

Consolidated Corporate Governance Report 2023

in accordance with Section 267b of the Austrian Commercial Code (UGB)

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Consolidated Corporate Governance Report

in accordance with Section 267b of the Austrian Commercial Code (UGB)

Corporate governance – framework

VERBUND AG is a listed stock corporation domiciled in Austria. Its corporate governance framework is derived from Austrian and European law, including, but not limited to, stock corporation and capital market law, the Austrian Commercial Code (*Unternehmensgesetzbuch*, UGB) including the regulations governing employee co-determination, the Company's Articles of Association, the rules of procedure for the Company's Boards and, finally, the Austrian Code of Corporate Governance (*Österreichischer Corporate Governance Kodex*, ÖCGK).

Commitment to the Austrian Code of Corporate Governance

Declaration of conformity

VERBUND has declared its unconditional commitment to the Austrian Code of Corporate Governance (ÖCGK). The Executive Board and Supervisory Board see it as their primary duty to comply with all of the rules of the Code as fully as possible and to maintain and continue to develop the Group's high internal standards. The Code as amended in January 2023 was applied during financial year 2023 and adhered to in accordance with the explanatory notes in this report. Active implementation of the requirements of the Code is intended to ensure responsible management and control of the Group directed at sustainable, long-term value creation and to create a high level of transparency for all stakeholders. VERBUND will continue to actively adhere to the Code as amended during financial year 2024. Applying the Code as fully as possible is an essential building block for strengthening the trust placed in the Group by shareholders, business partners, employees and the general public.

The Austrian Code of Corporate Governance as amended is available on the website of the Austrian Working Group for Corporate Governance at www.corporate-governance.at

Evaluation

In accordance with C Rule 62 of the Austrian Code of Corporate Governance (ÖCGK), compliance with the Code and the accuracy of the related reporting is evaluated externally by an independent auditor at regular intervals. The last such evaluation was carried out for 2022 and resulted in a positive report. The next evaluation is planned for financial year 2025.

Scope of reporting

A consolidated corporate governance report is presented as required under statutory provisions. As a combined report, it also includes the report in accordance with Section 243c of the Austrian Commercial Code (UGB), and key items of this report have been expanded beyond the listed parent company to include the entire Group. Opinion 22 of the Austrian Financial Reporting and Auditing Committee (AFRAC) has been followed with respect to the requirements on content.

This Consolidated Corporate Governance Report includes not only the disclosures required by law but also the additional content as intended by the Code of Corporate Governance. In addition, further information is provided on the relevant indicators under the Global Reporting Initiative (GRI), the global standard on sustainability reporting.

Detailed information on the composition and work procedures of the Executive Board, the Supervisory Board and the Supervisory Board's committees is provided in the sections entitled Executive Board and Supervisory Board.

For information on the remuneration of the Executive Board and Supervisory Board, please refer to the separate remuneration report, which is to be submitted to the Annual General Meeting and is published on the website.

Further information on the Executive Board, the Supervisory Board and the Annual General Meeting and on their interactions is available in the document entitled Disclosures on Management Approach (DMA) at www.verbund.com > Investor Relations > Financial reports.

Deviations

VERBUND complies with almost all the rules of the Austrian Code of Corporate Governance, including the R-Rules. The deviations applied in financial year 2023 are the same as those applied in the previous year. There are slight deviations in the application of only two C-Rules in the code, which are to some extent the result of legislative circumstances. In accordance with the “comply or explain” principle, those deviations are explained below.

C-Rule 2:

The principle of “one share – one vote” is generally adhered to with respect to VERBUND shares. The sole exception is based on a restriction on voting rights embodied in the “Federal constitutional act regulating the ownership structure of enterprises in the Austrian electricity industry” and in the provision of the Articles of Association based on this. That provision states: “With the exception of regional authorities and companies in which regional authorities hold an interest of at least 51%, the voting rights of each shareholder at the Annual General Meeting shall be restricted to 5% of the share capital.”

C-Rule 45:

The rule according to which Supervisory Board members may not assume any functions on the boards of other companies that are competitors of the Group was adhered to by all the members of the Supervisory Board, with two exceptions.

The two Supervisory Board members in question each carry out leading functions on boards of companies which are shareholders of VERBUND AG. If there is a conflict of interest with them in a specific case, then the chairperson will institute appropriate measures (e.g. withholding certain documents or information, abstaining from voting or departing from the meeting). This was required once for a single agenda item in the reporting period.

Executive Board

Composition of the Executive Board

The Executive Board was composed of three members in financial year 2023.

The term of office of all members of the Executive Board ended on 31 December 2023. At its meeting on 27 March 2023, the Supervisory Board therefore resolved to re-elect Mag. Dr. Michael Strugl MBA as Chairman, Dr. Peter F. Kollmann as Vice-Chairman and Mag. Dr. Achim Kaspar.

At the same time, the Supervisory Board appointed Dr. Susanna Zapreva-Hennerbichler as an Executive Board member with effect from 1 January 2024.

