy generation, such as onshore wind farms in Germany and France and large-scale solar facilities, primarily in France. These acquisitions also enlarged Axpo’s own renewable energy portfolio in Europe outside Switzerland.

As well as building and operating its own plants, Axpo is positioning itself as one of the Europe’s leading marketers of electricity from renewable energy sources. The customer portfolios it manages chiefly comprise wind and photovoltaic energy and are spread right across Europe. Axpo offers investors in renewable energy individual and long-term power purchase agreements (PPAs), thereby enabling the construction of new plants which are not subsidised by a fixed feed-in remuneration. These PPAs give investors planning certainty, particularly if they lack expertise in marketing electricity. Institutional investors such as pension funds and other investment funds are increasingly being joined by large corporations which, under various initiatives, are committed to achieving 100% renewable electricity supply (one example being the RE-100 Initiative).

Axpo is responding to the trend towards increasingly decentralised and intelligent elements in the energy system through its subsidiary CKW and its sites in Italy and Spain, by developing and selling smart energy products. Products and services focusing on decentralised production and optimised consumption (photovoltaics, batteries, e-mobility), heat solutions and intelligent control are offered to private and commercial customers. Solutions to increase energy efficiency, for flexibility management and in the area of building technology are offered to business customers.

5. Axpo is a responsible employer

The challenge: As a responsible operator of power plants and infrastructure relevant to the supply of energy, Axpo views responsibility for people and the environment as one of its key tasks. The emphasis here is on the health and safety of our employees, our external contractors and the wider public.

The success and long-term continuance of Axpo as a going concern is based on the achievements, motivation and continuing development of its employees. The main challenges are successfully recruiting qualified employees, training them successfully and continuously throughout their professional lives, and retaining them by offering attractive terms of employment.

Axpo's approach: Axpo has established a management system for occupational health and safety. This has been implemented on the basis of national guidelines (EKAS 6508), industry solutions and the occupational health and safety management system according to OHSAS 18001 and ISO 45001:2018. The core elements of the occupational health and safety management system are the definition of safety objectives, the operation of a safety organisation, systematic hazard identification and risk assessment, and ultimately the implementation of improvement measures and monitoring of their success.

Axpo also seeks to achieve a high level of employee satisfaction, particularly at times when it is focusing on new business areas and services, because this is a prerequisite for good performance and a driver of innovation. The key to this is the development of a highly diverse range of skills within the company. This is promoted at Axpo through a broad range of training and education courses. As a modern employer, Axpo is also committed to gender equality. To this end, it has implemented appropriate measures in the areas of recruitment, communication, talent management and succession planning.

6. Axpo makes a contribution to society

The challenge: As a public-sector enterprise, Axpo has a particular duty to demonstrate a commitment to society as well. Besides providing and operating a reliable energy supply infrastructure, it must also make meaningful contributions in other areas.

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 is located. In this respect, Axpo focuses on the 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 over 200 different organisations, institutions and projects which are committed to culture, the environment or young and disabled sporting talent.

Fields of action	Goals	Performance 2019/20
1) Axpo ensures its long-term economic success	Expansion of business that is not dependent on electricity prices	<ul style="list-style-type: none"> • Expansion of PPA business for photovoltaics and wind in Europe and the USA • Strengthening of the international gas business, which will play an important role in the transition to a CO₂-free energy future in many regions of the world • Expansion of the portfolio of large-scale wind and photovoltaic plants, mainly in France
	Diversification into new areas of business	<ul style="list-style-type: none"> • Entry as photovoltaic developer in Italy and Spain • Positioning of CKW as a smart energy one-stop shop in Switzerland • Driving the digital transformation of hydro power and grids
	Ensuring long-term capital market viability	The ability to access the capital market was ensured by maintaining an investment grade rating
2) Axpo reduces its carbon footprint and increases energy efficiency	Annual measurement of greenhouse gas emissions in accordance with ISO 14064	Verification of Group-wide greenhouse gas inventory conducted by independent auditors Ernst & Young Ltd
	The greenhouse gas intensity of electricity generation from our own plants and associates is below the European target path for the electricity sector to achieve the 2°C target set in the Paris Agreement.	<p>The greenhouse gas intensity of Axpo's electricity generation is 79 kg/MWh.</p> <hr/> <p>The European target reductions for the electricity sector are:</p> <ul style="list-style-type: none"> • 2018: approx. 300 kg/MWh • 2022: approx. 200 kg/MWh
	By the end of the 2021/22 financial year, improvement of 150 000 MWh in energy efficiency as regards electricity in the production and distribution of electricity, in operations and at customers, compared with the 2015/16 base year	<p>A total increase of 5,042 MWh was achieved</p> <p>The cumulative energy efficiency gain since the base year is 35 970 MWh</p> <p>A number of major projects with high energy-efficiency gains in production and grids have been delayed due to the current coronavirus situation or due to objections. However, it still seems likely that the objectives will be achieved in 2021/22.</p>



Fields of action	Goals	Performance 2019/20
3) Axpo enforces sustainability principles among its business partners	By the end of the 2018/19 financial year, 60% of the order volume ¹ in excess of CHF 100 000 that Axpo can influence was to be placed with business partners who have accepted the Axpo Code for Business Partners on compliance with the principles of business ethics and minimum social and environmental standards, rising to 90% by the end of the 2021/22 financial year.	<p>Around 82% of the order volume that Axpo can influence was placed with business partners who have accepted the Axpo Code.</p> <p>The interim goal for the 2018/19 financial year was achieved.</p> <p>The ambitious target for the 2021/22 financial year currently appears to be achievable.</p>
4) Axpo plays an active role in shaping the energy turnaround	Annual development and creation of renewable energy capacity in Switzerland and abroad, in MW	<p>Expansion of around 141 MW:</p> <ul style="list-style-type: none"> • Wind: + 14 MW • Photovoltaics +127 MW <p>Wind: Completion of an onshore wind farm in France by Volkswind</p> <p>Photovoltaics:</p> <ul style="list-style-type: none"> - Construction of large-scale plants, mainly in France (Urbasolar), with a total capacity of around 124 MW - Development and installation of PV plants for customers with a capacity of around 3 MW
	Annual expansion of renewable energy by third parties, enabled by a long-term power purchase agreement with Axpo, in MW	Expansion of around 303 MW, mainly wind farms in Scandinavia and the Netherlands
	Total capacity of renewable energy marketed by Axpo for customers in Europe, in MW	<p>Total approx. 16 600 MW</p> <p>The biggest portfolios are in Spain (7 600 MW), Scandinavia (3 600 MW) and France (950 MW)</p>

¹ The order volume that Axpo can influence involves the purchase of goods and services. It does not include official levies and charges, costs for energy procurement and grid utilisation, financing, membership and association fees, sponsorship and insurance.

Fields of action	Goals	Performance 2019/20
5) Axpo is a responsible employer	Axpo's annual rate of occupational accidents (= number of occupational accidents per 1000 FTEs) is below the industry average (Energy; NOGA 2008 of the Swiss Federal Statistical Office) for Switzerland, based on reported cases in accordance with the Swiss Accident Insurance Act.	At around 31,2, the annual rate of occupational accidents was well below the industry average of 40,8.
	The absence rate (= number of lost days due to illness (including work-related mental illness such as burnout), occupational and non-occupational accidents per FTE) is below the industry average for the economic activities of manufacturing and energy supply, as calculated by Suva.	At 5,7, the absence rate was below the industry average of 7,6 calculated by Suva.
6) Axpo makes a contribution to society	Each year, Axpo imparts transparent and politically neutral knowledge on all aspects of energy at its visitor centres and power plants to between 60 000 and 70 000 visitors.	Several visitor centres remained closed due to the current coronavirus situation. As a result, the objective was not achieved. However, Axpo stepped up the provision of background information on its website, in newsletters and on social media.
	Each year, Axpo reports with the greatest possible transparency on its sustainability performance in line with the Global Reporting Initiative (GRI) requirements.	Reporting with the «Comprehensive» option in compliance with the GRI Standards was achieved.
	Through sponsorship and cooperation agreements, Axpo supports organisations, institutions and projects committed to culture, the environment, and youth and disability sport.	More than 200 different organisations, institutions and projects were supported in the reporting year. As a longstanding partner of PluSport, the umbrella organisation for Swiss disability sport, Axpo is also committed to supporting people with disabilities. Since 2019, Axpo has been the main sponsor of the annual PluSport Day in Magglingen and has supported PluSport football groups as part of its funding project.



3. Green bond reporting

As Switzerland's largest producer of renewable energy, Axpo makes an important contribution to efforts to counter climate change, one of the greatest challenges of our time. With the acquisitions of the wind farm developer Volkswind in 2015 and French photovoltaic developer Urbasolar in 2019, Axpo is strengthening its growth in the area of renewable energy and is focusing specifically on investments in environmental and sustainable projects. The issue of the green bond on 23 July 2020 supports the growth of Axpo's climate-friendly project portfolio, consisting of wind and solar projects. The green bond gives investors the opportunity to participate in specific aspects of Axpo's sustainable investment policy.

The Axpo Green Bond is accompanied by a Green Bond Framework, which is based on the Green Bond Principles published by the ICMA in June 2018. The framework provides investors with a transparent overview of the selection process for "green" projects and the intended use of the proceeds from green bond issues.

Key data on the Axpo Green Bond

Issuer	Axpo Holding AG
ISIN	CH0468581571
Status	Senior unsecured
Volume in CHF	133 000 000,00
Payment	23.7.2020
Term in years	7
Coupon in % p.a.	1,002
Denomination in CHF	5 000,00

Reporting on the allocation of issue proceeds and environmentally sustainable impacts

Transparency regarding the use of the proceeds from green bond issues is a core component of the ICMA Green Bond Principles. Axpo therefore publishes an annual report within the Axpo sustainability report, showing:

- the total amount of the net proceeds from green bond issues already allocated to the project portfolio
- the breakdown of the allocated net proceeds from green bond issues in terms of use for new financing, refinancing and amounts not yet allocated
- "green" projects that were (re)financed in the reporting year, including project descriptions
- any allocation adjustments in the green bond project portfolio if projects no longer meet the Green Bond Asset criteria of Axpo's Green Bond Framework

Global overview of the allocation of issue proceeds

Technology	Project	Country	Commissioning [year]	Type of financing	Status	Installed capacity [MW]	Energy produced 2019/2020 [MWh]	Greenhouse gases avoided 2019/2020 [t CO ₂ equivalents]	Capital invested [CHF m]
Wind	Benet 2	France	2019	Refinancing	Operational	17,0	28,859	1,688	0,63
	Bois de la Hayette	France	2022	Financing	Planning stage	26,4	0	0	0,38
	Saint-Quentinois	France	2022	Financing	Planning stage	24,0-27,6	0	0	3,70
								∑ Wind	4,71
Photovoltaics	Bove	Italy	2022	Financing	Planning stage	17,4	0	0	0,08
	Cigliano	Italy	2022	Financing	Planning stage	5,8	0	0	0,03
	Viglione	Italy	2022	Financing	Planning stage	11,8	0	0	0,06
								∑ Photovoltaics	0,16
								∑ Total allocated	4,87
								∑ Not allocated	128,13
								∑ Total issue volume	133,00

Calculation of CO₂ emissions avoided:

The calculation of CO₂ emissions avoided is based on the assumption that the electricity produced by the project financed by the green bond would otherwise have been generated with the country-specific production mix. The source for emission factors for the production mixes of European countries is the European Environment Agency's EUROSTAT database. The CO₂ emissions avoided in tonnes are calculated by multiplying a project's production volume attributable to the green bond by the CO₂ emission factor for the production mix of the country in which the project is located. In the reporting year, the Benet 2 project in France produced renewable electricity with no direct CO₂ emissions. The emission factor for France's production mix is 58.5 g CO₂/kWh.

¹ Source: [European Environment Agency](#)

Axpo wants to continue to grow its renewable energy business and is supporting the expansion of sustainable forms of energy through the first Axpo Green Bond. Joris Gröflin, CFO of the Axpo Group, and Christian Capello, Head of Sustainability Management, discuss the company's first green bond:

Three questions to Joris Gröflin, CFO of the Axpo Group



Why did Axpo decide to issue a green bond?

Climate change is an important issue on the capital markets, too. Sustainability is hugely important to many investors, and demand for sustainable investment opportunities is increasing constantly. The Axpo Green Bond enables us to cater to this

demand. As Switzerland's largest producer of renewable energy, Axpo intends to use the green bond to further strengthen its commitment to this area.

The current market offers a host of opportunities for investment in sustainable products. What sets the Axpo Green Bond apart?

Axpo's global electricity production mix is already very climate-friendly, and our CO₂ emissions are roughly a third of the current European average. With our large international portfolio of solar and wind power plants and our expertise gathered over more than 100 years of sustainable power generation, Axpo is an attractive partner for a sustainable investment.

Which projects will the proceeds of the green bond support?

In Europe, Axpo is focusing strongly on expanding solar and wind energy. We intend to use the net proceeds of CHF 133 million to finance and realise sustainable projects in these areas. We can draw on the expertise of our two subsidiaries Urbasolar and Volkswind, as leaders in the solar and wind business respectively.

Three questions to Christian Capello, Head of Sustainability Management at the Axpo Group



Axpo is working to implement the Sustainable Development Goals in Switzerland and abroad. How is the green bond supporting this?

Axpo plays a key role in achieving the United Nations' Sustainable Development Goals (SDGs) through climate-friendly electricity production and the provision of

innovative services such as customised power purchase agreements (PPAs). The green bond is an additional instrument to help us expand renewable energy, promote energy efficiency, protect biodiversity and further restructure the energy system.

What is the specific impact of the Axpo Green Bond on Axpo's sustainability activities?

As part of the green bond issue, ISS Oekom gave Axpo a very good ESG rating of "C+". This puts Axpo in the top 20% of companies surveyed in the energy sector and sends a strong signal to both internal and external stakeholders.

How does a strong signal to internal stakeholders show itself?

The successful issue of the Axpo Green Bond and Axpo's good ESG rating give us credibility in the area of sustainability management. This is an important factor that drives our employees in their daily work. Through our corporate strategy and our day-to-day work, we can make a significant contribution to actively counteracting climate change.

An example from the Axpo Green Bond portfolio – Benet 2



A wind farm with a capacity of 17 MW in the French municipality of Benet was connected to the grid in 2019. Benet 2 is a project in the Axpo Green Bond portfolio that was designed, built and commissioned by the Axpo subsidiary Volkswind. Since the five wind power plants were commissioned, they have enabled around 1,700 t of CO₂ emissions to be saved annually in the region. That is equivalent to driving a car around the world 300 times.

Biodiversity is a key element

Before starting construction in 2018, various measures were taken to preserve biodiversity, including protecting birds and bats. The start of construction was geared specifically around the breeding season of the local bird species, and nesting sites were identified and protected in advance.

Electricity for 7,000 households

The wind farm also benefits the local community in the municipality in western France. The mayor of Benet, Daniel David, praises the project and is pleased that Axpo is able to supply the community with clean and sustainable electricity. The 30 GWh of electricity produced annually on average is enough to cover the electricity consumption of around 7,000 households.

External assurance



Independent limited assurance report on selected disclosures in the Global overview of the allocation of issue proceeds of Axpo Holding AG

To the Green Bond Committee of Axpo Holding AG, Baden

We have been engaged to perform a limited assurance engagement on selected disclosures in the Global overview of the allocation of issue proceeds published on page 10 of the Sustainability Report 2019/20 of Axpo Holding AG.

Our independent assurance engagement to obtain limited assurance covers the following disclosures for the business year ended 30 September 2020:

- The total amount of net proceeds from Green Bond issues already allocated to the project portfolio ("Total allocated") and the total amount not yet allocated ("Not allocated")
- The breakdown of the allocated net proceeds from Green Bond issues in terms of use ("Type of financing") for new financing and refinancing
- The invested capital per reported project ("Capital invested")
- The reporting on any allocation adjustments in the Green Bond project portfolio if projects no longer meet the Green Bond asset criteria of this framework

The objective of our engagement is neither an examination of further disclosures not mentioned above nor of prior period disclosures, future-related disclosures, statements from external sources, environmentally sustainable impacts or expert opinions. The assessment of the Green Bond Framework and the compliance of eligible green projects with the criteria defined therein was performed by another service provider. Therefore, our engagement does not include any conclusion on disclosures other than those described in the previous paragraph.

In accordance with Axpo Holding AG's Green Bond Framework and the Green Bond Principles (GBP) published in June 2018 by the International Capital Market Association (ICMA), the allocation of issue proceeds from a Green Bond should be used exclusively for lending and investing activities of green projects. The project evaluation and selection are carried out by Axpo Holding AG as the issuer of the Green Bond, respectively by the Green Bond Committee of Axpo Holding AG. The selection is based on Axpo Holding AG's judgement and general understanding of what qualifies as a green project according to the criteria defined in the Green Bond Framework and how it may contribute positively to environmental objectives. This understanding is described in the Axpo Green Bond Framework. It is therefore possible that the categorization of a project may be interpreted differently by a report reader.

Responsibility of the Green Bond Committee

The Green Bond Committee of Axpo Holding AG is responsible for the preparation of the selected disclosures in accordance with the reporting criteria. The company applies the Green Bond Framework of Axpo Holding AG, published in July 2020, which is in line with the Green Bond Principles published by the ICMA in June 2018, as reporting criteria and publishes the report under the title "Sustainability Report 2019/20".

This responsibility includes, on the one hand, the selection of the green projects, the application of appropriate methods as well as making assumptions and estimates for individual disclosures that are appropriate under the circumstances. It also includes the design, implementation and maintenance of systems, processes and internal controls to enable the preparation of selected disclosures that are free from material misstatement whether due to fraud or error. In addition, the Green Bond Committee is responsible for establishing the Green Bond Framework and applying the reporting criteria.



