

KELAG Code of Conduct

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Preamble

KELAG¹ is conscious of its role in society and its responsibility towards customers, business partners, shareholders and employees. Consequently the company undertakes to observe clear principles. These principles form the framework for the business and social activity of KELAG.

The actions of KELAG and its employees are determined by a sense of personal responsibility, honesty, loyalty, and respect for our fellow human beings and the environment. Management employees bear a special responsibility in this regard.

The essential aims of the company are to provide our customers with the services they want, and to achieve the success as a company that derives from doing so. A market-based return on investment for the shareholders of KELAG can only be achieved on a sustainable basis if the company strives towards constantly improved fulfilment of standards of quality and service.

In this context KELAG relies on:

- the ability, strength and dedication of its employees
- reliable social and political framework conditions
- the possibilities provided by scientific and technical advances.

The Code of Conduct fulfils two essential functions in this context:

On the one hand, it is intended to encourage each individual employee to act under his or her own responsibility, and to provide employees with guidelines to assist them in doing so. On the other hand, it sets out the goals and principles for KELAG's business activity.

I. Field of application, principles

Field of application

The Code of Conduct applies as standard within KELAG. Foreign subsidiaries can take account of special national characteristics in the implementation of the Code of Conduct, if and insofar as this is not detrimental to the basic principles of the Code.

Through its actions, KELAG aims to work towards a wider dissemination of the principles set out in the Code of Conduct. Companies with which KELAG maintains business relations will consequently be encouraged to subject themselves voluntarily to the rules of the KELAG Code. In the event that, in the context of these business relations, competing sets of regulations come into conflict, KELAG will endeavour to ensure that a mutually agreed course of action is adopted.

¹ In the following, "KELAG" designates KELAG-Kärntner Elektrizitäts-Aktiengesellschaft and Austrian and foreign companies which are directly or indirectly associated with it.

The Code is the basis for further business regulations which may take into account special features which are typical for a particular sector or country. It also covers official business concerns in the company and all areas in which employees are seen as representatives of the company.

Basic values

Following the Global Compact Initiative of the United Nations, KELAG will (within its sphere of influence) acknowledge the following basic values and comply with them in practice:

- Protection of internationally promulgated human rights
- Upholding of freedom of association and recognition of the right to negotiate collective agreements
- Supporting the elimination of all forms of forced and compulsory labour, effective abolition of child labour
- Elimination of discrimination in employment and occupation
- Precautionary handling of ecological challenges
- Execution of initiatives for the promotion of greater responsibility in dealing with the environment
- Promotion of the development and dissemination of environmentally friendly technologies
- Fighting corruption

In addition, the KELAG-specific values of trust, orientation towards the future, reliability, service and customer orientation form the starting point for the actions of all employees of the KELAG Group.

II. Behaving in accordance with the law

General principles

In all areas of its business activity KELAG is subject to laws, ordinances and similar provisions, these being both international and national regulations as well as regional and local provisions. These set (for example) safety and environmental standards for systems and their operation, describe requirements concerning the quality of products and services, regulate behaviour in the various markets, and also prohibit certain modes of behaviour and practices.

For KELAG it is a supreme aim to meet these standards and to act only within this required and constantly changing framework of activity. The integrity of all our actions is an essential prerequisite for successful business management on a sustainable basis. KELAG itself will do everything necessary to inform its employees concerning the regulations that affect them, and to instruct them on how to observe these regulations.

The framework conditions for the business activity of KELAG are formed not only by international or national law, but also by a multiplicity of rules (societal, cultural and social). KELAG

also includes these (frequently unwritten) regulations in its decision making and consideration processes, and endeavours to act in accordance with them.

Company information

KELAG conducts an open and practice-based dialogue with all stakeholders. Information published about the company is comprehensible and traceable. All communications of KELAG are therefore complete, to the point, factually correct, comprehensible and up to date. KELAG respects the professional independence of journalists and the media. Consequently KELAG does not pay for editorial contributions. Only authorised persons are empowered to pass on information concerning KELAG or its subsidiaries to the public, the media or other third parties. In order to guarantee a uniform public image, therefore, our employees are under an obligation immediately to pass on any inquiries from the media or from analysts to the Corporate Communications Division.

III. External relations

General principles

KELAG carries out its business with legally and ethically impeccable means, and expects its employees to do the same. KELAG also urges its business partners, suppliers and customers to observe this principle.

The private interests of KELAG employees and the interests of the company are to be kept strictly separate. A conflict of interests arises if private interests collide with KELAG interests in any way, or even if the impression arises that this may be the case.

Employees may not demand or receive monetary gifts from third parties that are not based on a contractual performance relationship, neither may they offer or accord such. This applies without exception and particularly vis-à-vis official persons, including officials of foreign states or international organisations.

Other kinds of gifts from suppliers, customers or other business partners may not be requested. Such gifts (gifts for particular occasions, hospitality or other gifts) may only be accepted in the context of generally accepted business usage, and provided there is no possibility that business decisions may be influenced. Such gifts may only be given in the context of normal business customer relations, and if they cannot be regarded as exerting any inappropriate influence.

Conduct towards customers

KELAG companies offer their customers a broad range of products and services, above all in the core business fields of electricity, gas and heat. Our guiding principle here is to endeavour to meet the needs of our customers by providing suitable and efficient solutions. This includes the

constant reviewing of our service portfolio and a forward-looking adaptation to new market requirements. KELAG endeavours to ensure fair treatment of all its customers.