GRI 2-9
GRI 405-1

Executive Board

Name	Year of birth	Date of initial appointment	End of current term of office
CEO Mag. Dr. Michael Strugl MBA Chairman	1963	1/1/2019	31/12/2028
Dr. Peter F. Kollmann, Member of the Executive Board Vice-Chairman	1962	1/1/2014	31/12/2027
Mag. Dr. Achim Kaspar, Member of the Executive Board	1965	1/1/2019	31/12/2026

Board functions of Executive Board members within the Group

Name	Group company		Function
Mag. Dr. Michael Strugl MBA	VERBUND Energy4Business GmbH	Supervisory Board	Chairman
		Annual General Meeting	Chairman
	Austrian Power Grid AG	Supervisory Board	Member
		VERBUND Hydro Power GmbH	Supervisory Board
		Annual General Meeting	Chairman
	VERBUND Green Power GmbH	Annual General Meeting	Vice-Chairman
	VERBUND Energy4Customers GmbH	Annual General Meeting	Chairman
	VERBUND Thermal Power GmbH	Supervisory Board	Chairman
		Annual General Meeting	Chairman
	Ennskraftwerke AG	Supervisory Board	1st Vice-Chairman
	Gas Connect Austria GmbH	Supervisory Board	1st Vice-Chairman
	VERBUND Ventures GmbH	Annual General Meeting	Chairman
	VERBUND Green Hydrogen GmbH	Annual General Meeting	Chairman
	VERBUND Green Hydrogen Sales GmbH	Annual General Meeting	Chairman
Dr. Peter F. Kollmann	Austrian Power Grid AG	Supervisory Board	Chairman
		VERBUND Hydro Power GmbH	Supervisory Board
	VERBUND Services GmbH	Annual General Meeting	Chairman
	VERBUND Energy4Business GmbH	Supervisory Board	Vice-Chairman
	VERBUND Green Power GmbH	Annual General Meeting	Member
	Gas Connect Austria GmbH	Supervisory Board	Chairman
	VERBUND Ventures GmbH	Annual General Meeting	Member

GRI 2-15

Board functions of Executive Board members within the Group

Name	Group company		Function
Mag. Dr. Achim Kaspar	Ennskraftwerke AG	Supervisory Board	Member
		Supervisory Board	Vice-Chairman
	VERBUND Hydro Power GmbH	Supervisory Board	Chairman
		Shareholders' Meeting	Chairman
		Supervisory Board	Chairman
	Grenzkraftwerke GmbH	Supervisory Board	Chairman
		Annual General Meeting	Chairman
	Innwerk AG	Supervisory Board	Chairman
	Donaukraftwerk Jochenstein AG	Supervisory Board	Chairman
	Österreichisch-Bayerische Kraftwerke AG	Supervisory Board	Chairman
	VERBUND Thermal Power GmbH	Supervisory Board	Vice-Chairman
		Annual General Meeting	Vice-Chairman
	VERBUND Green Power GmbH	Annual General Meeting	Chairman
	VERBUND Services GmbH	Annual General Meeting	Vice-Chairman
	VERBUND Ventures GmbH	Annual General Meeting	Member

Supervisory Board appointments of Executive Board members outside the Group

Name	Company	Function
Dr. Peter F. Kollmann	Telekom Austria AG	Member
Mag. Dr. Achim Kaspar	KELAG-Kärntner Elektrizitäts-Aktiengesellschaft ¹	Member

¹ As at 31 December 2023, VERBUND held a 35.17% equity interest in KELAG.

Work procedures and allocation of responsibilities

The Executive Board manages the Group's business activities and represents the Group externally.

The rules of procedure for the Executive Board govern the allocation of responsibilities and how the members of the Executive Board are to work together. In addition, they lay down the Executive Board's duties to notify and report, and contain a list of measures that require approval by the Supervisory Board. The measures requiring approval also include material transactions proposed by the Group's main subsidiaries.

The allocation of responsibilities within the Executive Board is part of the rules of procedure and defines the range of duties of the Executive Board members without prejudice to the overall responsibility of the Executive Board. The allocation of responsibilities was updated as of 1 January 2024 on the appointment of a fourth member of the Executive Board.

Allocation of responsibilities 2023

Mag. Dr. Michael Strugl MBA	Chairman; corporate development (incl. mergers & acquisitions), corporate office (incl. legal affairs, corporate affairs, compliance & audit), strategic human resources, corporate innovation & new business, communications, green hydrogen unit, business, customers, ventures
Dr. Peter F. Kollmann	Financial management and investor relations, group controlling, corporate accounting and risk management Services, power grid and gas network
Mag. Dr. Achim Kaspar	Digitalisation, information security and IT, corporate responsibility Renewable hydropower generation, new renewables generation, thermal generation, tourism

Supervisory Board

The Supervisory Board has also explicitly affirmed its commitment to the Austrian Code of Corporate Governance. Consequently, the Code, together with the Austrian Stock Corporation Act (*Aktiengesetz*, AktG) and the Austrian Commercial Code (UGB), the Austrian Labour Constitutional Act (*Arbeitsverfassungsgesetz*, ArbVG), the Company's Articles of Association and the rules of procedure for the Executive Board and the Supervisory Board, has become the basis for the Supervisory Board's actions.