Independent Auditor's Responsibility

Our responsibility is to perform a limited assurance engagement and to express a conclusion, based on our procedures and the evidence obtained, as to whether any matters have come to our attention that cause us to believe that the selected disclosures in the Global overview of the allocation of issue proceeds published on page 10 of the Sustainability Report 2019/20 of Axpo Holding AG have not been prepared, in all material respects, in accordance with the requirements of the Green Bond Framework of Axpo Holding AG.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 Assurance Engagements other than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board (IAASB). That standard requires that we plan and perform the engagement to obtain limited assurance whether the selected disclosures in the Global overview of the allocation of issue proceeds have been prepared, in all material respects, in accordance with the requirements of Axpo Holding AG's Green Bond Framework.

The procedures performed in a limited assurance engagement are less in extent than for a reasonable assurance engagement, and consequently the level of assurance obtained is substantially lower. The procedures selected depend on the auditor's judgment. Taking into account risk and materiality considerations, we have performed procedures in order to obtain sufficient and appropriate evidence. This included, among others:

- Inquiries of employees responsible for the determination and consolidation as well as the implementation of internal control procedures regarding the selected disclosures;
- Inspection of selected internal and external documents to determine whether qualitative and quantitative information is supported by sufficient evidence and presented in an accurate and balanced manner;
- Assessment of the data collection, validation and reporting processes as well as the reliability of the reported data on a test basis and through testing of selected calculations.

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

Inherent limitations

Due to the inherent limitations of any internal control structure it is possible that errors or irregularities in the selected disclosures may occur and not be detected. Our engagement is not designed to detect all weaknesses in internal controls over the preparation of the selected disclosures, as the engagement has not been performed continuously throughout the period and the procedures performed were undertaken on a test basis.

Independence and quality assurance

We have complied with the independence and other ethical requirements of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including Independence Standards)* (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.



Conclusion

Based on the procedures performed and the evidence obtained nothing has come to our attention that causes us to believe that the selected disclosures in the Global overview of the allocation of issue proceeds published on page 10 of the "Sustainability Report 2019/20" of Axpo Holding AG for the financial year ended 30 September 2020 are not prepared, in all material respects, in accordance with the requirements of the Green Bond Framework of Axpo Holding AG.

KPMG AG

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Zurich, 30 November 2020

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4. Reporting in accordance with GRI Standards

Axpo has once again prepared its report for the 2019/20 financial year in accordance with the Standards of the Global Reporting Initiative (GRI). This report was prepared in accordance with the GRI Standards: “Comprehensive” option. Limited assurance has been continued and is explicitly indicated for each disclosure that has been assured (see Sustainability Report 2019/20, GRI content index, p. 72).

Important sustainability aspects are addressed in the annual report, but comprehensive reporting now takes place separately in this Sustainability Report, along the same lines as for financial reporting (for further information, see www.axpo.com).

Axpo retained the GRI reporting principles when preparing the report. These define the process for determining the report content and criteria for the quality of reporting. 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. As required by the GRI Standards, the material topics and indicators were chosen based on their relevance to external stakeholders and impact on sustainable development. 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.

When updating materiality this year, findings from the strategy process were used to reassess the relevance of topics, to augment topics, especially in the economic dimension, or to tighten up their formulation. The new topics of “Flood protection” and “Data protection and security” were also added (see Sustainability Report 2019/20, Choosing the material topics, p. 15) (GRI 102–48, 102–49).

5. Reporting in accordance with the EU CSR Directive

Axpo is not subject to the reporting obligation in accordance with EU CSR Directive (Directive 2014/95/EU). However, the company has nevertheless implemented the requirements of this directive in its Sustainability Report 2019/20, reporting on environmental matters, social and employee-related matters, respect for human rights, and anti-corruption and anti-bribery matters. In the reporting process, specific topics were identified as material if they are relevant to Axpo’s business activity and have a significant impact on sustainability aspects (see Sustainability Report 2019/20, Choosing the material topics, p. 15). The Sustainability Report contains disclosures for each of the material topics mentioned, pertaining to the concepts and the associated results as well as the due diligence processes and risk management.

6. Materiality analysis

Choosing the material topics

This materiality analysis has been broadened for this reporting year through the addition of new topics, based on relevant developments and foreseeable trends in the energy sector. In terms of method, an assessment was conducted from three perspectives, as in the previous year, in order to implement both the requirements of the GRI Standard and those of the EU CSR Directive.

The materiality analysis covered all the topics from three perspectives:

- relevance to Axpo's business activity and business success
- relevance to the various stakeholder groups
- relevance to impacts on sustainable development

As in previous years, the analysis of relevance to Axpo's business activity and business success is based on an internal assessment. The analysis of relevance from a stakeholder perspective is based on a broadly diversified view of the stakeholder groups relevant for Axpo and includes the results of various surveys of the following stakeholder groups: "Axpo employees", "Board of Directors of Axpo Holding AG", "Customers", "Politicians and authorities", "Associations and NGOs" and "Lenders". Relevance to sustainable development was ascertained both by Axpo's and CKW's Sustainability Management function and during the stakeholder survey. The extent of any significant positive or negative effects on sustainability aspects such as environmental concerns, employee concerns, anti-bribery and anti-corruption, observance of human rights and social concerns was assessed (GRI: 102-46).

By considering three perspectives, we are able to fulfil the requirements of both the GRI Standards and the EU CSR Directive at the same time. According to the GRI Standards, topics that are relevant to stakeholders and that have a significant impact on sustainable development are deemed material. Under the EU CSR Directive, topics that are relevant both to business activity and business success and that have a significant impact on sustainability aspects are material.

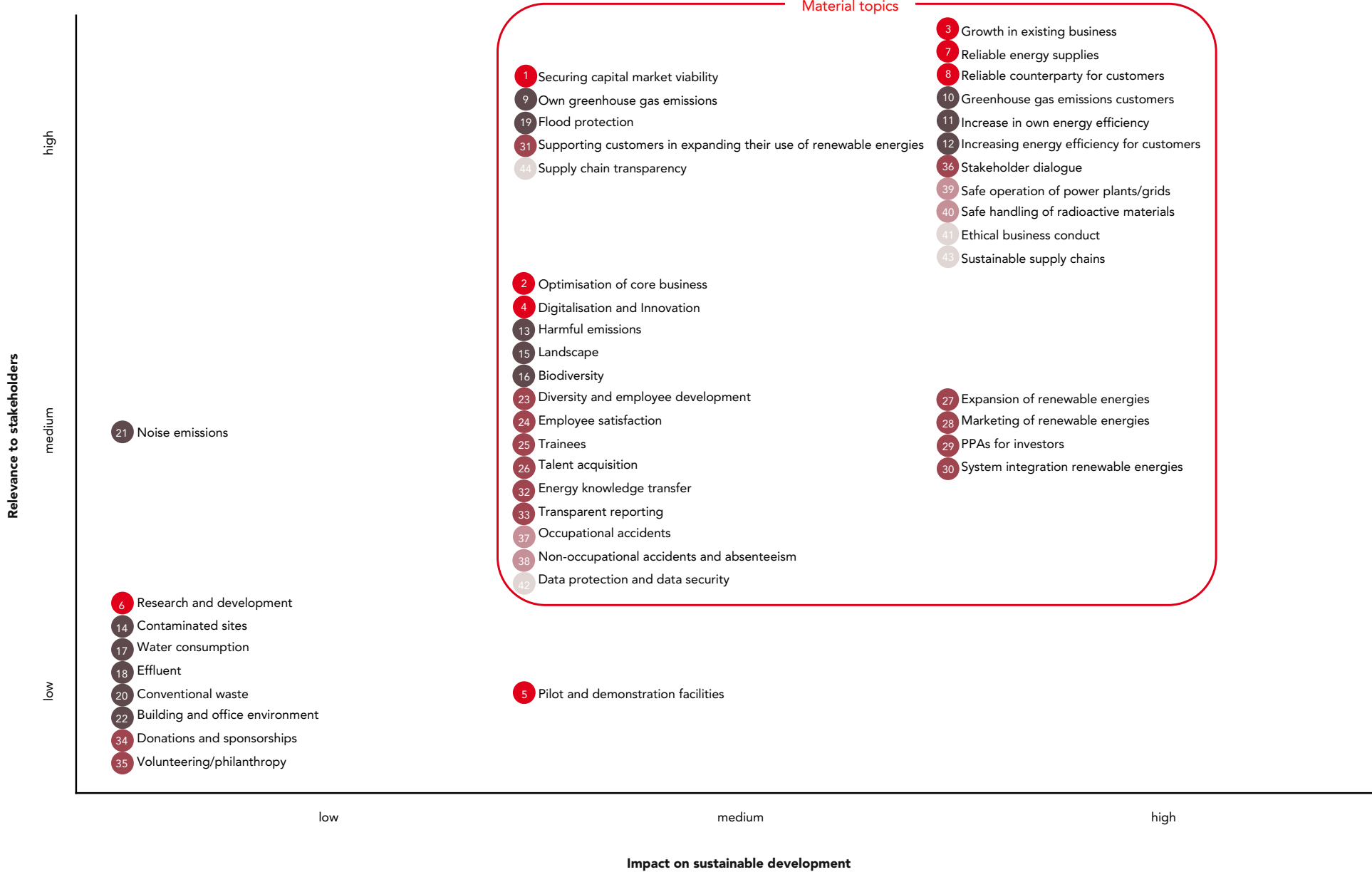
All topics were analysed from three perspectives, according to the relevance categories "high", "medium" and "low". In both cases, topics were only considered material for reporting purposes if they are of at least medium significance in both relevant perspectives (see the two graphics on materiality according to GRI Standards and according to the EU CSR Directive). The corresponding GRI Standards (topics) and indicators (disclosures) were assigned to the topics identified as material. For all indicators, the reporting boundaries refer to the fully consolidated companies. Differences in reporting periods are highlighted in context and explained accordingly (GRI: 102-45).

In the charts and tables below, the topics are broken down according to the five dimensions of Axpo's sustainability policy¹:

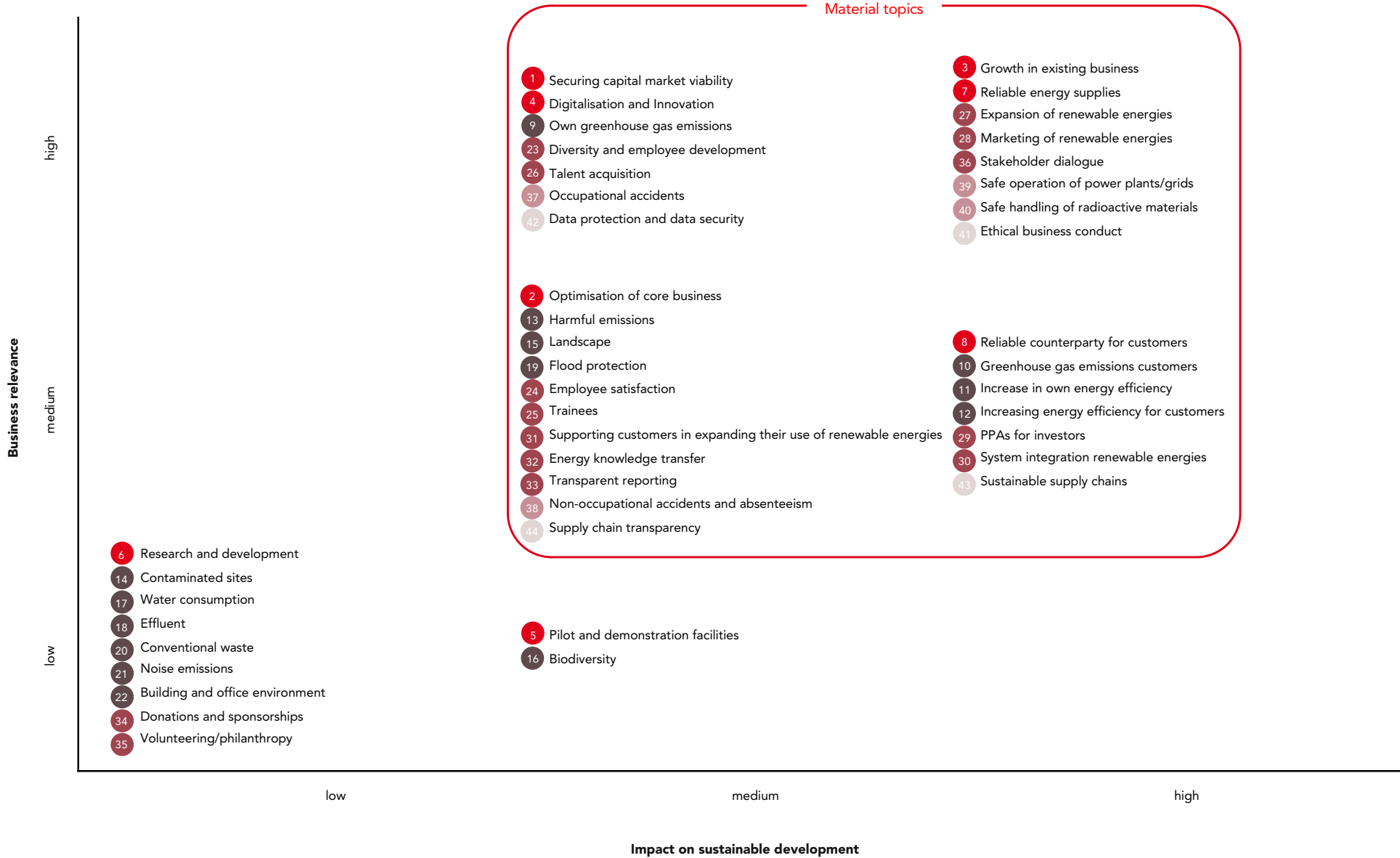
I	Economy	Ensuring the long-term success of the business; customer focus and reliability
II	Environment	Protecting the environment; increasing energy efficiency
III	Social dimension	Attractive employer; energy turnaround; dialogue with stakeholders
IV	Safety	Operational and occupational safety; safe operation of power plants and grids
V	Ethical business conduct	Ethical business conduct at the company; sustainability in the supply chain

¹ The Axpo sustainability policy can be downloaded at www.axpo.com.

Materiality analysis according to the GRI Standards



Materiality analysis in accordance with the EU CSR Directive



Overview of the material topics and reference to GRI indicators (GRI 102–47)

Material topics for Axpo from the economic dimension

Topic		Materiality		Reporting	
No.	Topic	GRI	EU Directive	Report	Reference
<i>Economic dimension: Ensuring the economic long-term success</i>					
Action field 1: Ensure the long-term success of the business					
1	Maintain long-term capital market viability to ensure that future investments can be financed on favourable terms and to contribute to the nuclear energy fund	Yes	Yes	Yes	Economic performance, p. 36
2	Optimise core business from a financial perspective in terms of costs and investments	Yes	Yes	Yes	Economic performance, p. 36
3	Grow existing business with a focus on wind, PV, origination & trading	Yes	Yes	Yes	Economic performance, p. 36
4	Drive digitalisation as a basis for innovation in all business activities	Yes	Yes	Yes	Economic performance, p. 36
5	Support pilot and demonstration facilities	No	No	No	–
6	Support research and development	No	No	No	–
<i>Economic dimension: Customer focus and reliability</i>					
7	Reliable energy supplies and service provision at competitive prices	Yes	Yes	Yes	Economic performance, p. 36
8	Stable and reliable counterparty for customers	Yes	Yes	Yes	Economic performance, p. 36

Material sustainability topics for Axpo from the environmental dimension

Topic		Materiality		Reporting	
No.	Topic	GRI	EU Directive	Report	Reference
<i>Environmental dimension: Protecting the environment and increasing energy efficiency</i>					
Action field 2: Climate and energy efficiency					
9	Quantification and reduction of the company's own greenhouse gas emissions	Yes	Yes	Yes	Energy and emissions, p. 41
10	Helping customers reduce their greenhouse gas emissions	Yes	Yes	Yes	Energy and emissions, p. 41
11	Increasing energy efficiency of power plants and grids	Yes	Yes	Yes	Energy and emissions, p. 41
12	Increasing energy efficiency for customers	Yes	Yes	Yes	Energy and emissions, p. 41
13	Reduction of harmful emissions	Yes	Yes	Yes	Energy and emissions, p. 41
14	Management of contaminated sites	No	No	No	–
15	Protection of the visual landscape	Yes	Yes	Yes	Local communities, p. 61
16	Protecting biodiversity	Yes	No	Yes	Local communities, p. 61; effluents and waste, p. 47
17	Reduction in water consumption	No	No	No	–
18	Reduction of effluents	No	No	Yes, voluntary	Effluents and waste, p. 47
19	Contribution to flood protection	Yes	Yes	Yes	Customer health and safety, p. 65
20	Reduction of conventional waste	No	No	No	–
21	Reduction of noise emissions	No	No	No	–
22	Improve building and office environment	No	No	Yes, voluntary	Energy and emissions, p. 41