Conduct towards shareholders

KELAG regards its shareholders' capital as the precondition and basis of its business activity. The preservation of the capital and the achievement of an appropriate market return on investment, and also transparency and responsibility vis-à-vis the shareholders, are thus essential goals for KELAG.

Conduct towards suppliers

In its relations with suppliers, KELAG is careful to observe the rules set out in the Code of Conduct. KELAG therefore does not maintain relations with suppliers if it is publicly known that the suppliers in question are violating the underlying principles of the Global Compact. In addition, KELAG endeavours in its business relations to promote the further implementation of the Global Compact.

Conduct towards consultants

At KELAG, consultant agreements are only concluded with persons or companies that can demonstrably contribute to the development of KELAG by means of their qualifications.

The amount of the remuneration must be appropriate to the value of the service provided and the personal qualifications of the consultant. In principle payments are not made to consultants until after the agreed service has been provided.

Agreements with KELAG must contain a clause in which persons that act on behalf of the company state that their activity does not violate any statutory provisions of the KELAG Code of Conduct.

IV. Declaration of commitment to social responsibility

General principles

The fulfilment of our responsibilities towards society and the environment is an essential factor for sustainable business success. Through its products and services, its capital investments and its role as an employer, KELAG fulfils an essential function, structurally and from the point of view of the national economy.

KELAG acts in a consciously responsible way on the international, national, regional and local levels, and as a living part of the communities in which it operates. To that end, KELAG seeks

dialogue with groups that are affected by its business activities, or whose activities have an influence on the business activity of KELAG.

KELAG regards itself as having a special responsibility to promote social developments, particularly at regional and local level – whether it be through the provision of training places over and above the company's own needs, or through initiatives in the social, ecological and cultural spheres in particular, or through the voluntary commitment of KELAG employees, or through other appropriate measures.

Against this background, KELAG welcomes the social commitment of its employees, provided this appears appropriate to the respective national, regional or local circumstances and provided any conflict with the business concerns of KELAG is excluded.

Sponsoring and initiatives to promote public welfare

Sponsoring and initiatives for the development of regions and local communities are essential instruments by which we fulfil our social responsibilities. In essence this involves practical and financial support of public welfare concerns that are in principle directed towards the general public.

V. Internal relations

Safety at work, equipment safety, health protection

KELAG works towards continuing improvement of safety at work, equipment safety and health protection. Each employee is jointly responsible for the protection of persons and the environment in his or her sphere of work. All corresponding laws and regulations are to be observed.

Equal opportunities, mutual respect

KELAG values the dignity and integrity of each employee. Our behaviour towards each other is characterised by mutual respect, fairness, team spirit, professionalism and openness. The role of management staff is to set an example, and to be competent contact partners particularly in conflict situations.

KELAG promotes equal opportunities and diversity. We regard these as an indispensable precondition for our excellent reputation and business success.

No employee or job applicant is placed under any disadvantage because of his or her sex, family status, race, nationality, age, religion or sexual orientation. Decisions on the selection, training and promotion of employees are taken exclusively according to activity-related criteria.

Outstanding performance is the precondition for business success. Consequently, KELAG will especially promote such talents as contribute to our sustainable business success, either through

technical competence or through social capabilities. KELAG offers appropriate possibilities for professional and personal development, and encourages its employees to take advantage of such offers. KELAG endeavours to ensure that its employees are able to harmonise the concerns of the company with their private lives, with special emphasis being placed on the compatibility of family and professional life.

VI. Observance of the Code of Conduct / Reporting

General principles

Each KELAG employee is given a copy of the Code of Conduct, which must become part of his or her experience of working in the company, and thus part of the everyday working life of all KELAG employees. Management staff in particular are called upon to actively promote the implementation of the Code. This includes ensuring that all employees allocated to them are familiar with the Code and are consequently able to observe it in practice. The audit department also, in its audits, will monitor the observance of the Code and incorporate its principles into the audit criteria.

In all questions relating to this Code and its observance, each employee should initially seek clarification with his or her manager or the competent specialist departments of the respective companies. This will clarify (for example) how certain passages of the Code are to be understood, or how specific individual behaviour is to be measured against the criteria of the Code. If any employee has reason to believe that a violation of the Code may have occurred, either through his or her own actions or through those of another employee, this also should initially be clarified in the employee's own immediate working environment.

Compliance Officer

If this is not possible, or if it does not appear to be appropriate to the particular case, any employee can contact the Compliance Officer at KELAG. The Compliance Officer is allocated to the Legal Services Division within KELAG.

The Compliance Officer will treat any query, information and suggestion in strict confidence, and investigate them as the particular situation requires. On request the employee will be informed as to how his communication is being handled, and what measures if any have been introduced. No employee should fear any disadvantage from calling upon a Compliance Officer – subject to sanctions by reason of any violation of the Code of Conduct.

The contact details of the Compliance Officer are communicated on the Intranet.

Confirmation and reporting

Each manager with responsibility for staff will report to the responsible Compliance Officer annually concerning the implementation of the Code of Conduct in his or her sphere of responsibility, using a set model; violations of the Code of Conduct are to be indicated.