GRI 2-9
GRI 2-11

The statutory provisions specify that the Supervisory Board must be comprised of members elected by the Annual General Meeting in accordance with the requirements of the Austrian Stock Corporation Act (shareholder representatives) and members appointed by the employee representatives.

GRI 2-10

Personal details, chairpersons and other Board functions

The Supervisory Board is led by a chairperson. The chairperson and two vice-chairpersons are elected each year by the Supervisory Board from among its members.

As at 31 December 2023, the Supervisory Board has a total of 15 members – ten shareholder representatives elected by the Annual General Meeting and five employee representatives appointed by the Works Council.

On 25 April 2023, Mag. Jürgen Roth, Mag. Christa Schlager, Mag. Stefan Szyszkowitz and Dipl.-Ing. Peter Weinelt were re-elected to the Supervisory Board. At the constituent meeting of the Supervisory Board following the election, Dr. Hlawati was reappointed 1st vice-chairperson and Dr. Christine Catasta 2nd vice-chairperson of the Supervisory Board. The employee representatives appointed Hans Peter Schweighofer to the Supervisory Board to replace Doris Dangl. Otherwise, there were no changes to the composition of the Supervisory Board in financial year 2023.

Name	Year of birth	Date of initial appointment	End of current term of office
Mag. Martin Ohneberg Chairman Managing partner of HENN Industrial Group GmbH & Co KG, member of the board of directors of Aluflexpack AG, Switzerland (president), and member of the supervisory boards of VARTA AG, Germany, and Getzner Werkstoffe Holding GmbH, Austria	1971	30/4/2019	AGM 2024
Dr. Edith Hlawati 1st Vice-Chairwoman Member of the board of directors of Österreichische Beteiligungs AG Member of the supervisory boards of Telekom Austria AG (chairwoman), OMV AG (vice-chairwoman) and EuroTeleSites AG (member)	1957	25/4/2022	AGM 2026
Mag. Dr. Christine Catasta 2nd Vice-Chairwoman Austrian Certified Public Accountant and Tax Advisor Member of the supervisory boards of Erste Bank der oesterreichischen Sparkassen AG and Erste Group Bank AG (member), BCR Banca Comercialia Romana (member), Bundesimmobiliengesellschaft m.b.H. (chairwoman), Austrian Airlines AG (member) and ÖLH Österreichische Luftverkehrs-Holding-GmbH (member)	1958	16/6/2020	AGM 2024
Prof. Dr. Barbara Praetorius Professor at the University of Applied Sciences (HTW), Berlin Member of the supervisory board of Berliner Wasserbetriebe (BWB) AöR (member)	1964	16/6/2020	AGM 2024
Mag. Jürgen Roth Managing partner at Tank Roth GmbH Member of the supervisory board of ICS Internationalisierungscenter Steiermark GmbH (chairman) and ELG (Erdöl-Lagergesellschaft m.b.H.); Member of the European Economic and Social Committee	1973	22/4/2015	AGM 2026
Dipl.-Ing. Eckhardt Rümmler Supervisory Board member and corporate consultant Member of the supervisory board of PreussenElektra GmbH, Germany (member), and the board of directors of Northland Power Inc, Toronto (member)	1960	16/6/2020	AGM 2024
Mag. Christa Schlager Head of the economic policy department at the Vienna Chamber of Labour Member of the supervisory boards of Forschungsförderungsgesellschaft mbH (member) and Austria Wirtschaftsservice Gesellschaft mbH (aws) (member)	1969	16/6/2020	AGM 2026
Dipl. Ing. Robert Stajic MBA Executive director of Österreichische Beteiligungs AG Member of the supervisory board of OMV AG (member)	1979	25/4/2022	AGM 2025

Name	Year of birth	Date of initial appointment	End of current term of office
Mag. Stefan Szyszkowitz Spokesman for the Executive Board of EVN AG Member of the supervisory boards of Burgenland Holding Aktiengesellschaft (chairman), EVN Macedonia AD (chairman), RAG-Beteiligungs-Aktiengesellschaft (chairman), RAG Austria AG (chairman), Burgenland Energie AG (vice-chairman), Netz Niederösterreich GmbH (vice-chairman) and Wiener Börse AG (member)	1964	23/4/2018	AGM 2026
Dipl.-Ing. Peter Weinelt Managing director of Wiener Stadtwerke GmbH and Wiener Stadtwerke Planvermögen GmbH Member of the supervisory boards of Wien Energie GmbH (chairman), Wiener Netze GmbH (chairman), Bestattung und Friedhöfe Wien GmbH (chairman), WienIT GmbH (chairman), EVN AG (member), Burgenland Holding Aktiengesellschaft (member) and Wiener Gesundheitsverbund (member); Chairman of the gas and heating section of the Austrian Economic Chamber of Trade (WKÖ)	1966	5/4/2017	AGM 2026

Supervisory Board appointments or comparable roles in publicly traded companies and other significant companies have been listed in relation to (ancillary) functions. Full-time functions are listed where appropriate.