Material sustainability topics for Axpo from the social dimension

Topic		Materiality		Reporting	
No.	Topic	GRI	EU Directive	Report	Reference
<i>Social dimension: Attractive employer</i>					
23	Promotion of diversity by further developing employees' skills and ensuring equal opportunities	Yes	Yes	Yes	Training and education, p. 58; Compliance, p. 68
24	Promotion of employee satisfaction	Yes	Yes	Yes	Training and education, p. 58
25	Training for apprentices	Yes	Yes	Yes	Training and education, p. 58
26	Talent acquisition	Yes	Yes	Yes	Training and education, p. 58
<i>Social dimension: Energy turnaround</i>					
Action field 4: Energy turnaround					
27	Development and expansion of renewable energy	Yes	Yes	Yes	Economic performance, p. 35
28	Marketing of electricity from renewable energy sources	Yes	Yes	Yes	Economic performance, p. 35
29	Offering long-term power purchase guarantees (PPAs) for investors in renewable energy without state subsidisation	Yes	Yes	Yes	Economic performance, p. 35
30	Solutions for system integration of renewable energy	Yes	Yes	Yes	Economic performance, p. 35
31	Offering products and services that enable customers to switch to a renewable energy system	Yes	Yes	Yes	Economic performance, p. 35
<i>Social dimension: Stakeholder dialogue</i>					
Action field 6: Social commitment					
32	Communication of (energy-related) knowledge and connections	Yes	Yes	Yes	Local communities, p. 61
33	Transparent reporting and information for stakeholders	Yes	Yes	Yes	Local communities, p. 61; GRI 102-43, p. 31
34	Donations and sponsorships	No	No	Yes, voluntary	GRI 102-43, p. 31
35	Volunteering/philanthropy	No	No	No	-
36	Engagement with external stakeholders (stakeholder dialogue)	Yes	Yes	Yes	Local communities, p. 61; GRI 102-43, p. 31

Material sustainability topics for Axpo from the safety dimension

Topic		Materiality		Reporting	
No.	Topic	GRI	EU Directive	Report	Reference
<i>Safety dimension: Guaranteeing operational and occupational safety</i>					
Action field 5: Responsible employer					
37	Minimisation of occupational accidents	Yes	Yes	Yes	Occupational health and safety, p. 54
38	Minimisation of non-occupational accidents and absences due to illness	Yes	Yes	Yes	Occupational health and safety, p. 54
<i>Safety dimension: Safe operation of power plants and grids</i>					
39	Guarantee the safe operation of power plants and grids	Yes	Yes	Yes	Customer health and safety, p. 65
40	Safe handling of radioactive materials	Yes	Yes	Yes	Effluents and waste, p. 47

Material sustainability topics for Axpo from the ethical business conduct dimension

Topic		Materiality		Reporting	
No.	Topic	GRI	EU Directive	Report	Reference
<i>Ethical business conduct dimension: Ethical business conduct at the company</i>					
41	Enforce ethical business conduct at the company	Yes	Yes	Yes	Compliance, p. 68
42	Ensure data protection and data security	Yes	Yes	Yes	Customer privacy, p. 68
<i>Ethical business conduct dimension: Sustainable supply chain</i>					
Action field 3: Enforce sustainability principles at business partners					
43	Compliance with environmental and social standards in supply chains	Yes	Yes	Yes	Supply chain and supplier management, p. 63
44	Ensure supply chain transparency	Yes	Yes	Yes	Supply chain and supplier management, p. 63

7. GRI Report

7.1 General disclosures	23		
Organisational profile	23		
Strategy	27		
Ethics and integrity	27		
Governance	27		
Stakeholder engagement	31		
Reporting practice	33		
7.2 Additional information for electricity companies	34		
GRI Sector Supplements	34		
7.3 Specific Standard Disclosures	36		
Economic dimension	36		
Economic performance	36		
Anti-corruption	39		
Anti-competitive behaviour	39		
Sector-specific aspect: Provisions for the dismantling of nuclear power plants	40		
Environmental dimension	41		
Energy and emissions	41		
Effluents and waste	47		
Environmental compliance	50		
Supplier environmental assessment	50		
		Social dimension	51
		Employment	51
		Occupational health and safety	54
		Training and education	58
		Non-discrimination	60
		Local communities	61
		Supply chain and supplier management	63
		Customer health and safety	65
		Sector-specific aspect: Disaster/emergency planning and response	67
		Customer privacy	68
		Compliance	68
		7.4 External assurance	71
		7.5 GRI content index	72

7.1 General disclosures

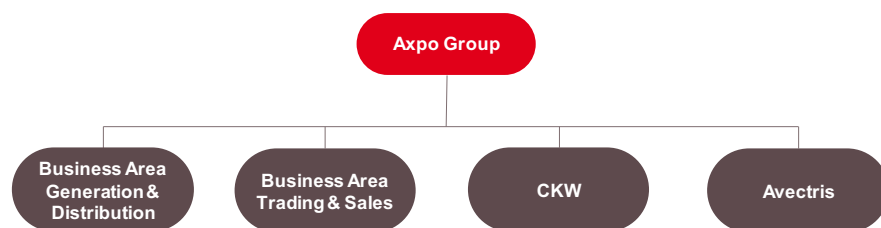
Organisational profile

102-1 Name of the organisation

Axpo Holding AG

102-2 Activities, brands, products, and services

Axpo Holding AG bears strategic responsibility for the Axpo Group and ensures that it remains focused on the future. It was established in 2001 and has its registered office in Baden. Together with its subsidiaries, it forms the Axpo Group.



The Generation & Distribution business area operates Axpo's power plant portfolio (nuclear, hydro, gas, new energy) and distribution grids. It is also responsible for the ongoing optimisation of the power plant portfolio and targeted investments in new power plant and grid capacity.

The Trading & Sales business area engages in energy trading through its international subsidiaries. It trades in physical energy volumes and energy-related financial products on all major European energy exchanges. As a leading independent provider of origination services, it develops bespoke products and energy solutions for its customers – from private individuals and SMEs to large industrial customers – and for producers of electricity, especially from renewable energy sources.

The CKW Group is the leading provider of energy services in Central Switzerland. The group comprises the seven companies Centralschweizerische Kraftwerke AG, Elektrizitätswerk Altdorf AG, Elektrizitätswerk Schwyz AG, Steiner Energie AG, CKW Conex AG, CKW Fibre Services AG and Sicuro-Central AG and their respective subsidiaries. They provide comprehensive services for private individuals, companies and the public sector along the entire value chain from the turbine to the power socket.

Avectris is an IT service provider for medium-sized Swiss companies operating primarily in the service provider, financial, healthcare, industrial, public, legal and utility sectors. As an eye-level partner, Avectris offers its customers holistic IT services from a single source. The focus is on hybrid cloud solutions, outsourcing, SAP S/4HANA, collaboration, IT service management and consulting services, with a particular emphasis on IT training, IT infrastructure, IT security and business continuity. The company has locations in Baden, Dübendorf, Wallisellen and Wangen (ZH) and employs around 460 people.

102-3 Location of headquarters

Axpo Holding AG
Parkstrasse 23
5401 Baden
Switzerland

102-4 Location of operations

Axpo operates in 36 European countries and in the USA, Tunisia, Turkey and Singapore. In 30 of those, it is locally represented with local offices. In addition, as the Group's internal IT service provider, Avectris AG looks after international customer sites.

102-5 Ownership and legal form

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

Shareholders of Axpo Holding AG	In %	In CHF million
Canton of Zurich	18,342	67,9
Elektrizitätswerke des Kantons Zürich	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

102-6 Markets served

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 in electricity, natural gas, other commodities, certificates and energy-based financial products, and electricity sales and services. Axpo operates in 36 European countries and in the USA, Tunisia and Singapore.

102-7 Scale of the organisation

As at 30 September 2020, the number of Group-wide permanent full-time equivalents including apprentices was 5,350. These full-time equivalents comprise 5,689 people, of which 1,222 are women (around 21%) and 4,467 men (around 79%). Axpo employs 4,566 people in Switzerland (around 80%) and 1,123 abroad (around 20%).

Total income: Financial Report of Axpo Holding AG 2019/20, p. 5.

Total capitalisation: Financial Report of Axpo Holding AG 2019/20, p. 6.

Quantity of products provided: Electricity sales totalled 52,681 million kWh and gas sales 14,227 million kWh.

102-8 Information on employees and other workers

Total number of employees by employment contract and gender, employment type and region.

Number of employees; in FTEs	Total for Group		Switzerland		International	
	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19
Total	5 350,47	4 958,39	4 241,03	3 986,18	1 109,44	972,21
Women	1 037,20	892,51	579,68	514,88	457,52	377,63
Part-time	246,20	222,51	218,68	191,88	27,52	30,63
Full-time	791,00	670,00	361,00	323,00	430,00	347,00
Men	4 313,28	4 065,88	3 661,35	3 471,30	651,93	594,58
Part-time	352,28	308,88	347,35	303,30	4,93	5,58
Full-time	3 961,00	3 757,00	3 314,00	3 168,00	647,00	589,00

Note: Employees including apprentices on a permanent contract. No significant activities are carried out by workers who are not employees of Axpo. There are no significant seasonal fluctuations. The data is taken from the HR system and collated. Data not available in the HR system is obtained from the companies concerned using Excel templates and consolidated with the other data. No assumptions had to be made.

102-9 Supply chain

Sustainability Report 2019/20, Supply chain and supplier management, p. 63

102-10 Significant changes to the organisation and its supply chain

There were no significant changes to the scope of consolidation during the reporting year. Detailed information is provided in the Financial Report of Axpo Holding AG 2019/20, p. 77–78.

Detailed information about the capital structure is provided in the Financial Report of Axpo Holding AG 2019/20, p. 6.

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

102-11 Precautionary principle or approach

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 regularly 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 2019/20, Effluents and waste, p. 47).

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

102-12 External initiatives

Axpo applies the following established international standards: the International Financial Reporting Standards (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 companies, divisions and business units certified according to ISO 9001 (quality), ISO 14001 (environment), ISO 22301 (BCM), ISO 27001 (information security), ISO 45001 and OHSAS 18001 (occupational health and safety). Axpo erects its own office buildings in compliance with the Swiss Minergie standard.

102-13 Membership of associations

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 important of these are:

Association/organisation	Description of membership
National level	
VSE Association of Swiss Electricity Companies	Umbrella association of Swiss electricity companies: <ul style="list-style-type: none"> - Axpo is a sector member - Axpo is represented on the board - Axpo is represented in all strategically relevant working groups
SwissHoldings	Business association for multinational companies in Switzerland <ul style="list-style-type: none"> - Axpo is a member - Axpo is represented in working groups
International level	
eurelectric The Union of the Electricity Industry	Umbrella association of the European electricity industry: <ul style="list-style-type: none"> - The Swiss member is the VSE - Axpo is represented in all strategically relevant working groups
EFET European Federation of Energy Traders	Association of European energy traders: <ul style="list-style-type: none"> - Axpo is a full member - Axpo is represented on the board - Axpo is represented in all strategically relevant working groups
WindEurope	Umbrella association of the European wind energy industry: <ul style="list-style-type: none"> - Axpo is a full member - Axpo is represented in strategically relevant working groups
SolarPower Europe	Umbrella association of the European photovoltaic industry: <ul style="list-style-type: none"> - Axpo is a full member - Axpo is represented in strategically relevant working groups
Energy Charter	International organisation for countries to ensure investment security and cross-border energy trading: <ul style="list-style-type: none"> - 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: <ul style="list-style-type: none"> - Axpo is a full member

Strategy

102-14 Statement from senior decision-maker

Interview with CEO Christoph Brand, Sustainability Report 2019/20, p. 1

102-15 Key impacts, risks, and opportunities

Axpo's key impacts on sustainable development lie in its contribution to the sufficient, secure and environmentally benign production of energy through its climate-friendly electricity mix. As the biggest producer of electricity in Switzerland, Axpo ensures the reliable supply of energy to its customers. By expanding and marketing renewable energy, Axpo contributes to the restructuring of the energy supply system that is desired by politicians and society in general. With innovative PPAs, Axpo also offers investors the environment they need to make investments in renewable energy (see Sustainability Report 2019/20, Action field 4, p. 4). As an operator of power plants and grids, Axpo has a responsibility to the population to ensure safe and environmentally friendly operations (see Sustainability Report 2019/20, 102-11 Precautionary principle or approach, p. 25, Customer health and safety, p. 65). This includes securing funding for dismantling nuclear power plants and disposing of radioactive waste (see Sustainability Report 2019/20, Provisions for the dismantling of nuclear power plants, p. 40). Axpo has a duty to its employees to guarantee their safety in all their activities (see Sustainability Report 2019/20, Occupational health and safety, p. 54). As a major employer, Axpo also attaches great importance to the professional training and development of its employees and offers a challenging environment which guarantees equal opportunities for all employees and protects them against discrimination thanks to clearly defined rules (see Sustainability Report 2019/20, Training and education, p. 58, Compliance, p. 68).

The main sustainability trends that have a significant influence on Axpo's business activities are the moves to continuously decarbonise the electricity sector and, driven by this, the further expansion of renewable energy throughout Europe. Where Axpo's long-term development is concerned, these trends present opportunities, as Axpo already has a climate-friendly production portfolio (see Sustainability Report 2019/20, Action field 2, p. 3)

and can further consolidate the business activities built up in recent years in the wind and photovoltaic energy segments and in the marketing of energy from renewable energy sources for customers (see Sustainability Report 2019/20, Action field 4, p. 4). The majority of major risks faced by Axpo lie in the future shape of the electricity market in both Switzerland and Europe. There is the risk that, depending on the regulatory framework for and the trend in wholesale prices, hydro power plants and the other conventional power plants will lose value, which translates directly into reduced investment values for power plant operators (see Sustainability Report 2019/20, Action field 1, p. 3).

Ethics and integrity

102-16 Values, principles, standards, and norms of behaviour

Sustainability Report 2019/20, Compliance, p. 68

102-17 Mechanisms for advice and concerns about ethics

Sustainability Report 2019/20, Compliance, p. 68

Governance

102-18 Governance structure

The Axpo Group is managed via its management structure. The Group companies that comprise the legal structure represent the legal entities in which business is transacted. The business of the Axpo Group is legally transacted via the individual subsidiaries of Axpo Holding AG (Axpo Power AG, Axpo Solutions AG, Axpo Services AG, Centralschweizerische Kraftwerke AG and Avectris AG).

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

ing 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 Nominations Committee and the Strategy Committee.

102-19 Delegating authority

Economic, environmental and social topics are covered by the targets within the corporate strategy formulated 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 thus also 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.

102-20 Executive-level 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 sustainability reports to the Executive Board.

102-21 Consulting stakeholders 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 2019/20, Stakeholder engagement, p. 31). The CEO regularly updates the Board of Directors on business performance and important events.

102-22 Composition of the highest governance body and its committees

Annual Report of Axpo Holding AG 2019/20, Board of Directors and Executive Board, p. 20–22

102-23 Chair of the highest governance body

In principle, the Chairman of the Board of Directors is not a member of the Executive Board. However, the Chairman of the Board of Directors also took over operational management of the Group on an interim basis as of 1 January 2019 in his role as Delegate of the Board of Directors to bridge the gap until the newly elected CEO took office on 30 April 2020.

102-24 Nominating and selecting the highest governance body

As the company's owners, the cantons of North-Eastern Switzerland determine the composition of the Board of Directors of Axpo Holding AG. 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. The Requirements and Skills Matrix forms the basis for formulating a meaningful proposal to the owners for the selection and nomination of members of the Board of Directors. This matrix illustrates the relevant criteria in regard to professional experience and expertise for the various necessary roles on the Board of Directors. They serve as the basis for the detailed requirement profile for holding a mandate on the Board of Directors and are taken into account when identifying and nominating new Board members.

102-25 Conflicts of interest

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.

102-26 Role of highest governance body in setting purpose, values, and strategy

It is part of the remit of the Board of Directors to adopt the corporate strategy, which incorporates objectives to improve 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.

102-27 Collective knowledge of highest governance body

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. In this role, it is responsible for monitoring the implementation of the corporate strategy.

102-28 Evaluating the highest governance body's performance

Economic, environmental and social topics are addressed by the corporate strategy. All managers are set targets for their implementation which relate to the environmental, economic or social dimension, as well as governance or safety. Performance is evaluated during the annual MbO process.

102-29 Identifying and managing economic, environmental, and social impacts

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.

102-30 Effectiveness of risk management processes

The Board of Directors performs its role of monitoring and controlling the risk management process by having a representative of the Board on the Risk Council and by having the Audit and Finance Committee as well as the full Board of Directors discuss the risk reports.

102-31 Review of economic, environmental, and social topics

The risk reports are submitted to the Board of Directors and are prepared and discussed every six months.

102-32 Highest governance body's role in sustainability reporting

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

102-33 Communicating critical concerns

The CEO regularly updates the Board of Directors on important economic, environmental and social developments and events.

102-34 Nature and total number of critical concerns

Anonymity is guaranteed as a principle of whistleblowing; for this reason, Axpo does not divulge any details about this. For more on complaints, discrimination and corruption, please consult the Sustainability Report 2019/20, Compliance, p. 68.

102-35 Remuneration policies

The Board's Remuneration and 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 currently 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 and a variable salary component of (usually) up to 50% of the basic salary, which depends on the degree of attainment of the financial and individual 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.

102-36 Process for determining remuneration

With effect from this financial year, company-wide and area-specific financial targets are weighted more heavily than in the past when calculating the variable pay of the Executive Board and other managers. External salary comparisons were once again carried out in this financial year to serve as a basis when setting salaries for individual roles.

102-37 Stakeholders' involvement in remuneration

The Board of Directors takes the final decision regarding the remuneration framework for the Executive Board and the Board of Directors. The Remuneration and Nominations Committee decides on the salaries of the Executive Board within this remuneration framework. The Committee proposes changes to the remuneration of the Board of Directors to the latter. As a non-listed company, Axpo is not subject to the provisions of the ERCO (the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares). The introduction of a simplified form of involvement of the AGM is currently under review (vote or advisory vote on the remuneration elements and the remuneration report).

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.

102-38 Annual total compensation ratio

Based on permanent and fixed-term full-time employees in Switzerland, the ratio of annual total compensation for the highest-paid individual employee to the median annual total compensation for all employees is 9.8 to 1 (previous year: 9.5 to 1).

102-39 Percentage increase in annual total compensation ratio

The ratio of the percentage increase in compensation between the highest-paid staff members and all employees is 2.7%.

Stakeholder engagement

102-40 List of stakeholder groups

Sustainability Report 2019/20, 102-43, p. 31.

102-41 Collective bargaining agreements

Percentage of total employees covered by collective bargaining agreements

	Switzerland		Abroad	
	2019/20	2018/19	2019/20	2018/19
Total	9,37%	9,68%	60,28%	25,03%
Women	0,93%	0,86%	52,68%	22,88%
Men	11,05%	11,38%	65,70%	26,42%

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

102-42 Identifying and selecting stakeholders

Sustainability Report 2019/20, 102-43, p. 31

102-43 Approach to stakeholder engagement

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 its 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, suppliers, 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.

Dialogue with employees:

Employee performance and motivation is a decisive factor in the face of rapidly changing markets. Axpo maintains a regular dialogue with its staff members. Another focus during the last twelve months, in response to the persistently challenging market environment, was Axpo's strategy and the resulting tasks and scope of each individual. Some key topics were digitalisation and diversification and expanding our growth areas, specifically with individual customer solutions throughout Europe and elsewhere. However, the focus was also on Axpo's activities in renewable energy, specifically hydro power, wind energy, and photovoltaics.

Information-sharing and dialogue take place at employee information events at the head offices and other locations, through line management and in electronic form. The Intranet enables interactive dialogue, and staff members are actively and specifically encouraged to get involved. The online version of Energy Dialogue creates even greater scope for participa-

tion and interaction. 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. Each year, the Executive Board holds a half-day dialogue with delegates of the Staff Councils of all Axpo companies. A Group-wide employee survey is conducted every two to three years, most recently during the 2018/19 financial year.

Dialogue with politicians:

Dialogue with politicians is transparent, open and relates to specific issues that reflect the current political debate. It takes place either through direct dialogue with Axpo representatives (employees from Public Affairs or top management) or through associations of which Axpo is a member. During the reporting year, for instance, there was direct dialogue between the Chairman of the Board of Directors of Axpo Holding and government and parliamentary representatives at cantonal and federal level. The CEO presented Axpo's position on the future shape of the Swiss electricity market at the invitation of the relevant expert commission of a Federal Council party, and was also invited to take part in a round table discussion on the future expansion of hydro power by the government representative responsible for this area. Employees from Public Affairs also gave individual members of the Federal Parliament an in-depth insight into the economic and regulatory framework in which Axpo operates.

Dialogue with the general public:

Dialogue with the public enhances credibility and promotes an understanding of the Group's business policies. The general public can contact Axpo via its website, its media office and various social media channels to register any 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:

The Axpo media office can be contacted round the clock, 365 days a year. Around 50 media releases regarding current events and developments at the Group and its subsidiaries were sent out to the media in the reporting year. The media office also organised various plant visits, background discussions and media briefings to provide information, share expertise and cultivate direct contacts with journalists. The dossiers on the axpo.com website are also part of the company's media relations work. They provide background information on the production, transmission and trading of electricity.

Dialogue with shareholders:

The shareholders' rights of participation are described in detail in the corporate governance section of the Axpo Holding AG Annual Report 2019/20, p. 14–19. Exchanges with shareholders mainly took place at the twice-yearly shareholder information events 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 meetings on specific topics are also scheduled between the specialist units and employees of Axpo's Public Affairs department. One example during the reporting year was a discussion on the impact of Axpo's business activities on employment in individual cantons.

Dialogue with business associations:

An important dialogue with the business sector was channelled through Economiesuisse, the umbrella association for the Swiss business community, in which Axpo holds individual membership. Exchanges were topic-focused and took place in working groups. During the reporting year, the future shape of the electricity market in Switzerland and its impact on the security of supply and the expansion of renewable energy were major concerns for both sides.

Reporting practice

102-44 Key topics and concerns raised

Sustainability Report 2019/20, 102-43, p. 31

102-45 Entities included in the 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 2019/20, Notes to the consolidated financial statements, p. 85-90

Sustainability Report 2019/20, Materiality analysis, p. 15

✓ 102-46 Defining report content and topic boundaries

Sustainability Report 2019/20, Materiality analysis, p. 15

✓ 102-47 List of material topics

Sustainability Report 2019/20, Overview of the material topics and reference to GRI indicators, p. 18

102-48 Restatements of information

Sustainability Report 2019/20, Reporting principles, p. 14

102-49 Changes in reporting

Sustainability Report 2019/20, Reporting principles, p. 14

102-50 Reporting period

The contents of this report relate to the financial year 2019/20 (1 October 2019 to 30 September 2020).

102-51 Date of most recent report

The last Sustainability Report was published for the 2018/19 financial year on 11 December 2019.

102-52 Reporting cycle

The first two GRI reports 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 and, for the last three years, based on the GRI Standards.

102-53 Contact point for questions regarding the report

For contact information, please consult the Sustainability Report 2019/20, Publishing details, p. 78.

102-54 Claims of reporting in accordance with the GRI Standards

This report was prepared in accordance with the GRI Standards: "Comprehensive" option.

102-55 GRI content index

Sustainability Report 2019/20, GRI content index, p. 72

102-56 External assurance

Ernst & Young Ltd has provided limited assurance on selected disclosures. The disclosures concerned have been identified in the Sustainability Report 2019/20 with a ✓ symbol. Please consult the Sustainability Report 2019/20, External assurance, p. 71.

7.2 Additional information for electricity companies

GRI Sector Supplements

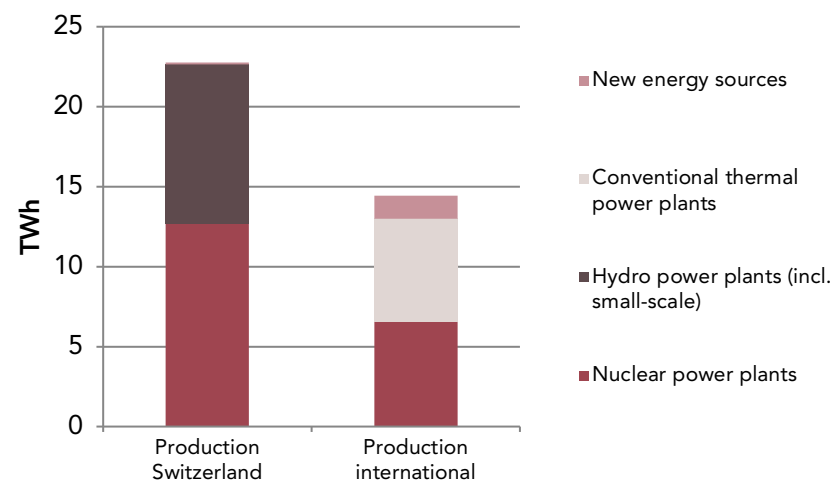
EU1 Installed capacity

Axpo (including CKW) has a total installed power plant capacity of around 9,500 MW. This includes the fully consolidated plants as well as all investments in other companies based on the shareholdings (renewable energy) and share-ownership ratios (other technologies). The breakdown by technologies and countries is as follows:

Technologies and countries	Installed capacity 2019/20 FY	Installed capacity 2018/19 FY
Hydro power Switzerland, including small-scale hydro power plants	approx. 4 400 MW	approx. 4 300 MW
Nuclear energy Switzerland, including long-term contracts	approx. 1 500 MW	approx. 1 500 MW
New energy sources Switzerland, without small-scale hydro power plants, mainly biomass	approx. 30 MW	approx. 30 MW
Foreign nuclear energy (long-term contracts with France)	approx. 1 200 MW	approx. 1 200 MW
Foreign gas-fired combined-cycle power plants (CCGTs, Italy)	approx. 1 700 MW	approx. 1 700 MW
New energy sources abroad, mainly wind power (Germany, France, Italy, Spain) and photovoltaics (France)	approx. 650 MW	approx. 640 MW
Total	approx. 9 500 MW	approx. 9 400 MW

The values in the table have been rounded. The main changes compared with the previous year relate to the takeover of the KLL energy share from the Canton of Glarus (hydro power) and the net increase in wind and PV (new energy sources abroad).

EU2 Net energy output FY 2019/20



Energy procurement from fully consolidated power plants and power plant holdings in the 2019/20 financial year.

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

In Switzerland, Axpo mainly sells electricity to the B2B sector. Its biggest customers are five cantonal utilities and two municipal utilities. 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. In Italy, Spain, Portugal and Poland, Axpo supplies electricity to around 180,000 customers and gas to around 170,000 customers, both directly and through its sales partners.

EU4 Length of transmission and distribution lines

Grid level	Overhead line	Cable
Grid level 1 (stub lines – Axpo only)	–	1 km
Grid level 3 (cross-regional distribution grid)	2 099 km	458 km
Grid level 5 (regional distribution grid)	731 km	1 602 km
Grid level 7 (local distribution grid, including home electricity connections – CKW only)	259 km	4 706 km

EU11 Generation efficiency of thermal plants

The net generation efficiency of the Beznau nuclear power plant in the 2019 calendar year was 33.9% for Block 1 and 32.4% for Block 2.

The gas-fired combined-cycle power plants in Italy reported an average generation efficiency for the reporting year of 51.8% (Calenia) and 53.3% (Rizziconi).

EU12 Transmission and distribution losses

Losses on the distribution grids of Axpo grids (grid levels 1 to 5) during the reporting year were 0.7%, while those on the CKW grids (grid levels 3 to 7) were 2.8%.

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-consumer and year (SAIFI, System Average Interruption Frequency Index) was 0.009 [1/a] for Axpo grids and 0.26 [1/a] for CKW grids.

EU29 Average power outage duration

The average interruption duration per end-consumer and year (SAIDI, System Average Interruption Duration Index) was 0.64 [min/a] for Axpo grids and 17.1 [min/a] for CKW grids.

7.3 Specific Standard Disclosures

Economic dimension

Economic performance

Relevance

As the need to secure the company's long-term economic success is a requirement for all of Axpo's future activities, it is also the Group's key objective. The key megatrends of "decarbonisation", "decentralisation" and "digitalisation" are fundamentally transforming the energy market. Axpo must find answers to this transformation.

The Covid-19 pandemic also caused uncertainty in the past financial year, dampening economic performance, and with it energy demand and investment activity. Any negative effects of the pandemic on the financial markets and on electricity prices over the medium term could have a negative impact on Axpo's future results.

Management approach disclosures

In this uncertain environment, Axpo is concentrating on minimising the economic risks in its Swiss business and on exploiting the opportunities presented by the changing energy market by further expanding its renewable energy activities and international customer and trading business.

Axpo has further developed its strategy and made a number of initial strategic decisions. Going forward, it will focus on three pillars: in Switzerland, on its leading role in the transition to a CO₂-free energy future; internationally, on its customer and trading business and the expansion of renewable energy, with battery storage and hydrogen playing a more important role in the future alongside hydro power, wind and solar energy.

Switzerland still lacks an adequate framework for large-scale investment in renewable energy. With this in mind, Axpo is actively promoting an auctioned, floating market premium based on the market price as part of the revision of the Energy Act.

Impacts and results

From March 2020 onwards, the financial year was dominated by the Covid-19 pandemic. Axpo implemented effective measures at an early stage to protect its employees from the disease and ensure that operations in all areas could be maintained without restrictions at all times.

The uncertainty in the markets also led to higher customer demand for customised risk management solutions. The trend towards long-term supply contracts (Power Purchase Agreements; PPAs) in the renewable energy sector, in which Axpo is one of the leading suppliers in Europe, continues unabated. Demand for natural gas, which will play a key role in the transition to a CO₂-reduced energy future, has also increased. Axpo has further strengthened its market position in this business through measures including the opening of a new location in Singapore.

Of all the Swiss energy companies, Axpo is the biggest investor in new renewable energy and has the highest capacity in this area. The photovoltaic business performed very well following the acquisition of Ur-basolar in 2019. The total output of the company's photovoltaic plants increased from 249 MW to 373 MW, while the entire project pipeline comprises 1,000 MW. Axpo also successfully continued its strategy of profitable growth in the wind energy sector. The focus this year was on further expanding the portfolio and securing future development projects. In the first 2019/20 auction round in France, Axpo successfully bid for 27% of the total auction volume and won ten projects with a total capacity of 201.5 MW. Axpo's Alpine solar project is a good example of why most investment in the expansion of renewable energy sources is taking place abroad due to the current framework conditions in Switzerland. The award of the building permit for the planned 2 MW solar plant on the Muttsee dam marked an important milestone in renewable energy. Although customers are interested in comparatively more expensive Alpine solar power, however, it is not currently a financially viable option. Axpo continues to fight for the realisation of this pioneering project, which will offer a valuable means of supplying electricity in winter.

In the area of hydro power, Axpo benefited from a good hydrological year, although Swiss hydro power is still economically unattractive and investment in this form of energy is not worthwhile under current conditions. As for nuclear power, the high availability of the Swiss power plants, which had few planned and no unplanned production interruptions, compensated for the reduced availability of the French power plant park. With its more than 100 power plants, power purchase agreements and the investments it has made in its efficient distribution grid, Axpo is making a substantial contribution to ensuring a secure electricity supply in Switzerland.

Swiss production also achieved a strong result. This improvement was primarily attributable to the slight increase in electricity prices compared with the previous year. Axpo also benefited from a good hydrological year for hydro power and a period with few planned and no unplanned production interruptions at its nuclear power plants. With its production capacity of around 25 billion kilowatt hours and thanks to the investments in its efficient distribution grid, Axpo is making a substantial contribution to ensuring security of supply.

As part of the digital transformation, the Sarganserland power plant was converted into Switzerland's first digital hydro power plant. Since summer 2020, fault rectification, inspections and maintenance at this power plant have largely been carried out with digital support. With the know-how gained from the pilot project, Axpo will now transform all its own hydro power plants and, as a service provider, will also support other power plant operators as they move into the digital future. Grids is also increasingly becoming a digital competence centre, with tasks such as automatic image recognition of drone images during line checks and virtual inspections of switching stations in order to retrieve information remotely.

The Axpo subsidiary Centralschweizerische Kraftwerke AG (CKW) achieved a good result. Solar technology also recorded strong growth in the past financial year: CKW Gebäudetechnik's solar installation business significantly outperformed the market with growth of 50%. On average, CKW connects a new solar plant to the grid every day. Solar contracting – the construction and operation of solar plants at customer premises – was also expanded very successfully within a short period of time. CKW is already one of the leading providers in Switzerland's solar energy sector and is set to further expand this position for the Axpo Group.

For more information, please consult the Annual Report of Axpo Holding AG 2019/20, p. 3–13, and the Financial Report of Axpo Holding AG 2019/20.

201-1 Direct economic value generated and distributed

	2019/20	2018/19
Total income (in CHF m)	4 808	4 856
Result for the period (in CHF m)	570	865

For more information, please consult the Annual Report of Axpo Holding AG 2019/20, p. 2, and the Financial Report of Axpo Holding AG 2019/20.

201-2 Financial implications and other risks and opportunities due to climate change

Combating climate change is one of the biggest challenges of our times. At the climate conference in Paris in 2015, the UN member states for the first time reached a general, legally binding and global climate protection agreement. The aim of the agreement is to limit global warming to well below 2°C, with the goal of a maximum temperature rise of 1.5°C. The European Commission is pressing for an EU-wide net zero emissions target for 2050. This is a tougher aim than the current target of reducing emissions by 80-95% compared with 1990 levels. Switzerland also ratified the Paris Agreement on 6 October 2017, targeting a 50% reduction by 2030 compared with 1990 (2°C target). On 28 August 2019, the Federal Council made this a more stringent target of net zero emissions by 2050 (1.5°C target).

As shown by the climate change scenarios published by the Federal Office for the Environment (Swiss Climate Change Scenarios CH2018), Switzerland will be particularly badly hit by the consequences of climate change. 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. In conjunction with the Clean Energy Package, the European Union has set itself targets for EU energy and climate policy for the period to 2030:

- 40% lower greenhouse gas emissions compared with 1990; binding target for EU Member States; for the sectors subject to emissions trading there is no sharing of the burden between the EU Member States
- Renewable energy accounts for 32% of the energy mix; binding target at EU level
- 32.5% greater energy efficiency compared with 2007; non-binding target at EU level

The new President of the European Commission for 2019-2024, Ursula von der Leyen, presented a climate law in February 2020 as part of the European Green Deal. It is intended to enshrine in law the net zero emissions target for 2050. As part of the ongoing legislative process, the European Commission is proposing to tighten the current greenhouse gas reduction target from -40% to -55% by 2030.

Axpo's low-CO₂ generation mix should benefit from the European Green Deal, as should investments in new renewable energy sources (photovoltaic, wind). There are risks relating to a possible carbon border adjustment mechanism (CBAM). In view of its comprehensive climate protection measures, the EU sees this as a means of preventing unfair competition through third-country imports and the migration of industry to third countries with less ambitious climate policies (carbon leakage). The CO₂ border tax will most likely apply to electricity imports and possibly also to imports of natural gas.

The European Union Emissions Trading System (EU ETS) is a key instrument of EU climate policy. Prices for CO₂ emissions rights have risen sharply since summer 2018. As Axpo's gas-fired combined-cycle power plants in Italy are covered by the EU EHS, their electricity production could become more expensive going forward. Axpo's two gas-fired combined-cycle power plants, Rizziconi and Calenia, emitted around 1.8 million t of CO₂ in the reporting year. Looking at the entire production portfolio, however, Axpo's low-CO₂ energy mix would benefit from a more robust EU ETS.