Employee representatives

Name	Year of birth	Date of initial appointment	
Kurt Christof Chairman of the Group's employee representatives Member of the supervisory boards of Stadtwerke Voitsberg GmbH and Sparkasse Voitsberg/Köflach Bankaktiengesellschaft	1964	since 8/3/2004	appointed by the employee representatives
Doris Dangl Chairwoman of the Group's employee representatives	1963	from 5/4/2018 to 18/4/2023	appointed by the employee representatives
Dr. Isabella Hönlinger Chairwoman of the Works Council	1971	since 1/9/2016	appointed by the employee representatives
Ing. Wolfgang Liebscher Chairman of the Central Works Council	1966	since 1/11/2013	appointed by the employee representatives
Veronika Neugeboren Chairwoman of the Works Council	1967	since 30/4/2019	appointed by the employee representatives
Ing. Hans Peter Schweighofer Chairman of the Central Works Council	1970	since 18/4/2023	appointed by the employee representatives

The appointment of employee representatives by the Group's employee representatives is for an unlimited period and can be revoked at any time.

Of the Supervisory Board members, 13% are between the ages of 30 and 50 and 87% are over 50.

Independence

Back in 2010, the Supervisory Board of VERBUND AG defined the following criteria for its independence (pursuant to C-Rule 53 of the Austrian Code of Corporate Governance (ÖCGK)):

- The Supervisory Board member shall not have served as a member of the Executive Board or as a member of the senior management staff of the Company or one of its subsidiaries in the past five years.
- The Supervisory Board member shall not maintain or have maintained in the past year any business relationships with the Company or one of its subsidiaries to an extent that would be significant to the member of the Supervisory Board. This shall also apply to relationships with companies in which the member of the Supervisory Board has a material economic interest, but not to exercising functions on the boards of the Group. The approval of individual transactions by the Supervisory Board pursuant to L-Rule 48 shall not automatically mean that the person is deemed not to be independent.
- The Supervisory Board member shall not have acted as auditor of the Company or have owned a share in the audit firm or have worked there as an employee in the past three years.
- The Supervisory Board member shall not be a member of the managing board of another company in which a member of the Executive Board of the Company is a supervisory board member.
- The Supervisory Board member may not remain on the Supervisory Board for more than 15 years. This shall not apply to Supervisory Board members who are shareholders with a direct equity interest in the Company or who represent the interests of such a shareholder.
- The Supervisory Board member shall not be a close relative (direct descendant, spouse, life partner, parent, uncle, aunt, sibling, niece or nephew) of a member of the Executive Board or of persons who hold one of the aforementioned positions.

Based on these guidelines for independence (Annex to the Austrian Code of Corporate Governance), all ten shareholder representatives have issued a written statement on their independence. Eight of them have declared their independence, and two members of the Supervisory Board have classified themselves as not being independent (with respect to only the “relationships with related parties” criterion).

In addition, the following shareholder representatives on the Supervisory Board meet the criteria for independence contained in C-Rule 54 (not representing the interests of a shareholder with a stake exceeding 10%): Ohneberg, Catasta, Praetorius, Roth, Rümmler and Schlager. Both quotas required for independence by Rule 53 and Rule 54 of the Code have thus been met.

Supervisory Board meetings

Eight plenary meetings of the Supervisory Board were held during financial year 2023. At individual meetings, some Supervisory Board members attended remotely by phone or video. The overall attendance rate for all Supervisory Board members (including remote attendees) was 92%. No member of the Supervisory Board attended fewer than half of the meetings in person (including virtual attendance).

In addition to coordinating the ongoing strategic direction of the Company with the Executive Board, the Supervisory Board focused on decisions relating to the following topics in particular during the reporting period:

- the consolidated financial statements and annual financial statements of VERBUND AG for 2022;
- the proposal for profit appropriation in accordance with Section 96(1) of the Austrian Stock Corporation Act (AktG);
- motions for the Annual General Meeting;
- engagement of the auditor;
- appointment of the Executive Board;
- authorisation of external supervisory board appointments of Executive Board members;
- election of the General Committee of the Supervisory Board and constitution of the committees;
- assumption of liabilities and borrowings;
- financing instruments to ensure liquidity;
- rehabilitation of the Wallsee-Mitterkirchen power plant;
- open-field solar installations;
- New World of Work: office renovation at headquarters;
- wind power plant and solar projects in Austria, Spain, Germany, Romania, Italy and Albania;
- developing battery storage projects in Germany; and
- approving the Group budget for 2024.

(Please also refer to the section describing the activities focused upon by the Supervisory Board's committees.)

Each year during the audit of the financial statements, the auditor provides the Supervisory Board with a separate report on the reliability of the risk management system. The report from the auditor also details sustainability risks in the same manner as in the written quarterly reports on operating risk management that the Supervisory Board discusses at its quarterly meetings.

In addition to the meetings of the Supervisory Board and its committees (see below), there were regular discussions and teleconferences between the Chairman of the Supervisory Board and the Chairman of the Executive Board, and several discussions were held with individual members of the Executive Board.

Evaluation of the performance of the Supervisory Board

The performance of the Supervisory Board is evaluated annually during the Annual General Meeting, at which the shareholders vote to approve the actions of the Supervisory Board. At the 76th Annual General Meeting on 25 April 2023, the actions of all Supervisory Board members were formally approved.

In light of the highly detailed self-evaluation carried out with the help of external moderators in the previous year, which included qualitative and quantitative interviews with all members of the Supervisory Board and the Executive Board and an in-depth discussion of the results, no formal evaluation was carried out in the year under review. However, the Supervisory Board meetings included an ongoing discussion on how to improve the board's activities and the Chairman asked its members for feedback after meetings.

Composition and work procedures of the committees

In accordance with the provisions of the rules of procedure for the Supervisory Board (as amended on 21 September 2022), the Supervisory Board shall, following the Annual General Meeting, annually elect the members of an Audit Committee, a Strategy Committee, an Emergencies Committee, a Remuneration

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Committee, a Nomination Committee and a Sustainability Committee. In addition, it can form temporary or permanent committees specifically for certain projects and topics.

Each chairperson of a committee is required to report to the Supervisory Board on the work of the committee they chair and on its decisions. In urgent cases, the chairperson of a committee is required to report in advance to the Chairperson of the Supervisory Board.

Audit Committee

The Audit Committee was established pursuant to Section 92(4a) of the Austrian Stock Corporation Act (AktG) and, in accordance with the rules of procedure for the Supervisory Board, consists of four Supervisory Board members elected by the shareholders and two employee representatives in accordance with Section 92(4) AktG. The chairperson and vice-chairperson of the committee are elected from among its members.

The Audit Committee performs the tasks under Section 92(4a) of the Austrian Stock Corporation Act (AktG) and Rule 40 of the Austrian Code of Corporate Governance (ÖCGK). It has the financial expert required by law and by the Code at its disposal, who is also the chairperson of the committee.

Members of the Audit Committee

Name	Function
Mag. Dr. Christine Catasta	Chairwoman
Mag. Martin Ohneberg	Vice-Chairman
Mag. Jürgen Roth	Member
Mag. Christa Schlager	Member
Kurt Christof	Employee representative
Veronika Neugeboren	Employee representative

The Audit Committee of the Supervisory Board held three meetings in financial year 2023. The activities of the Audit Committee focused on:

- preparing the resolution on the consolidated financial statements for 2022 and the annual financial statements of VERBUND AG for 2022 including appropriation of profit;
- the proposal for the election of the auditor;
- acknowledgement of the semi-annual financial statements for 2023;
- the audit process and 2023 audit areas of emphasis (auditor);
- the SAP status report;
- risk management and risk reporting;
- audit and non-audit services performed by the auditor;
- acknowledgement of the reports of the Executive Board;
- the 2024 budget and financial report; and
- acknowledgement of the audit programme and the report of the Internal Audit department.

Strategy Committee

A Strategy Committee has been established in accordance with the applicable rules of procedure. It is comprised of five members of the Supervisory Board elected by the shareholders and three employee

representatives in accordance with Section 92(4) of the Austrian Stock Corporation Act (AktG). The chairperson and vice-chairperson of the committee are elected from among its members.

The Strategy Committee is responsible for developing a corporate strategy in collaboration with the Executive Board and for the annual review of strategy and support of any adaptive measures and the handling of specific strategic topics. Furthermore, it addresses issues that are not to be handled by the entire Supervisory Board in consideration of competition-related aspects and conflicts of interest.

The Strategy Committee met four times during the reporting period.

Members of the Strategy Committee

Name	Function
Mag. Martin Ohneberg	Chairman
Dipl.-Ing. Eckhardt Rümmler	Vice-Chairman
Prof. Dr. Barbara Praetorius	Member
Mag. Jürgen Roth	Member
Dipl.-Ing. Robert Stajic	Member
Kurt Christof	Employee representative
Ing. Wolfgang Liebscher	Employee representative
Ing. Hans Peter Schweighofer	Employee representative

Emergencies Committee

The Emergencies Committee set up in accordance with Rule 39 of the Austrian Code of Corporate Governance (ÖCGK) is a committee for decision-making in urgent situations.

The chairperson is required to make the necessary preparations for rapid decision-making on matters that fall within the remit of the Emergencies Committee or are referred to that committee for a decision (convening a meeting at short notice, video conferences). The grounds for urgency must be stated. The Emergencies Committee makes decisions on all matters where an immediate Supervisory Board decision is needed to gain economic advantages or fend off the threat of financial damage.