Almost every aspect of the EU's internal electricity market (market design, risk provisioning/security of electricity supply, promotion of renewable energy, energy efficiency – particularly in buildings) has been overhauled as part of the Clean Energy Package (CEP), and most of the relevant legislation has now come into force. The purpose of the CEP is to strengthen competition on the wholesale market and in the end customer business. This will create new opportunities for Axpo, in both origination and the end customer business.

In Switzerland, there is potential for CKW in particular with private customers for new products and services in the area of energy efficiency and in the range of green electricity products as well as the range of new renewable energy sources in the installation business. More products and services will also be available to business customers in the areas of energy efficiency and green electricity products.

201-3 Defined benefit plan obligations and other retirement plans

The Axpo Group operates pension plans in accordance with national legislation in each country. Most companies belong to the PKE-CPE Energy Pension Foundation, a legally independent pension fund which qualifies as a defined benefit plan under IAS 19. There are also some non-material defined benefit and defined contribution plans.

The purpose of the PKE-CPE foundation is occupational pension provision in accordance with the Swiss Federal Act on Occupational Retirement, Survivors' and Disability Pension Plans (BVG) and its implementing ordinances, protecting the employees of the member companies and the families and survivors of such employees against the financial consequences of old age, invalidity and death. The foundation is an independent and all-inclusive pension fund, and the contributions and benefits exceed the minimum legal requirements.

For further information see the Financial Report of Axpo Holding AG 2019/20, Employee benefits, p. 73

201-4 Financial assistance received from government

The company does not receive any significant financial allocations from state funds. Axpo receives contributions from subsidy programmes and the feed-in remuneration at cost (CRF) in Switzerland for the operation of its power plants in the area of new energy, e.g. for the wood-fired power plant in Domat/Ems, or under similar European subsidy programmes such as the German Act on the Expansion of Renewable Energy Sources (abbreviated title: Renewable Energy Sources Act [Erneuerbare-Energien-Gesetz]) for offshore wind farms, for example. The subsidies are the same for all market players.

Anti-corruption

Management approach: Sustainability Report 2019/20, Compliance, p. 68

205-1 Operations assessed for risks related to corruption

Sustainability Report 2019/20, Compliance, p. 68

205-2 Communication and training about anti-corruption policies and procedures

Sustainability Report 2019/20, Compliance, p. 68

205-3 Confirmed incidents of corruption and actions taken

Sustainability Report 2019/20, Compliance, p. 68

Anti-competitive behaviour

Management approach: Sustainability Report 2019/20, Compliance, p. 68

206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices

Sustainability Report 2019/20, Compliance, p. 68

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 decommissioning the nuclear power plants and disposing of radioactive waste safely must be secured. As the operator of the Beznau nuclear power plant (KKB), Axpo Power AG is required to decommission the plant at the end of its operational life and dispose of the radioactive waste.

Management approach disclosures

The operators of nuclear power plants make regular contributions to the Federal Decommissioning Fund and the Federal Nuclear Waste Disposal Fund for Nuclear Installations (STENFO) to ensure that financial liabilities will be covered even after a nuclear power plant has reached the end of its useful life. Both funds are under the supervision of the Swiss federal government. The fund contributions are calculated based on the five-yearly cost estimates for decommissioning and dismantling nuclear power plants and disposing of nuclear waste in accordance with the Ordinance on the Decommissioning Fund and the Disposal Fund for Nuclear Installations (DDFO). The last cost study was conducted in 2016. For the first time, the 2016 cost study used a new cost breakdown structure which is based on international standards. Under this structure, not only the basic costs but also forecast inaccuracies as well as opportunities and risks are estimated and valued.

Impacts and results

In 2017, the 2016 cost study was audited by the Swiss Federal Nuclear Safety Inspectorate (ENSI) and external national and international experts. Based on the findings of the 2016 cost study and the subsequent audits, at the end of 2017 the STENFO Administration Committee made an application to the Federal Department of the Environment, Transport, Energy and Communications (DETEC) to determine the likely amount of the decommissioning and disposal costs. In April 2018, DETEC decreed that the likely

costs of decommissioning the nuclear power plants and disposing of radioactive waste would be higher than those suggested by the STENFO Administration Committee. The operators of the nuclear power plants appealed against this decree on costs to the Federal Administrative Court. This was dismissed in March 2019. The subsequent appeal lodged by the operators with the Federal Supreme Court was then upheld in a ruling issued in February 2020. As a result of the ruling, the definitive costs will be determined by the STENFO Administration Committee and are expected to be announced in December 2020.

In September 2018, the STENFO Administration Committee ordered revised provisional contributions for the years 2017-2021 for the period until the definitive contribution assessment. According to this revised provisional assessment, Axpo Power AG must contribute CHF 2.8 million per calendar year to the decommissioning fund for the Beznau nuclear power plant. No contributions are currently payable to the disposal fund. In accordance with the DDFO, contributions to the funds are calculated on the basis of an operating life of 50 years, which the Beznau nuclear power plant will reach at the end of 2020. As at 30 September 2020, the fund volumes are above the target values. In November 2019, the Federal Council approved the third revision of the DDFO, which entered into force on 1 January 2020. The amended provisions will result in an interim assessment, expected at the end of 2020.

For more information, please consult the Financial Report of Axpo Holding AG 2019/20, Estimation uncertainties regarding provisions for nuclear waste disposal for Beznau nuclear power plant, p. 37–38.

Environmental dimension

Energy and emissions

Relevance

Climate-friendly electricity generation is essential to fulfilling the Paris Agreement. Firstly, the global energy sector is responsible for around 25% of the world's greenhouse gas emissions¹ and, secondly, the transport, buildings and, to some extent, industrial sectors can only be substantially decarbonised through electrification.

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 disclosures

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.

Energy efficiency gains are being made in the following four areas: production increases in power plants, reductions in transmission losses, reductions in consumption in building management and reductions in consumption by 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.

¹ Source: IPCC, AR5, Synthesis Report

² Source: European Environment Agency/CO₂ emission intensity

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 2019/20, Direct GHG emissions, p. 42).

As part of our commitment to the sparing use of resources, Axpo's 15 Kompogas plants recycle biowaste from households, gardens, commerce and industry into materials and energy. The fermentation of this waste produces energy in the form of biogas, which can then be converted into electricity, heat, fuel or biogas that has the same high quality as natural gas. Moreover, the residual waste from the fermentation process contains important nutrients, which means it can be used as a fertiliser to encourage new plant growth, thus completing the material cycle.

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 2019/20, Compliance, p. 68.

Energy efficiency was improved by a total of 5,040 MWh in the reporting period. The biggest contributors were efficiency gains at customers of Axpo (+4,040 MWh) and in production plants (+ 960 MWh). For more information, please consult the Sustainability Report 2019/20, Reduction of energy consumption, p. 42.

Furthermore, Axpo's low-CO₂ production mix makes an important contribution to protecting the climate: for all of Axpo's power plants combined, greenhouse gas intensity is 79 g of CO₂ equivalents per kWh. This is just a fraction of the GHG intensity of the European electricity mix of around 275 g of CO₂ equivalents per kWh².



✓ 302-1 Energy consumption within the organisation

Direct energy usage covers the fuels used in the company's fully consolidated production facilities, buildings and vehicles, namely natural gas, oil and renewable fuels.

Compared with the previous reporting year, total energy consumption decreased due to the lower operating hours of the Italian CCGTs.

Direct energy consumption in production and operations in TJ	2019/20	2018/19	2017/18	2016/17
Nuclear fuel for production: Beznau nuclear power plant, gross thermal energy production	66 610	62 713	52 740	31 688
Fossil fuels for production: Natural gas for gas-fired combined-cycle power plants, diesel for emergency backup generators	33 564	43 412	31 130	40 137
Fossil fuels for operations: Building heating with gas and oil; fuel for cargo, delivery and passenger vehicles	61	63	54	61
Renewable fuels: Biomass, biogas and wood for energy production	2 212	2 110	2 415	2 392
Total	102 447	108 298	86 340	74 278

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.

There was another sharp increase in pump energy consumption compared with the previous year, with more intensive use being made of the facilities at the Linth-Limmern power plant (KLL) in particular.

Indirect energy consumption for production, in buildings and via transmission losses in TJ	2019/20	2018/19	2017/18	2016/17
Energy procurement for production: Electricity required for pumped-storage power plants (fully consolidated power plants) and for production facilities	7 487	6 360	6 045	3 511
Energy lost via transmission: Total transmission losses via Axpo's grids (caused by the transport of Axpo and third-party energy)	796	778	759	773
Energy required for building management: District heating and electricity used in buildings and computer centres	70	71	61	49
Total	8 353	7 210	6 865	4 333

✓ 302-2 Energy consumption outside of the organisation

Indirect energy consumption for production, in buildings and via transmission losses in TJ	2019/20	2018/19	2017/18	2016/17
Energy procurement for production: Electricity required for pumped-storage power plants (partner plants)	845	684	727	701

302-3 Energy intensity

Total energy consumption per full-time equivalent was around 20,826 GJ (previous year: 23,435 GJ).

302-4 Reduction of energy consumption

Sustainability Report 2019/20, Energy and emissions, p. 41

As regards electricity, energy efficiency gains are being made in the following four areas: production increases in power plants, reductions in transmission losses, reductions in consumption in building management and reductions in consumption by 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: energy efficiency gains of around 960 MWh were achieved at the Göschenen and Mattmark power plants during the reporting year.

Nuclear energy: no energy efficiency gains were achieved in the reporting year.

Biomass fermentation: no energy efficiency gains were achieved in the reporting year.

Transmission grids: the replacement of transformers enabled energy efficiency gains of around 40 MWh during the reporting year.

Building management: no substantial energy efficiency gains were achieved in the reporting year.

Increasing energy efficiency for customers

In Spain and Italy, Axpo offers customers from commerce and industry a wide range of services to help them increase their energy efficiency. In addition to consumption analyses and energy audits, specific energy efficiency measures were also implemented in the areas of heating technology and lighting at its customer premises and resulted in a reduction of around 4,040 MWh in electricity consumption.

Annual energy efficiency gains in MWh	2019/20	2018/19	2017/18
Production increases in power plants	960	800	8 203
Reductions in transmission losses	43	42	120
Reductions in consumption in building management and at computer centres	0	0	340
Reductions in consumption by customers (CKW, Axpo Italy, Axpo Iberia)	4 039	4 236	4 977
Total	5 042	5 078	13 640

302-5 Reductions in energy requirements of products and services

Sustainability Report 2019/20, Energy and emissions, p. 41



305-1 Direct (Scope 1) GHG emissions

In the reporting year, Axpo once again drew up an ISO 14064-certified greenhouse gas inventory for the Group as a whole. Greenhouse gas emissions are expressed in CO₂ equivalents. As with the Axpo Annual Report and Sustainability Report, the fully consolidated Group companies form the system boundaries for the greenhouse gas inventory. Exceptions are listed under voluntarily disclosed emissions (Scope 3 emissions). Additional, relevant emissions sources are shown over which Axpo exerts little influence, because they are non-controlling interests.

In the reporting year, Axpo emitted a total of around 3 million t of CO₂ equivalents. Total emissions from CCGTs were reduced by around 700,000 t, which largely accounts for the lower emissions figure compared with the previous year. Indirect emissions from purchased electricity in Switzerland also fell significantly. However, this is primarily because the average Swiss electricity mix has lower CO₂ emissions overall than in previous years. The breakdown by source is as follows:

Detailed greenhouse gas emissions in tonnes of CO ₂ equivalents	2019/20	2018/19	2017/18	2016/17
Production				
Direct emissions international	1 790 100	2 320 400	1 682 220	2 204 180
Direct emissions Switzerland	32 460	29 020	27 630	25 770
Indirect emissions international	6 780	5 970	6 110	4 110
Indirect emissions Switzerland	460 560 ²	470 840	447 700	254 640
Voluntarily ¹ disclosed indirect emissions in Switzerland (Scope 3 emissions from pump energy of shareholdings in pumped-storage power plants)	51 130 ²	50 600	52 530	49 300
Voluntarily ¹ disclosed direct emissions international (Scope 3 emissions from non-controlling interests in CCGTs)	712 890	946 900	881 020	626 640
Transmission (only relevant for Switzerland)				
Direct emissions (SF ₆ emissions)	1 200	890	860	980
Indirect emissions (transmission losses)	4 470	11 460	13 770	13 820
Operation administration buildings				
Direct emissions international	140	150	190	210
Direct emissions Switzerland	4 410	4 530	3 820	4 330
Indirect emissions international	390	440	380	380
Indirect emissions Switzerland	540	1 100	1 170	840
Total greenhouse gas emissions	3 065 080	3 842 300	3 117 400	3 185 180

The values in the table have been rounded. Emissions from purchased pump energy are calculated on the basis of the time availability of our own power plants and a production mix from the neighbouring countries Germany and France.

¹ Voluntary in the sense that, in order to fulfil the requirements of ISO 14064 on the preparation of greenhouse gas emissions inventories, direct emissions (Scope 1 emissions) and indirect emissions from purchased electricity (Scope 2 emissions) must be disclosed. All other emissions (Scope 3 emissions) may be listed voluntarily.

² The origin of the pump energy losses of 17% must be proven by means of certificates in accordance with the provisions on the labelling of electricity pursuant to Article 9 of the Energy Act. In the reporting year, Axpo only used CO₂-free energy for pumping operations.

The breakdown of emissions by scope is as follows:

Greenhouse gas emissions by scope in tonnes of CO ₂ equivalents	2019/20	2018/19	2017/18	2016/17
Total greenhouse gas emissions	3 065 080	3 842 300	3 117 400	3 185 180
of which direct emissions (Scope 1)	1 828 260	2 354 970	1 714 660	2 235 390
of which indirect emissions from the generation of purchased energy (Scope 2)	472 050	488 900	468 320	273 170
of which voluntarily disclosed emissions (Scope 3)	764 770	998 430	934 420	676 620

The values in the table have been rounded.

The breakdown of emissions by scope is as follows:

Emissions by greenhouse gas in tonnes of CO ₂ equivalents	2019/20	2018/19	2017/18	2016/17
Total greenhouse gas emissions	3 065 080	3 842 300	3 117 400	3 185 180
of which CO ₂	3 031 420	3 812 440	3 089 390	3 158 460
of which CH ₄	28 390	25 500	23 992	22 170
of which N ₂ O	4 040	3 470	3 170	3 560
of which SF ₆	1 130	840	720	950
of which coolants	110	50	130	40

The values in the table have been rounded.

EU15 Greenhouse gas intensity in CO₂ per MWh for i) total electricity generation capacity, ii) conventional thermal power plants and iii) supply mix to end consumers

Greenhouse gas intensity of Axpo's Swiss production mix:
 · 7 kg CO₂ equivalents per MWh (direct and indirect emissions; previous year: 7 kg CO₂ equivalents per MWh)

Greenhouse gas intensity of Axpo's total production mix:
 · 79 kg CO₂ equivalents per MWh (direct and indirect emissions; previous year: 97 kg CO₂ equivalents per MWh)

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 397 kg and 384 kg CO₂ equivalents per MWh respectively.

305-2 Energy indirect (Scope 2) GHG emissions
 Sustainability Report 2019/20, 305-1, p. 43

EU16 Greenhouse gas intensity in CO₂ 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 2019 calendar year, the greenhouse gas intensity of CKW's delivery mix was 2.8 kg CO₂ equivalents/MWh (direct emissions) or 11.2 kg CO₂ equivalents/MWh (direct and indirect emissions).

305-3 Other indirect (Scope 3) GHG emissions
 Sustainability Report 2019/20, 305-1, p. 43

305-4 GHG emissions intensity

Greenhouse gas emissions (Scope 1 and 2) per full-time equivalent were around 430 t of CO₂ equivalents in the reporting year (previous year: 570 t CO₂ equivalents). The reduction in greenhouse gas intensity was due mainly to the lower number of operating hours of the CCGTs in Italy.

305-5 Reduction of GHG emissions

Specific greenhouse gas reductions were achieved during the reporting year mainly as a result of energy efficiency gains at customers and in our own office premises. However, it is not possible to reliably quantify the reduction in greenhouse gas emissions.

CKW carried out offsetting for the use of pump energy, achieving emission reductions of 1,337 t.

305-6 Emissions of ozone-depleting substances (ODS)

Axpo prepared environmental product declarations for the Kompogas plant in Otelfingen, the Wildegg-Brugg run-of-river power plant, the Löntsch regular storage power 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.

305-7 Nitrogen oxides (NO_x), sulfur oxides (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. Changes compared with the previous year are due primarily to different operational circumstances of the plants. Emissions data is measured continuously at both power plants.

Air pollutant emissions in tonnes	NO _x emissions		CO emissions	
	2019/20	2018/19	2019/20	2018/19
Calenia combined-cycle gas turbine plant	168	216	21	19
Rizziconi combined-cycle gas turbine plant	201	234	14	20

EU21 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	
	2019/20	2018/19	2019/20	2018/19
Calenia combined-cycle gas turbine plant	0,08	0,07	0,010	0,006
Rizziconi combined-cycle gas turbine plant	0,08	0,08	0,005	0,007

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.

In respect of 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.

Management approach disclosures

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 through consistent implementation of the relevant regulations. The permitted radiation levels for employees defined in the Swiss Federal Nuclear Safety Inspectorate (ENSI) guideline G15¹ are monitored in accordance with the ENSI guideline B09² 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.

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.