The Emergencies Committee is comprised of four members of the Supervisory Board elected by the shareholders and two employee representatives in accordance with Section 92(4) of the Austrian Stock Corporation Act (AktG). The chairperson and vice-chairperson of the committee are elected from among its members.

The committee did not meet during the reporting period.

Members of the Emergencies Committee

Name	Function
Dr. Edith Hlawati	Chairwoman
Mag. Martin Ohneberg	Vice-Chairman
Mag. Christa Schlager	Member
Dipl.-Ing. Robert Stajic	Member
Kurt Christof	Employee representative
Ing. Hans Peter Schweighofer	Employee representative

Remuneration Committee

Pursuant to its rules of procedure, the Supervisory Board is required to appoint a Remuneration Committee in accordance with the Austrian Code of Corporate Governance (ÖCGK) consisting of the chairperson of the Supervisory Board and the two vice-chairpersons. The Supervisory Board has permanently assigned responsibility for the following matters to this committee:

- contracts with members of the Executive Board;
- determination of Executive Board member remuneration;
- decisions on management bonuses and premiums for members of the Executive Board; and
- regular review of the remuneration policy for members of the Executive Board.

Members of the Remuneration Committee

Name	Function
Mag. Martin Ohneberg	Chairman
Dr. Edith Hlawati	1st Vice-Chairwoman
Mag. Dr. Christine Catasta	2nd Vice-Chairwoman

The Remuneration Committee has the remuneration expert required by Rule 43 of the Austrian Code of Corporate Governance (ÖCGK) at its disposal, as both Mag. Martin Ohneberg and Mag. Dr. Christine Catasta meet this requirement.

The Remuneration Committee met three times during financial year 2023. The meetings dealt with the Executive Board contracts, the agreements on targets and level of target achievement for the Executive Board's variable remuneration components, and the 2022 remuneration report to be submitted to the Annual General Meeting.

Nomination Committee

In accordance with its rules of procedure, the Supervisory Board appoints a Nomination Committee comprised of the chairperson of the Supervisory Board and three other members of the Supervisory Board elected by the shareholders plus two employee representatives in accordance with Section 92(4) of the Austrian Stock Corporation Act (AktG). The chairperson of the Supervisory Board chairs the committee, and the committee elects the vice-chairperson.

The Nomination Committee submits proposals to the Supervisory Board on appointments to the Executive Board and is responsible for preparing the election of Supervisory Board members. The Nomination Committee is required to take account of the fact that a candidate's final nomination for the Executive Board must take place before the nominee's 65th birthday.

Members of the Nomination Committee

Name	Function
Mag. Martin Ohneberg	Chairman
Dr. Edith Hlawati	Vice-Chairwoman
Mag. Dr. Christine Catasta	Member
Dipl.-Ing. Robert Stajic	Member
Kurt Christof	Employee representative
Ing. Wolfgang Liebscher	Employee representative

The Nomination Committee held four meetings in the year under review, at which it discussed preparations for the election of Supervisory Board members and for the appointment of Executive Board members.

Sustainability Committee

The Sustainability Committee established in 2020 is comprised, as per the rules of procedure, of four members of the Supervisory Board elected by the shareholders and two employee representatives in accordance with Section 92(4) of the Austrian Stock Corporation Act (AktG). The chairperson and vice-chairperson of the committee are elected from among its members.

The Sustainability Committee is responsible for the following tasks in particular:

- discussion of the topics of sustainability, the New Green Deal, decarbonisation, energy transition, climate change and environmental protection;
- development of suitable strategies and measures for implementation; and
- annual review of sustainability strategy and targets and support for any adaptive measures.

Members of the Sustainability Committee

Name	Function
Prof. Dr. Barbara Praetorius	Chairwoman
Dipl.-Ing. Eckhardt Rummeler	Vice-Chairman
Mag. Christa Schlager	Member
Dipl.-Ing. Robert Stajic	Member
Kurt Christof	Employee representative
Dr. Isabella Hönlinger	Employee representative

The Sustainability Committee met three times in financial year 2023. In addition to ongoing reporting on sustainability topics, the meetings dealt in particular with the following specific priorities: the Group's stakeholder management for hydropower; wind power and solar photovoltaic generation; diversity and inclusion; and sustainability reporting (EU taxonomy, CSR, ESRS).

GRI 2-17

Contracts requiring consent – conflicts of interest

In financial year 2023, contracts and/or transactions approved by the Supervisory Board of VERBUND AG in accordance with the Austrian Stock Corporation Act (AktG) and the Austrian Code of Corporate

GRI 2-15

Governance (Rule 49) existed between the VERBUND Group and the following individual Supervisory Board members or companies with which Supervisory Board members have close relationships:

Supervisory Board member Mag. Stefan Szyszkowitz

A number of contractual relationships, some of which have been in place for many years, exist between VERBUND and the EVN Group, of which Mag. Stefan Szyszkowitz is spokesman for the managing board. Most of these relationships had already been entered into before Mag. Szyszkowitz became a member of the Supervisory Board. The business transacted under these contracts and their volume are reported to the Supervisory Board on an annual basis. In financial year 2023, an order volume totalling €2.75m was processed on the basis of existing contracts (excluding transactions with grid subsidiaries Austrian Power Grid AG and Gas Connect Austria GmbH). These primarily involved electricity and grid purchases for various VERBUND companies. Contractual relationships for the supply of electricity also exist with ENERGIEALLIANZ Austria GmbH, in which EVN holds a 45% interest, and Group company SMATRICS has concluded a roaming agreement with EVN for the purpose of sharing charging infrastructure. In the reporting period, the Supervisory Board also approved the conclusion of an appendix to the standardised master trading agreement (EFET electricity) and of two supplementary agreements to the approved site agreement for the Dürnrohr and Korneuburg power plants.

Supervisory Board member Dipl.-Ing. Peter Weinelt

A number of contractual relationships, some of many years standing, exist between VERBUND and the Wiener Stadtwerke Group, of which Dipl.-Ing. Peter Weinelt is managing director. Most of these had already been entered into before Dipl.-Ing. Peter Weinelt became a member of the Supervisory Board. The business transacted under these contracts and their volume are reported to the Supervisory Board on an annual basis. In financial year 2023, an order volume totalling €6.61m was processed on the basis of existing contracts (excluding transactions with grid subsidiaries Austrian Power Grid AG and Gas Connect Austria GmbH). These primarily involved grid purchases for VERBUND companies. Contractual relationships for the supply of electricity also exist with ENERGIEALLIANZ Austria GmbH, in which Wiener Stadtwerke holds a 45% interest. In addition, a roaming agreement was entered into between Group company SMATRICS and Wien Energie GmbH for the purpose of sharing charging infrastructure, and VERBUND Energy4Business GmbH concluded an agreement with Wiener Netze GmbH aimed at holding balancing reserves and providing balancing services. In the reporting period, the Supervisory Board also approved the conclusion of a sponsorship agreement between Wien Energie and VERBUND for the INSPIRE energy summit.

In financial year 2023, the Supervisory Board again looked at possible (other) conflicts of interest involving Supervisory Board members that could arise in particular as a result of activities or equity interests in the energy area or in companies competing with the VERBUND Group or with individual projects. Supervisory Board members reported no conflicts of interest on their parts. According to the assessment of the Supervisory Board, there are no fundamental conflicts of interest that would require further measures. Should such conflicts arise, suitable measures, such as abstention from voting or from providing advice and voting on individual agenda items, would be implemented promptly.

An expert opinion obtained after the 2018 report from the Austrian Court of Audit confirmed that the Group had taken adequate and suitable measures to manage potential conflicts of interest in the Supervisory Board in an appropriate manner.

Annual General Meeting

At the Annual General Meeting, which is held at least once a year, shareholders exercise their rights and their voting power. Under their right to request information and propose motions, all shareholders have the opportunity to engage in dialogue with the Executive Board and the Supervisory Board and to express their opinions and state their concerns.

The main tasks and responsibilities of the Annual General Meeting include deciding on the appropriation of profit, electing the Supervisory Board, electing the auditor, formally approving the actions of the Executive Board and the Supervisory Board and making amendments to the Articles of Association.

The 76th Annual General Meeting of VERBUND AG was held on 25 April 2023. Shareholders or their proxies attended in person. The agenda and resolutions adopted at that Annual General Meeting and the voting results can be viewed on the website at www.verbund.com > Investor Relations > General Meeting.

Further information on the Annual General Meeting is available in the Disclosures on Management Approach (DMA) at www.verbund.com > Investor Relations > Financial reports

Diversity concept for appointments to the Executive Board and Supervisory Board

(Section 243c(2)(3) of the Austrian Commercial Code, UGB)

Studies indicate that mixed teams achieve better results and are more effective and innovative than homogeneous groups. This is also true for a company's boards. When members of the Executive Board and the Supervisory Board are being appointed, in order to get maximum benefit from different perspectives for entrepreneurial decisions the following principles should therefore be applied in addition to the general and company-specific requirements for specialised and personal qualifications:

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SDG 5

Supervisory Board

The relevant aspects of a diverse composition of the Supervisory Board include the age of its members and the duration of their membership on the Supervisory Board, a balanced representation of men and women, internationality and a balance in the education and career backgrounds of its members.

Age: The aim is to achieve a balanced age structure among members in which the difference between the oldest and the youngest member must be a minimum of ten years in order to allow input from the different views of the generations. No Supervisory Board member may remain on the Supervisory Board for more than 15 years. Both criteria were fulfilled in the reporting period.

Gender representation: Since the Supervisory Board elections at the Annual General Meeting of 25 April 2023, the Supervisory Board of VERBUND AG has included six women (four shareholder representatives and two employee representatives). This share of 40% (overall) not only complies with the statutory quota requiring 30% of the less-represented gender on the supervisory board (women, in

the case of VERBUND), it also complies with the federal government's decision from 2011 according to which women will make up at least 35% of the shareholder representatives on supervisory boards of state-owned companies.