¹ ENSI-G15: Radiation protection objectives for nuclear installations, November 2010

² ENSI-B09: Collecting and reporting of doses of persons exposed to radiation, July 2011

³ ENSI-B03: Reports for nuclear installations, September 2008, rev. 2, 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

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, a total of 12.4 t of material at the Beznau nuclear power plant was tested and confirmed to be inactive in accordance with ENSI guideline B04.¹

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 standards² and are licensed and stored in Switzerland in accordance with ENSI guidelines G04³ and G05.⁴ The packed casks are stored in the plant's own ZWIBEZ interim storage facility. Two consignments were transported from Block 1 and 2 to ZWIBEZ in the reporting year.

The Swiss regulations for the transport of radioactive materials by road and rail are based in part on the international regulations governing the carriage of dangerous goods by road⁵ and by rail.⁶ The IAEA recommendations for the safe transport of radioactive materials apply to all transport carriers.⁷

The handling of water and effluents is determined separately for each power plant. 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 condi-

tions 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.

The use of water for electricity generation can lead to conflicting objectives with other types of use. However, all of Axpo's hydro power plants are located in regions of Switzerland that do not present any major water risks.⁸ This includes a consideration of water-related risks such as the encouragement of water stress or the risk of excessive water consumption, flooding or a decline in the groundwater table.

Impacts and results

To ensure consistency with the information provided in the 2019 ENSI safety report, the following figures concern the 2019 calendar year.

All radiation limits were met in 2019, so that the safety and health of the employees are guaranteed. The objective of the safe handling of radioactive waste was achieved.

The volume of unconditioned operational waste (raw waste) generated at the Beznau nuclear power plant was 33 m³. The nuclear plant also produced a further 6 m³ of conditioned waste. In addition, the Beznau nuclear power plant reported 12.9 t of high-level waste from spent fuel rods. The Leibstadt partner plant (KKL), which is managed by Axpo, generated 55 m³ of unconditioned waste, 11 m³ of conditioned waste and around 18.2 t of high-level waste from spent fuel rods.

¹ ENSI-B04: Clearance measurement of materials and areas from controlled zones, August 2009

² Regulations for the Safe Transport of Radioactive Material, 2012 edition, IAEA Safety Standards no. SSR-6

³ ENSI-G04: Design and operation of storage facilities for radioactive waste and spent fuel assemblies, rev. 1 March 2012

⁴ ENSI-G05: Transport and storage casks for interim storage, April 2008

⁵ 0.741.621: European Agreement of 30 September 1957 concerning the International Carriage of Dangerous Goods by Road (ADR)

⁶ 0.742.403.1: Convention of 9 May 1980 concerning International Carriage by Rail (COTIF)

⁷ IAEA safety standards: Regulations for the Safe Transport of Radioactive Material, 2012 Edition, Specific Safety Requirements SSR-6

⁸ Source: World Resource Institute, Aqueduct Water Risk Atlas, <https://www.wri.org/aqueduct>

	LILW unconditioned		LILW conditioned		HLW from nuclear fuel	
	m ³	m ³ /MWh	m ³	m ³ /MWh	tU	tU/MWh
KKB	33	5.8 × 10 ⁻⁶	6	1.1 × 10 ⁻⁶	12.9	2.3 × 10 ⁻⁶
KKL	55	6.2 × 10 ⁻⁶	11	1.2 × 10 ⁻⁶	18.2	2.1 × 10 ⁻⁶

No long-lived intermediate-level waste (ILW) resulting from the reprocessing of spent fuel rods was transported back to Switzerland in 2019 as all the obligations to take back waste for processing were fulfilled.

The Beznau nuclear power plant is the only power plant in Axpo's fleet whose operation causes a significant temperature increase in a body of water. The cooling water discharged back into the Aare is on average 8.6°C warmer than the original river water. Since the water level of the Aare is in line with the long-term average, once the cooling water has mixed fully with the rest of the water in the river this results in a slight increase of 0.62°C in the theoretical water temperature below the hydro power plant compared with the norm. The interim order issued by the Swiss Federal Office of Energy (SFOE) on 4 July 2019 still applies to the discharge of heated cooling water. The ruling tightens the previously applicable stipulations (Federal Council discharge permit for Beznau I and II dated 15 December 1997) for the discharge of cooling water. The temperature once the discharged cooling water has mixed with the rest of the water cannot exceed 25°C. If this figure is exceeded, the reactor power in the two blocks must be reduced. As a result, during the period from 27 July to 22 August 2020 the load had to be reduced in stages to around 43% of the reactors' gross power due to the high temperature of the Aare water. This means that the Waters Protection Ordinance (WPO) applies to the maximum extent and the interim order prohibits any exceptions to this. As a consequence, inspections will in future be switched to July/August.

Additional information for energy companies:

Strategy for the storage and handling of nuclear waste.
Sustainability Report 2019/20, Effluents and waste, p. 47

306-1 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.

EU22 Thermal discharges associated with planned and unplanned water discharges

Sustainability Report 2019/20, Effluents and waste, p. 47

306-2 Waste by type and disposal method

Radioactive waste is the most important type of waste for Axpo (see Sustainability Report 2019/20, Effluents and waste, p. 47). There is no detailed recording of and reporting on other waste.

306-3 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 misinterpretation of the ENSI and WANO reports, a conscious decision was taken to forgo 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.

Incidents which do not fall under Chapter 5.1 "Nuclear safety reporting criteria", or Chapter 5.3 "Reporting criteria: Public Interest" or Chapter 5.4 "Reporting criteria: safety" according to ENSI guideline B03 are rated as INES "Not applicable" (NA).

Number of reportable incidents in 2019		
Beznau nuclear power plants, Block I and Block II	Total 9	9 INES 0
Leibstadt nuclear power plan (partner plant)	Total 11	11 INES 0
Gösgen nuclear power plant (partner plant)	Total 10	2 INES NA, 7 INES 0, 1 INES 1

306-4 Transport of hazardous waste

The transport of radioactive materials and waste is relevant for Axpo. Rather than falling under the Basel Convention, however, this is regulated by other international treaties (see Sustainability Report 2019/20, Effluents and waste, p. 47). Consequently, this performance indicator does not apply to Axpo.

306-5 Water bodies affected by water discharges and/or runoff

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

Environmental compliance

Management approach: Sustainability Report 2019/20, Compliance, p. 68

307-1 Non-compliance with environmental laws and regulations

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

Supplier environmental assessment

Management approach: Sustainability Report 2019/20, Supply chain and supplier management, p. 63

308-1 New suppliers that were screened using environmental criteria

No figures can be determined for the "percentage of new suppliers that were screened". The KPI for the application of the Code for Business Partners in relation to order volume is deemed more relevant from a management perspective.

Sustainability Report 2019/20, Supply chain and supplier management, p. 63

308-2 Negative environmental impacts in the supply chain and actions taken

Sustainability Report 2019/20, Supply chain and supplier management, p. 63

Social dimension

Employment

Management approach: Sustainability Report 2019/20, Training and education, p. 57

401-1 Total number and rates of new employee hires and employee turnover by age group, gender and region

EU-LA1 Average length of tenure of employees leaving

	Total new hires (people)		Rate of new hires		Total departures (people)		Length of tenure (years)**		Turnover rate*	
	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19
Group	777	740	15,87%	16,51%	406	502	9,20	7,42	8,29%	11,20%
Switzerland	555	502	14,06%	13,88%	334	367	8,62	8,39	8,46%	10,15%
Women	93	96	14,23%	16,59%	54	67	7,27	6,04	8,26%	11,58%
< 20	1	1	20,00%	33,33%	1	1	0,30	0,00	20,00%	33,33%
20–29	18	21	21,18%	27,51%	9	13	3,06	2,62	10,59%	17,03%
30–39	30	33	18,81%	22,40%	20	20	4,95	4,97	12,54%	13,57%
40–49	31	24	16,77%	15,52%	10	11	4,60	4,73	5,41%	7,11%
50–59	11	15	6,35%	9,40%	4	11	6,00	7,91	2,31%	6,89%
≥ 60	2	2	4,34%	5,30%	10	11	19,60	12,00	21,70%	29,14%
Men	462	406	14,03%	13,36%	280	300	8,88	8,91	8,50%	9,87%
< 20	8	11	23,59%	73,74%	2	4	0,96	2,50	5,90%	26,82%
20–29	108	93	22,32%	21,04%	76	62	3,17	3,39	15,71%	14,03%
30–39	121	135	16,72%	19,86%	59	77	3,42	4,22	8,15%	11,33%
40–49	152	85	19,33%	10,90%	52	69	5,66	9,03	6,61%	8,85%
50–59	59	63	6,14%	7,27%	36	39	12,35	7,83	3,75%	4,50%
≥ 60	14	19	4,59%	7,41%	55	49	23,67	24,50	18,03%	19,11%

	Total new hires (people)		Rate of new hires		Total departures (people)		Length of tenure (years)**		Turnover rate*	
International	222	238	23,38%	27,56%	72	135	11,89	4,80	7,58%	15,63%
Women	94	79	24,26%	25,71%	26	47	6,02	4,77	6,71%	15,29%
< 20	0	1	0,00%	100,00%	0	0	0,00	0,00	0,00%	0,00%
20–29	46	33	56,79%	54,46%	8	22	1,58	3,41	9,88%	36,30%
30–39	35	30	20,06%	22,77%	12	15	8,58	6,05	6,88%	11,38%
40–49	9	11	9,42%	13,51%	4	6	6,50	5,56	4,19%	7,37%
50–59	2	4	7,27%	14,26%	1	4	0,00	6,25	3,64%	14,26%
≥ 60	2	0	25,00%	0,00%	1	0	15,00	0,00	12,50%	0,00%
Men	128	159	22,78%	28,59%	46	88	15,21	4,81	8,19%	15,82%
< 20	0	1	0,00%	61,35%	0	1	0,00	0,08	0,00%	61,35%
20–29	56	86	50,91%	75,32%	9	43	1,00	3,40	8,18%	37,66%
30–39	42	53	17,95%	22,80%	19	22	25,60	6,46	8,12%	9,47%
40–49	24	16	14,37%	10,06%	13	18	5,42	4,83	7,78%	11,32%
50–59	6	2	13,95%	4,76%	5	4	26,75	12,00	11,63%	9,52%
≥ 60	0	1	0,00%	14,29%	0	0	0,00	0,00	0,00%	0,00%

Note: 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 excluding retirements based on average values. ** Average length of tenure.

401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees

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.

401-3 Parental leave

	Number of employees entitled to parental leave		Number of employees who took parental leave	
	2019/20	2018/19	2019/20	2018/19
Group	5 689	5 295	163	191
Switzerland	4 566	4 308	109	121
Women	755	695	18	31
Men	3 811	3 613	91	90
International	1 123	987	54	70
Women	467	389	28	38
Men	656	598	26	32

	Number of employees who returned to work after parental leave		Number of employees who were still employed 12 months after returning from parental leave	
	2019/20	2018/19	2019/20	2018/19
Group	166	180	165	155
Switzerland	113	114	113	95
Women	15	24	22	15
Men	98	90	91	80
International	53	66	52	60
Women	26	35	26	30
Men	27	31	26	30

Note: The data is based on employees with a permanent employment contract who earn a monthly salary or an hourly wage; 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 views responsibility for people and the environment as one of its key tasks. The emphasis here is on the health and safety of our employees, our external contractors and the wider public.

Management approach disclosures

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. Axpo has established a management system for occupational health and safety.

Impacts and results

Axpo's key figures on occupational health and safety are also obtained using a calculation method that permits a nationwide comparison of different sectors (see Sustainability Report 2019/20, Field of action 5, p. 8). The comparative figures are based on the time series for accidents as per Swiss accident statistics, which comprise the reported cases in accordance with the Swiss Accident Insurance Act (AIA). These case reports are broken down according to the general classification of economic activities (NOGA 2008 of the Swiss Federal Statistical Office). The term "industries" is also used as a synonym for these economic sectors. The data pool for the latest industry comparison figures is the "Energy Supply" industry.

At 31.2, Axpo's annual rate of occupational accidents (= number of occupational accidents per 1,000 FTEs) is well below the industry average of 40.8 (Energy Supply, 2020 accident statistics, 2019 occupational accident figures from all insurers for companies with 80 or more FTEs). With regard to the rate of occupational accidents, it should be borne in mind that the Group is a diverse collective body and the figure is affected by the insured office operations as well as the electrical installation business. Rather than being coincidence, however, the low number of occupational accidents can be attributed to the high level of safety awareness coupled with targeted pre-

ventive measures. Clearly, the general environment in terms of processes and organisation is conducive to maintaining the good safety standards. There is no need for urgent action.

At 5.7, the number of lost days due to illness (including work-related mental illness such as burnout), occupational and non-occupational accidents per FTE (absence risk) is below the industry average of 7.6 as calculated by Suva for the economic activities of manufacturing and energy supply. The trend must continue to be monitored and preventive measures taken to avoid a rise in the figures.

403-1 Occupational health and safety management system

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 guarantees this sustainability for all employees of the Axpo Group. 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 occupational health and safety management system in accordance with OHSAS 18001 or now ISO 45001:2018 "Occupational health and safety management systems. Requirements with guidance for use". Core aspects of the established occupational health and safety management system include:

1. setting safety objectives
2. operating a safety organisation and setting out responsibilities and competences accordingly within the area of health and safety
3. systematically identifying hazards and assessing risks with a view to recognising and evaluating actual hazards
4. establishing and consistently implementing measures for reducing or eliminating the dangers identified
5. monitoring 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 in Switzerland.

The Generation & Distribution business area launched the “Destination Zero, Zero Accidents” vision in the past financial year – a vision of a world without work-related accidents and illnesses. The top priority is the prevention of fatal and serious occupational accidents and diseases. It is intended to actively influence the safety culture and the behaviour of employees. Risks cannot be eliminated from everyday working life. If they are consciously managed, however, injuries and illnesses can be avoided and the “zero accidents” goal can be achieved together.

403-2 Hazard identification, risk assessment, and incident investigation

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 or occupational safety specialist/safety engineer is responsible in this regard for ensuring the recommendations they make are factually correct. However, the responsibility for implementing occupational safety remains with managers. Hazard identification and the planning of measures are at the heart of the occupational safety management system. Hazards are eliminated or reduced using the STOP principle (substitution, technical measures, organisational measures, personal protective measures).

The employees are actively involved in decisions made, by identifying dangers and devising suitable protective measures. The safety officer, together with the affected employees affected and responsible line managers, devises appropriate improvement and protective measures. All employees must say STOP in dangerous situations.

All undesirable events, such as accidents, near-misses and material damage are reported, systematically recorded and analysed. A standardised protocol is used for internal accident investigations. The aim of these investiga-

tions is to avoid similar events in the future and improve the operational safety system.

Axpo and the safety officers are in regular contact with Suva. The controls undertaken so far have not revealed any significant complaints.

403-3 Occupational health services

Axpo refers all cases showing signs of long-term absence due to disease or accident to a professional case manager as soon as possible. These cases are managed by the daily sickness benefits 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 and liaise 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.

For Axpo, an important element of prevention is to avoid cases of burnout. Managers are trained to recognise the relevant signs and employees are offered courses on how to consciously manage the body’s energy reserves. At Axpo, the health and safety of employees take top priority. Protective measures are implemented to remove or mitigate potential risks. To reduce non-occupational benefits, campaigns to raise awareness and support employees are periodically launched.

403-4 Worker participation, consultation, and communication on occupational health and safety

The safety officers, together with the Staff Council and staff representatives, form the Occupational Health and Safety Committee, which represents all employees. The Staff Council/Staff Representatives have a right of co-determination regarding occupational health and safety.

403-5 Worker training on occupational health and safety

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 each employee needs in the way of training and draft training plans accordingly. Training, instruction and informative measures are documented to provide the relevant evidence. As part of the training/awareness measures, following on from the "Occupational health and safety for line managers" e-learning module, which all line managers must complete, an equivalent module for employees was produced this year. In future, this e-learning course will be mandatory for all new employees at the start of their employment relationship. It is available to all other employees and line managers as a (recurring) training module.

403-6 Promotion of worker health

Employees have access to a range of health promotion offers, such as massage and yoga courses. CKW has established an operational health management system. Operational health management is a high priority at the CKW Group and encompasses occupational and leisure time safety, measures to promote health, absence management and case management. CKW is thus creating a supportive foundation to ensure that employees remain healthy and efficient even during periods of change. Besides planning and implementing measures pertaining to relationships and behaviour, the aim of Operational Health Management is to systematically integrate health aspects into corporate structures and management processes. CKW again took part in the nationwide "Made Visible" campaign in the reporting year and raised awareness of visibility in road traffic during the dark season with various activities in November.

403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships


Axpo imposes a contractual obligation on external contractors and/or subcontractors to take occupational health and safety precautions for the benefit of their employees. 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.

The legal basis for this approach is the Ordinance on the Prevention of Accidents and Occupational Diseases, Art. 9, Interaction between several companies. Where employees of several companies are employed at one workplace, their employers must make the necessary arrangements to ensure occupational safety and order the necessary measures. The employers must inform each other and their respective employees about the dangers and the measures required to eliminate them. Employers must expressly draw the attention of third parties to the occupational safety requirements in the employer's company when they award contracts to them.


403-8 Workers covered by an occupational health and safety management system

The occupational health and safety management system covers the activities of all employees of the Axpo Group.