Internationality: The Supervisory Board shall have an appropriate number of members (at least three) who have spent a significant part of their professional career abroad or have many years of experience in international business. This requirement was met in the reporting period, with internationality being reinforced primarily through members from Germany.

Educational and career background: The goal is a Supervisory Board made up of members with the widest possible range of educational backgrounds and experience from different professional careers. On the Supervisory Board, at least one member of the Supervisory Board shall contribute proven skills and expertise in each of the following areas:

- law, capital markets, industry expertise, specialist technical knowledge, financing expertise, expertise in the area of sales, digitalisation and innovation, experience with regulated companies and financial markets as well as experience in strategic projects (e.g. M&A) and experience in the areas of sustainability, environment and stakeholder management.

These diversity criteria were amply taken into account in the election of the Supervisory Board at the Annual General Meeting on 25 April 2023.

Executive Board

The relevant aspects of a diverse composition of the Executive Board include a balance in the educational and career backgrounds, internationality and the duration of its unchanged composition.

Educational and career background: In addition to extensive managerial experience and comprehensive industry knowledge, members of the Executive Board shall have a sound education and relevant professional experience in either the technical or the commercial/administrative area.

Gender representation: The aim is to have one female member on the Executive Board.

Internationality: Some members of the Executive Board shall have spent a significant part of their professional career abroad or have many years of experience in international business.

Duration of the composition: The composition and division of responsibilities of the Executive Board shall not remain unchanged for more than ten years.

The Supervisory Board amply took these diversity criteria into account in appointing the members of the Executive Board in 2023. The appointment of Dr. Susanna Zapreva-Hennerbichler, in particular, has strengthened the Executive Board with respect to all the criteria.

Measures for the advancement of women

(Section 243c(2)(2) of the Austrian Commercial Code (UGB))

At VERBUND, we see diversity, equality and inclusion not only as an opportunity for greater creativity and resilience in our day-to-day business activities, but also as our social responsibility. We view equal opportunities as a priority. VERBUND treats all its employees equally, regardless of their gender, age, religious beliefs, disability, culture, skin colour, social origins, sexual orientation or nationality. Decisive action is taken against any form of discrimination or harassment. There is no question that employees who feel a sense of belonging, acceptance and the freedom to be themselves are fully committed to their work. We believe wholeheartedly in this as an ongoing recipe for success.

We also believe it is crucial that women are represented in all areas of the Company. Six members, i.e. 40%, of the VERBUND AG Supervisory Board are women: Christine Catasta, Edith Hlawati, Barbara Praetorius and Christa Schlager, along with employee representatives Isabella Hönlinger and Veronika Neugeboren. The selection of Supervisory Board members is the responsibility of the Annual General Meeting on the one hand and on the other hand depends on delegates being appointed as employee representatives.

As at 31 December 2023, 19 women held (first- and second-level) management positions within the Group. As such, women held 15.3% of these posts.

As at 31 December 2023, the percentage of women among employees throughout the Group was 22% – an increase on the previous year (20.5%).

Diversity, equality and inclusion are firmly integrated at VERBUND and progressing constantly thanks to our Diversity team.

VERBUND promotes equal opportunities for women through a variety of measures, listed here as examples:

- A clear objective for the Executive Board and management to increase the proportion of women employees and managers to 25% by 2030.
- The Diversity Network, whose parameters, internal structures and responsibilities (including the local points of contact) enable and nurture debate on the topic of gender equity as a facet of a modern and supportive corporate culture.
- Making work-life balance for all employees a high priority. In 2021, VERBUND received the Work and Family Audit certificate for the fifth time.
- We ensure fair pay by preparing an income report comparing the salaries of men and women and by carrying out additional analyses.
- Under the banner of “with each other, for each other”, our MissionV-emale women’s network connects women from all areas of the Company, provides a forum for discussion and hosts interesting and informative events.
- The VERBUND Scholarship for Women offers women studying technical subjects “a shot of financial energy” to further their personal development. We have been awarding the scholarship every year since 2009 in cooperation with Vienna University of Technology Career Center.

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Detailed information on measures to advance women can be found in the annual report in the Human resources section

- VERBUND takes part in Vienna's annual Take Your Daughter to Work Day to give schoolgirls an early insight into fascinating technical careers.
- By participating in Women in Technology (*Frauen in die Technik*, FIT), we show female high school graduates the advantages of studying engineering. FIT presents successful women in technical professions as role models, helping to dispel reservations about embarking on technical or scientific training programmes.

Vienna, 15 February 2024

The Executive Board



Michael Strugl
Chairman of the Executive Board
of VERBUND AG



Peter F. Kollmann
CFO, Vice Chairman of the
Executive Board of VERBUND AG



Achim Kaspar
Member of the Executive Board
of VERBUND AG



Susanna Zapreva-Hennerbichler
Member of the Executive Board
of VERBUND AG