403-9 Work-related injuries

	Rate of occupational accidents		Rate of non-occupational accidents		Rate of illness		Absentee rate		Rate of injury 	
	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19
Group	26,09	27,11	141,04	156,09	439,84	425,43	572,55	556,94	3,19	4,00
Women	2,06	8,57	90,12	89,43	536,76	592,88	589,13	656,64	0,93	1,97
Men	29,75	31,08	148,80	166,28	417,85	389,60	568,79	535,61	3,70	4,44
Switzerland	26,09	33,95	141,04	131,20	412,64	451,77	579,77	616,92	3,93	4,98
Women	2,06	12,57	90,12	92,83	593,93	697,08	686,11	802,48	1,10	2,83
Men	29,75	37,09	148,80	136,84	385,01	415,74	563,56	589,67	4,36	5,29
International	n.a.	1,42	n.a.	3,69	544,71	326,43	544,71	331,53	0,37	0,38
Women	n.a.	3,18	n.a.	4,50	461,57	452,54	461,57	460,22	0,72	0,81
Men	n.a.	0,44	n.a.	3,24	597,37	256,31	597,37	259,99	0,15	0,15

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 actual working hours. Actual working hours (regular working hours minus accident and illness-related absences) were 10,464,163 hours for the reporting year. The rate for occupational accidents also includes occupational diseases. Minor accidents are included in the rate of injuries. "Work calendar days" are used as the basis for the rate for occupational accidents. The occupational accident rate starts to count from the first day. The ongoing coronavirus situation meant it was not possible to collect reliable data on occupational and non-occupational accidents in other countries.

 The coronavirus pandemic has had a huge impact on everyday working life and leisure activities this year. Overall, the restrictions imposed led to a reduction in the number of accidents. There were 167 occupational accidents in the reporting year. In Switzerland, there were 163 occupational accidents and 447 non-occupational accidents. Non-occupational accidents in other countries could not be reliably determined due to the ongoing coronavirus situation. However, this had no influence on the impact of the accidents or the associated days of absence.

To prevent occupational accidents, work-related hazards are systematically recorded according to the Suva hazard table, which comprises 13 hazard categories. Injuries with serious consequences could result from all hazard categories. The risks of falls (working at height) and electrical hazards are particularly relevant for Axpo. If these hazards cannot be sufficiently reduced with familiar STOP measures (see 403-2, Hazard identification, risk assessment, and incident investigation, p.55), the hazard is investigated in detail by means of a risk assessment and further measures are determined. Should an occupational

accident nevertheless occur, employees report it immediately to their line manager and to Human Resources. Human Resources produces the accident report for the attention of the responsible insurance agency. Occupational accidents are always analysed (incident investigation), and appropriate measures are taken. There were no occupational accidents with serious consequences and no work-related deaths of Axpo employees in the reporting year. The top five causes of occupational accidents are consistent with Swiss accident statistics, with "trips and falls", "being hit" and "falling objects" also the most frequent causes of accidents at Axpo.

Responsibility for the occupational safety of third parties lies with their respective employers. As the principal, Axpo has a duty to expressly draw the attention of third parties to the company's occupational safety requirements. The employers in question must make the necessary arrangements to ensure occupational safety and order the necessary measures. The employers must inform each other and their respective employees about the dangers and the measures required to eliminate them. Axpo is not aware of any serious or fatal acci-

dents suffered by employees of subcontractors while working on behalf of Axpo. Other key figures such as the number of occupational accidents or types of work-related injuries to third parties are not systematically recorded at Axpo; the applicable employers are responsible for reporting this information.

The number of non-occupational accidents also fell, but the number of days of absence associated with them increased by around 14%. This increase is attributable to a small number of long-term absences. At 84 per thousand, the number of non-occupational accidents at Axpo is well below the figure of 148 non-occupational accidents/1,000 FTEs in the "Energy Supply" sector according to Swiss accident statistics for 2020 (recognised cases in 2019). The issue of safety-conscious behaviour must remain a priority, as this also impacts on behaviour during leisure time. Both accident rates are heavily influenced by the number of days of absence per occurrence, meaning that they will continue to fluctuate in future.

The rate of illness fell this year. The 2019/2020 winter flu epidemic was of medium intensity compared with previous years. From the beginning of March, however, the number of Covid-19 cases began to increase, which influenced illness-related absences. The Covid-19 pandemic and the measures implemented to combat it, such as social distancing, increased hand hygiene and mask wearing, will shape the illness and absence rates for the 2020/21 financial year. The absence rate is still heavily influenced by the illness rate.

No employees were excluded from this disclosure.

403-10 Work-related ill health

Similarly, systematic identification of the risks of occupational illnesses is seen as a key element in their prevention. In particular, the chemical, biological and physical effects and physical strain on the human body are assessed. Where there are substantiated suspicions of an occupational illness, the case is immediately reported to Suva. From an administrative point of view, an occupational illness is treated as an accident. An occupational illness is deemed to have occurred as soon as treatment is given or the employee is unable to work.

The implementation of measures in accordance with the STOP principle (see 403-2, Hazard identification, risk assessment, and incident investigation, p.55) prevents activities from being carried out at Axpo where there is a high rate of illness or risk of illness. The same applies to work carried out by third parties on Axpo's behalf. There were no deaths or documented work-related illnesses of Axpo employees during the reporting year. Nor is Axpo aware of any work-related illnesses suffered by employees of subcontractors while working on behalf of Axpo. Again, no employees were excluded from this disclosure.

Training and education

Relevance

The employees are the most important asset in Axpo's long-term success. To continue to operate successfully, we need diversity in terms of the perspectives, attitudes and skills required to develop innovative solutions, in terms of age structure, and also in terms of the people who develop energy solutions for our customers through entrepreneurial and customer-focused thinking and actions. That is what Axpo understands by diversity.

Management approach disclosures

Given the challenges currently facing the energy sector, employee development at Axpo is an essential and well-planned process. The 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 change in the workforce is measured by key figures such as the turnover rate and measures are specifically implemented where necessary.

The company attends various student and graduate careers events in order to attract young, well-educated university graduates. Axpo offers a range of job opportunities for students and university graduates. They can combine theory and practice by preparing their Bachelor's or Master's thesis or gain their first practical work experience by completing an internship. Axpo offers the ideal career start through its tailored trainee programme or the opportunity to take on direct responsibility via entry-level positions in particular specialist areas. In the non-academic field, Axpo offers a wide range of apprenticeships, including training positions for electricians, electrical designers and cooks as well as careers in maintenance, information technology, mechanical and electrical engineering, and commercial professions.

The Axpo Academy aims to support employees in their work, make them more effective and help them acquire new skills and knowledge. A lot of development happens on the job. The Academy also offers a range of internal training and education courses to develop management and key skills along with IT, language and specialist skills. Axpo offers these through long-term partnerships with professional providers. The range of courses offered virtually was expanded considerably due to the lockdown and the measures taken to contain Covid-19. This had the positive side-effect of enabling employees at international locations to access and benefit from Academy courses more easily.

New Axpo employees are given an induction programme that covers aspects of the entire value chain, from production and trading to transmission and distribution, and also looks at sustainability in electricity production. The training and education offering is rounded off with special support measures for management trainees and managers as part of the Talent Management and Management Development scheme, such as management programmes and development centres. Increasingly, however, the focus is on creating customised offers for teams (e.g. team development, team assessments), individual consultancy services (e.g. coaching, career advice, 360° feedback) and support with change processes, to permit a more targeted response to the requirements of the organisation and its employees.

Diversity within the company is further promoted through the Diversity@Axpo initiative. One of the first aims is to increase the proportion of women in the entire company, but especially in management positions. As a modern employer, Axpo is committed to gender equality. To this end, it has implemented appropriate measures in the areas of recruitment, communication, talent management and succession planning. Our membership of Advance, the leading business association for gender equality in Switzerland, provides additional support for diversity. Advance promotes the exchange of ideas on specialist or leadership topics and enables employees to build up a valuable professional network outside Axpo.

Impacts and results

Axpo attended six careers events (info lunches, guest lectures, university fairs, trips to the head office or to power plants) and two online careers fairs during the reporting year. Several careers events had to be cancelled due to the Covid-19 pandemic. Although the commitment to university marketing is paying dividends, it is also at the mercy of external factors such as scepticism towards the energy sector. In the Universum Swiss Student Survey, Axpo was voted one of Switzerland's most attractive employers in the specialist areas of Engineering (ranked 39), Natural Sciences (53) and IT (97). Axpo is improving its position in the rankings. In the energy sector, Axpo ranks second among engineering students. This financial year also saw the expansion of the Axpo traineeship scheme, which now offers six university graduates per year the ideal career start, beginning in April and October. In addition, 80 apprentices started at Axpo in 21 skilled trades during the reporting year. At the end of the reporting year, 397 apprentices and 15 trainees/interns, i.e. a total of 412 apprentices, were employed in the Axpo Group.

7,954 training hours were provided in the reporting year. As a result of the Covid-19 measures, numerous face-to-face events in 2020 were cancelled, rapidly transformed into virtual events or redesigned. The Remote Leadership management programme was developed for managers to help them deal with the huge changes in their day-to-day work.

404-1 Average hours of training per year per employee

	Employees		Management	
	2019/20	2018/19	2019/20	2018/19
Total	15,66	16,74	22,10	16,84
Switzerland	17,99	18,53	28,01	17,18
Women	9,68	11,06	12,98	11,21
Men	19,73	20,17	30,16	17,72
International	6,80	9,96	6,39	14,83
Women	5,26	7,18	8,00	11,89
Men	8,00	11,95	6,00	15,22

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

404-2 Programmes for upgrading employee skills and transition

assistance programmes

Sustainability Report 2019/20, Training and education, p. 58

404-3 Percentage of employees receiving regular performance and career development reviews

At Axpo, all employees receive a regular performance and skills review as part of the MbO process. At the same time, the option to define development objectives based on the review and feedback was created. A broad-based talent review was undertaken 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.

Non-discrimination

Management approach: Sustainability Report 2019/20, Compliance, p. 68

406-1 Incidents of discrimination and corrective actions taken

The Axpo Complaints Commission did not have to deal with any complaints in the reporting year. No incidents of discrimination were registered either.

Local communities

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. 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. 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.

Management approach disclosures

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 energy sources. 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 general public have access to a wealth of information on the company at www.axpo.com. Furthermore, Axpo focuses on the transparent and politically neutral communication of knowledge on all aspects of energy at its visitor centres and power plants.

Impacts and results

Example relating to hydro energy:

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. There were successful outcomes in the reporting year to the new concession process for the Klingnau power plant, which was granted to Aarekraftwerk Klingnau AG, and the Limmern pumped-storage power plant run by Kraftwerke Linth-Limmern AG. Authorities and environmental conservation organisations were regularly invited to visit ongoing projects for updates on the project status.

Example relating to the distribution grid:

Grid operation and, in particular, grid expansion sometimes meet with hostility attitude among the affected residents. Many are afraid of the potential health effects of electromagnetic radiation 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, clarify critical questions at an early stage and enable technically complex topics to be conveyed at first hand in an understandable manner.

Example of CKW:

To assess the social impact of business operations, CKW works closely with cantonal and municipal authorities as well as environmental organisations when developing new energy projects. Visits to existing power plants were organised for individual representatives of local government departments and associations. Further, specific implementation steps will be taken when developing power plants involving new energy sources. All stakeholders are involved in the project process early on and support the development process from idea to operational plant. 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 ongoing projects and, in particular, the Lindenberg wind farm. From a stakeholder management perspective, CKW has arranged for the project to be supported by the University of Applied Sciences of Northwestern Switzerland and the company Sociolution with a view to assessing possible solutions for the wind farm with all interest groups as part of an ongoing dialogue. A participatory process was established for this. The municipal authorities are represented in the steering group that plans and conducts the advisory process. The project advisory group is comprised of representatives of the various stakeholder groups, including the regions, environmental associations, residents, committees in the municipalities, opponents and landowners. The advisory group is involved in project development and monitors the process. In the past financial year, various trips to the Verenafohren wind farm in Germany were organised in addition to the advisory group meetings. The aim was to allow stake-holders to form their own impression of wind power plants. The full transparency of the process ultimately enables voters to make an informed decision during the zone plan amendment process. The Waldemme small-scale hydro power plant project is another example. Axpo is pursuing an intensive dialogue with the UNESCO Biosphere Entlebuch (UBE). CKW is offering to make UBE a partner in the planned power plant, which would allow the local community to participate directly in the project. This would give the project a stronger local base and ensure that part of the value created remains in the region.

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

Sustainability Report 2019/20, Local communities, p. 61

413-1 Operations with 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.

413-2 Operations with significant actual and 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.

Supply chain and supplier management

Relevance

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

Important business activities and suppliers of Axpo at a glance:



Important suppliers:

Manufacturers of components (e.g. generators, transformers, cables, power plant components), fuels (gas, nuclear fuels), operating supplies and materials

Providers of construction, engineering and other services

Service providers for maintenance work and repairs

Providers of financial and advisory services

Suppliers of energy products and energy services

Primary activities of Axpo in Switzerland and Europe:

Acquisition/construction (incl. procurement of services) for:

- Hydro power plants
- New energy plants including projects
- Electricity grids
- Substations and infrastructural facilities
- Gas infrastructure
- Telecommunications facilities

Operation/maintenance/renovation/modernisation (incl. procurement of raw materials and supplies, components and services) of:

- Hydro power plants
- Nuclear power plants
- Gas-fired combined-cycle power plants
- New energy plants
- Electricity grids
- Gas infrastructure
- Telecommunications facilities

Trading in electricity, gas and other commodities and in certificates (Green, energy performance and CO₂ certificates)

Customer-specific energy products and services for wholesale customers (cantonal and municipal utilities), local distributors and energy producers

Grid-related services

CO₂ services

Supply of electricity, heat and other services to end customers

Electrical, lighting, IT and telecommunication services

As Axpo operates in many different areas along the value chain, both in Switzerland and in Europe – from the construction of large hydro power plants and wind farms to the operation of nuclear power plants and from trading and distribution to sales of IT services – a diverse range of business partners are involved in the supply chain. Axpo has around 26,000 active suppliers in total. These include international technology companies 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.

The order volume for the procurement of goods, materials, third-party services and investments over CHF 100,000 during the reporting year totalled around CHF 555 million in Switzerland and around CHF 125 million abroad.

Management approach disclosures

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 observing the guiding principles of Axpo for sustainable, ethical and law-abiding transactions. We therefore strive to adhere to the following principles and guidelines for such procurement:

- GATT/WTO tender procedures to ensure the equal treatment of all providers (Swiss and foreign) as of the agreed thresholds
- Axpo Code for Business Partners on compliance with the principles of business ethics and minimum social and environmental standards

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.

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 along the entire value chain.

The Code also 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 and their suppliers, upstream suppliers and subcontractors may generally be visited by external experts and may be audited. 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.

A binding target was set (see also Sustainability Report 2019/20, Fields of action and objectives, p. 7). By the end of the 2018/19 financial year, at least 60% of the order volume that Axpo can influence was to be placed with suppliers who have signed the Code for Business Partners, rising to at least 90% by the end of the 2021/22 financial year. Attainment of this target is monitored on a monthly basis. A level of 70% was achieved for the 2018/19 financial year, exceeding the target figure. As at the end of this reporting year, a value of around 82% was achieved for this KPI.

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.

414-1 New suppliers that were screened using social criteria

No figures can be determined for the “percentage of new suppliers that were screened”. The KPI for the application of the Code for Business Partners in relation to order volume is deemed more relevant from a management perspective.

414-2 Negative social impacts in the supply chain and actions taken

No actions had to be taken in this regard in the reporting year.

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 disclosures

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 stricter than the international standard of 100 µT that is always required to be met. The NIR Ordinance prescribes a phase-optimised reduction of fields for existing power lines, which Axpo has already

implemented throughout the Group. For new lines, the specifications as described above are implemented in any case. All legal provisions concerning electromog are therefore strictly adhered to for both existing and new plants.

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 aeroplane 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. Axpo's dams are used exclusively for the production of electricity from hydro power. The reservoir is used to store the large summer runoff for electricity production in winter. Depending on the size of the reservoir, it can play a significant flood protection role. The available retention volume means large flood inflows can be stored in the reservoir, breaking up the flood peak for those downstream. This reduces and delays the flood runoff, helping to protect the downstream population.

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. Axpo submitted the required confirmation of earthquake resistance 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 nuclear power plants in Switzerland operated safely in 2019. ENSI concludes that the operators have adhered to the approved operating conditions. The operators have fulfilled their statutory reporting obligations to the supervisory authority. Emissions of radioactive substances into the environment via effluents and waste air from the nuclear power plants were well below the limits set in the approvals last year. Even for people who live in the immediate vicinity of a plant, they produced a maximum calculated dose of less than 1% of natural annual radiation exposure.¹

¹ ENSI-AN-10650 Oversight Report 2019

416-1 Assessment of the health and safety impacts of product and service categories

Sustainability Report 2019/20, Customer health and safety, p. 65

416-2 Incidents of non-compliance concerning the health and safety impacts of products and services

Sustainability Report 2019/20, Customer health and safety, p. 65

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, and for electricity distribution. A professionally run emergency and crisis management system as a component of business continuity management is therefore a fundamental aspect of Axpo's safety culture.

Management approach disclosures

A corporate business continuity management (BCM)¹ approach ensures that critical business functions can be sustained or recovered in good time in the face of internal or external events. The Group directive "Crisis management" sets out the responsibilities and powers.

By setting up emergency and crisis teams, the company takes the organisational 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 an emergency/crisis management organisation. The Group crisis

management organisation is initiated and managed centrally by the Crisis Manager 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 prevention (employees, third parties and operations)
- maintenance and immediate recovery of the most important operational processes
- timely, active, transparent and reliable internal and external communication geared to the target groups (the reputation of Axpo)
- establishment of the prerequisites for efficient recovery of operations to the status that existed before the crisis (return to the normal organisation)

Impacts and results

As well as business continuity management, Axpo uses risk and issues management to identify early on potential dangers to the Group and measures suitable for dealing with the risks.

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

From March 2020 onwards, the reporting year was dominated by the Covid-19 pandemic. Axpo implemented effective measures at an early stage to protect its employees against the disease and ensure that operations in all areas could be maintained without restrictions at all times, and helped guarantee stability during the coronavirus crisis by ensuring the continuous smooth functioning of production and grids.

¹ Bases or standards: ISO 22301 – "Societal security – Business continuity management systems – Requirements" and ISO 22313 "Societal security – Business continuity management systems – Guidance"

Customer privacy

Relevance

Data and information security and protection of the privacy and personal data of employees, customers and business partners are high priorities for Axpo. This is anchored in Axpo's Code of Conduct and must be observed as a business principle by all employees of the Axpo Group and its business partners.

Management approach disclosures

To ensure that the personal data of employees, customers and business partners is handled in a lawful and responsible manner, Axpo has introduced a Group-wide data protection management system that it is developing on an ongoing basis. Axpo takes account of European and Swiss data protection law in particular and follows a risk-based approach. An important component of this data protection management system is continuous training for all employees.

At all Axpo Group locations, data and information are protected by the IT service provider and the Avectris subsidiary using multi-level security arrangements. Any possible data outflow is actively monitored by means of a DNS probe. Periodic phishing simulations are carried out and awareness campaigns are conducted to raise employee awareness of cyber-crime. The organisation also conducts crisis exercises to prepare itself for possible attacks. Avectris has an integrated management system that includes the implementation of IT processes for service management according to ITIL and is strongly based on the standards ISO/IEC 20000 for a process management system and ISO/IEC 9001 for a quality management system. The requirements governing information security according to ISO/IEC 27001 (certification since 2007), business continuity management according to ISO/IEC 22301 (certification since 2018) and the internal control system ICS are also covered. In addition, FINMA's guidelines on outsourcing for banks and insurance companies are complied with and the ICS-relevant evidence is verified annually by an auditor on behalf of interested or FINMA-regulated clients. The results are documented in an ISAE 3402 report.

Impacts and results

The data protection management system was audited by the Internal Audit department in the reporting period and found to be adequate. The deficiencies identified related, among other things, to the completeness of Group guidelines, the position of the Data Protection Officer and the documentation of technical and organisational measures. All the deficiencies have been rectified over the last few months. The Group Data Protection Policy has been revised and further guidelines have been drawn up. From an organisational perspective, the role of Data Protection Officer for the Axpo Group was newly assigned to the Legal, Compliance & Regulatory department, and the organisational and technical measures were documented in detail.

During the reporting period there were two substantiated complaints from third parties regarding violations of customer data. In both cases, which can be classed as minor, the competent data protection authority was informed and the necessary measures were taken.

418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data

Sustainability Report 2019/20, Customer privacy, p. 68

Compliance

Relevance

The Axpo Group stands for reliability, sustainability and innovation. As a corporate group, Axpo is responsible not only for satisfying the steadily growing body of legal and regulatory requirements, but also for meeting 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 unconditional commitment to integrity, ethics and adherence to the law.

Management approach disclosures

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 our business operations
- Safety is a priority, as is protecting people and the environment
- Protecting personal privacy, such as banning discrimination or harassment
- 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 as well as internal rules – 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 and to promote a general understanding of compliance. The company must react to compliance breaches in an adequate manner.

a) Prevention of non-compliance:

The Compliance Officers advise the management and employees of the Axpo Group on all compliance topics. Early advice on compliance serves to avoid non-compliance.

When the Code of Conduct was introduced, all employees of the Axpo Group received training on 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. Specific compliance courses were also held in the reporting year in Switzerland and abroad.

In addition to the training courses offered by the Compliance Officer, Axpo's managers in particular 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. They can turn to their line managers, the Head of Compliance or the competent Compliance Officer. 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 will not be as effective as it could be 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 the Code of Conduct. Furthermore, no person who reports a breach must suffer any detriment as a result of doing so. 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, is duly prohibited.

In addition to the Code of Conduct, Axpo implemented internal directives "against bullying and sexual harassment in the workplace". These directives identify the persons 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 complaint against the misconduct.

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 have to deal with 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.
- There were no fines for non-compliance with laws and regulations in the social and economic area during the reporting year.
- There were no legal actions for anti-competitive behaviour, anti-trust and monopoly practices during the reporting year.

419-1 Non-compliance with laws and regulations in the social and economic area

Sustainability Report 2019/20, Compliance, p. 68

7.4 External assurance



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To the Executive Management of
Axpo Holding AG, Baden

Zurich, 9 December 2020

Independent Assurance Report on the Sustainability Report 2019/20

We were engaged by Axpo Holding AG to perform a limited assurance engagement on the following specified information stated in the Sustainability Report 2019/20 (hereafter "report") for the reporting period 1 October 2019 to 30 September 2020:

- ▶ Selected information in the chapter "Fields of action and goals" (pages 3 to 8 of the report) which is identified with
- ▶ Chapter "Materiality analysis" (pages 15 to 21 of the report)
- ▶ Selected information in the chapter „GRI Report" (pages 22 to 70 of the report) which is identified with

Our engagement was limited to the information listed above (hereafter "specified information"). 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 based on the following criteria:

- ▶ Consolidated set of GRI Sustainability Reporting Standards, Comprehensive option

The guidelines can be accessed on the GRI homepage (at <https://www.globalreporting.org/standards/>). We consider that these criteria are appropriate for the performance of our limited assurance engagement.



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 the design, implementation and maintenance of internal control relevant to the preparation of a report that is free of material misstatements due to fraud or error.

Additionally, the Executive Management is responsible for the selection and application of the criteria and for maintaining adequate records.



Independence and quality control

We are independent of Axpo Holding AG as defined by the guidelines on independence issued by EXPERTsuisse and have observed the Code of Professional Conduct issued by EXPERTsuisse. These requirements are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Swiss Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with requirements, professional standards and applicable legal and regulatory requirements.

(Translation of the original report in German language)



2



Responsibility of the assurance practitioner

Our responsibility is to perform a limited assurance engagement and to express a conclusion based on the procedures performed and the evidence obtained. We conducted our engagement in accordance with the Swiss Audit Standard 950 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information". This standard requires that we plan and conduct our procedures to obtain limited assurance about whether the specified information in the report is prepared in all material respects in accordance with the above-mentioned criteria.

Taking into account risk considerations, we performed procedures to obtain sufficient appropriate evidence. The procedures selected depend on the assurance practitioner's judgement. The procedures performed in a limited assurance engagement are of a lesser extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than would have been obtained had a reasonable assurance engagement been performed.

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 with 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 procedures, questionings and reviews of documents on a sample basis with respect to the compilation and reporting of data in the context of interviews with employees of the sites in Baden and Rathsau.

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



Conclusion

Based on the limited assurance engagement we have performed, nothing has come to our attention that causes us to believe that the specified information in the report of Axpo Holding AG for the reporting period ended 30 September 2020 does not comply in all material respects with the criteria.

Ernst & Young Ltd



Mathias Zeller
(Qualified
Signature)

Associate Partner



Mark Veser
(Qualified
Signature)

Senior Manager

7.5 GRI content index

For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report. The service was performed on the German version of the report.

Universal Standards

GRI Standard	Title	Page	Assurance	Reason for omission
GRI 101:2016	Basic principles			
GRI 102:2016	General disclosures	23		
	Organisational profile			
GRI 102-1	Name of the organisation	23		
GRI 102-2	Activities, brands, products, and services	23		
GRI 102-3	Location of headquarters	23		
GRI 102-4	Location of operations	23		
GRI 102-5	Ownership and legal form	24		
GRI 102-6	Markets served	24		
GRI 102-7	Scale of the organisation	24		
GRI 102-8	Information on employees and other workers	24		
GRI 102-9	Supply chain	24		
GRI 102-10	Significant changes to the organisation and its supply chain	25		
GRI 102-11	Precautionary principle or approach	25		
GRI 102-12	External initiatives	25		
GRI 102-13	Membership of associations	26		
EU1	Installed capacity	34		
EU2	Net energy output	34		
EU3	Number of private, industrial, institutional, and business customers	34		
EU4	Length of transmission and distribution lines	34		
EU11	Generation efficiency of thermal plants	35		

GRI Standard	Title	Page	Assurance	Reason for omission
EU12	Transmission and distribution losses	35		
EU28	Power outage frequency	35		
EU29	Average power outage duration	35		
	Strategy			
GRI 102-14	Statement from senior decision-maker	27		
GRI 102-15	Key impacts, risks, and opportunities	27		
	Ethics and integrity			
GRI 102-16	Values, principles, standards, and norms of behaviour	27		
GRI 102-17	Mechanisms for advice and concerns about ethics	27		
	Governance			
GRI 102-18	Governance structure	27		
GRI 102-19	Delegating authority	28		
GRI 102-20	Responsibility for economic, environmental, and social topics	28		
GRI 102-21	Consulting stakeholders on economic, environmental, and social topics	28		
GRI 102-22	Composition of the highest governance body and its committees	28		
GRI 102-23	Chair of the highest governance body	28		
GRI 102-24	Nominating and selecting the highest governance body	29		
GRI 102-25	Conflicts of interest	29		
GRI 102-26	Role of highest governance body in setting purpose, values, and strategy	29		

GRI Standard	Title	Page	Assurance	Reason for omission
GRI 102-27	Collective knowledge of highest governance body	29		
GRI 102-28	Evaluating the highest governance body's performance	29		
GRI 102-29	Identifying and managing economic, environmental, and social impacts	29		
GRI 102-30	Effectiveness of risk management processes	30		
GRI 102-31	Review of economic, environmental, and social topics	30		
GRI 102-32	Highest governance body's role in sustainability reporting	30		
GRI 102-33	Communicating critical concerns	30		This information is subject to confidentiality conditions
GRI 102-34	Nature and total number of critical concerns	30		
GRI 102-35	Remuneration policies	30		
GRI 102-36	Process for determining remuneration	30		
GRI 102-37	Stakeholders' involvement in remuneration	30		
GRI 102-38	Annual total compensation ratio	31		
GRI 102-39	Percentage increase in annual total compensation ratio	31		
Stakeholder engagement				
GRI 102-40	List of stakeholder groups	31		
GRI 102-41	Collective bargaining agreements	31		
GRI 102-42	Identifying and selecting stakeholders	31		
GRI 102-43	Approach to stakeholder engagement	31		
GRI 102-44	Key topics and concerns raised	33		
Reporting practice				
GRI 102-45	Entities included in the consolidated financial statements	33		
GRI 102-46	Defining report content and topic boundaries	33	71	
GRI 102-47	List of material topics	33	71	
GRI 102-48	Restatements of information	33		
GRI 102-49	Changes in reporting	33		

GRI Standard	Title	Page	Assurance	Reason for omission
GRI 102-50	Reporting period	33		
GRI 102-51	Date of most recent report	33		
GRI 102-52	Reporting cycle	33		
GRI 102-53	Contact point for questions regarding the report	33		
GRI 102-54	Claims of reporting in accordance with the GRI Standards	33		
GRI 102-55	GRI content index	72		
GRI 102-56	External assurance	71		

Topic-Specific Standards

GRI Standard	Title	Page	Assurance	Reason for omission
Economy				
GRI 201: 2016	Economic performance	36		
GRI 103: 2016 103-1/103-2/103-3	Management approach disclosures	36		
GRI 201-1	Direct economic value generated and distributed	37		
GRI 201-2	Financial implications and other risks and opportunities due to climate change	37		
GRI 201-3	Defined benefit plan obligations and other retirement plans	39		
GRI 201-4	Financial assistance received from government	39		
GRI 205: 2016	Anti-corruption	39		
GRI 103: 2016 103-1/103-2/103-3	Management approach disclosures	68–70		
GRI 205-1	Operations assessed for risks related to corruption	39		
GRI 205-2	Communication and training about anti-corruption policies and procedures	39		
GRI 205-3	Confirmed incidents of corruption and actions taken	39		
GRI 206: 2016	Anti-competitive behaviour	39		
GRI 103: 2016 103-1/103-2/103-3	Management approach disclosures	68–70		
GRI 206-1	Legal actions for anti-competitive behaviour,	39		

GRI Standard	Title	Page	Assurance	Reason for omission
	anti-trust, and monopoly practices			
	Provisions for the dismantling of nuclear power plants	40		
GRI 103: 2016 103-1/103-2/103-3	Management approach disclosures	40		
Environment		41		
GRI 302: 2016	Energy	41		
GRI 103: 2016 103-1/103-2/103-3	Management approach disclosures	41		
GRI 302-1	Energy consumption within the organisation	42	71	
GRI 302-2	Energy consumption outside of the organisation	42	71	
GRI 302-3	Energy intensity	42		
GRI 302-4	Reduction of energy consumption	43		
GRI 302-5	Reductions in energy requirements of products and services	43		
GRI 305: 2016	Emissions	41		
GRI 103: 2016 103-1/103-2/103-3	Management approach disclosures	41		
GRI 305-1	Direct (Scope 1) GHG emissions	43	71	
GRI 305-2	Energy indirect (Scope 2) GHG emissions	46	71	
GRI 305-3	Other indirect (Scope 3) GHG emissions	46	71	
GRI 305-4	GHG emissions intensity	46	71	
GRI 305-5	Reduction of GHG emissions	46	71	
GRI 305-6	Emissions of ozone-depleting substances (ODS)	46		

GRI Standard	Title	Page	Assurance	Reason for omission
GRI 305-7	Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	46		
EU15	Greenhouse gas intensity in CO ₂ per MWh for i) total electricity generation capacity and ii) conventional thermal power plants	46	71	
EU16	Greenhouse gas intensity in CO ₂ per MWh for electricity supplied to end customers	46		
EU21	Emissions per MWh from combustion power plants	47		
GRI 306: 2016	Effluents and waste			
GRI 103: 2016 103-1/103-2/103-3	Management approach disclosures	47–48		
GRI 306-1	Water discharge by quality and destination	49		This indicator is not applicable
GRI 306-2	Waste by type and disposal method	49		This indicator is not applicable
GRI 306-3	Significant spills	49		
GRI 306-4	Transport of hazardous waste	50		This indicator is not applicable
GRI 306-5	Water bodies affected by water discharges and/or runoff	50		
EU22	Thermal discharges associated with planned and unplanned water discharges	49		
GRI 307: 2016	Environmental compliance	50		
GRI 103: 2016 103-1/103-2/103-3	Management approach disclosures	68–70		

GRI Standard	Title	Page	Assurance	Reason for omission
GRI 307-1	Non-compliance with environmental laws and regulations	50		
GRI 308: 2016	Supplier environmental assessment	50		
GRI 103: 2016 103-1/103-2/103-3	Management approach disclosures	58–59		
GRI 308-1	New suppliers that were screened using environmental criteria	50	71	
GRI 308-2	Negative environmental impacts in the supply chain and actions taken	50		
Society				
GRI 401: 2016	Employment	51		
GRI 103: 2016 103-1/103-2/103-3	Management approach disclosures	58-60		
GRI 401-1	New employee hires and employee turnover	51		
EU-LA1	Average length of tenure of employees leaving	51		
GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	52		
GRI 401-3	Parental leave	53		
GRI 403: 2016	Occupational health and safety	54		
GRI 103: 2016 103-1/103-2/103-3	Management approach disclosures	54		
GRI 403-1	Occupational health and safety management system	54		
GRI 403-2	Hazard identification, risk assessment, and incident investigation	55		

GRI Standard	Title	Page	Assurance	Reason for omission
GRI 403-3	Occupational health services	55		
GRI 403-4	Worker participation, consultation, and communication on occupational health and safety	55		
GRI 403-5	Worker training on occupational health and safety	55		
GRI 403-6	Promotion of worker health	56		
GRI 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	56		
GRI 403-8	Workers covered by an occupational health and safety management system	56		
GRI 403-9	Work-related injuries	57	71	
GRI 403-10	Work-related ill health	58	71	
GRI 404: 2016	Training and education	58		
GRI 103: 2016 103-1/103-2/103-3	Management approach disclosures	58-60		
GRI 404-1	Average hours of training per year per employee	60		
GRI 404-2	Programmes for upgrading employee skills and transition assistance programmes	60		
GRI 404-3	Percentage of employees receiving regular performance and career development reviews	60		
GRI 406: 2016	Non-discrimination	60		
GRI 103: 2016 103-1/103-2/103-3	Management approach disclosures	68-70		

GRI Standard	Title	Page	Assurance	Reason for omission
GRI 406-1	Incidents of discrimination and corrective actions taken	60		
GRI 413: 2016	Local communities	61		
GRI 103: 2016 103-1/103-2/103-3	Management approach disclosures	61		
GRI 413-1	Operations with local community engagement, impact assessments, and development programmes	62		
GRI 413-2	Operations with significant actual and potential negative impacts on local communities	62		
GRI 414: 2016	Supplier social assessment	63		
GRI 103: 2016 103-1/103-2/103-3	Management approach disclosures	63-65		
GRI 414-1	New suppliers that were screened using social criteria	65		
GRI 414-2	Negative social impacts in the supply chain and actions taken	65		
GRI 416: 2016	Customer health and safety	65		
GRI 103: 2016 103-1/103-2/103-3	Management approach disclosures	65-66		
GRI 416-1	Assessment of the health and safety impacts of product and service categories	67		
GRI 416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	67		

GRI Standard	Title	Page	Assurance	Reason for omission
	Disaster/emergency planning and response	67		
GRI 103: 2016 103-1/ 103-2/103-3	Management approach disclosures	67		
GRI 418: 2016	Customer privacy	68		
GRI 103: 2016 103-1/ 103-2/103-3	Management approach disclosures	68		
GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	68		
GRI 419: 2016	Socioeconomic compliance	68		
GRI 103: 2016 103-1/ 103-2/103-3	Management approach disclosures	68–70		
GRI 419-1	Non-compliance with laws and regulations in the social and economic area	70		

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