

Remuneration policy for the Supervisory Board of VERBUND AG

1) Introduction

Elected by the Annual General Meeting, the Supervisory Board has the task of supporting the Executive Board in issues of strategic importance as well as in decisions of fundamental importance, thereby promoting the Group's sustainable business strategy and positive long-term performance. In so doing, it is required to take into account the good of the Company and the interests of the shareholders. The members of the Supervisory Board shall receive appropriate remuneration for this work, the principles of which are laid down in the remuneration policy prepared in accordance with Section 98a in conjunction with Section 78a of the Austrian Stock Corporation Act (Aktiengesetz, AktG).

In accordance with the provisions of this legislation, the remuneration policy was submitted to the Annual General Meeting for resolution for the first time on 16 June 2020. It shall be regularly reviewed and submitted to the Annual General Meeting for a vote at least every four years or any time significant changes are made. Starting in 2023, the remuneration policy for the Executive Board and the remuneration policy for the Supervisory Board shall be set out separately and submitted separately to the Annual General Meeting for a vote. The Supervisory Board approved the amended remuneration policy for the Supervisory Board at its meeting on 15 March 2023.

The remuneration policy provides an overview of the principles of the Supervisory Board remuneration and explains how it promotes the corporate strategy and drives the Company's long-term performance. A detailed description of the implementation of the remuneration policy for the Supervisory Board can be found in the annual remuneration report, which has been submitted to the Annual General Meeting for a vote every year since 2021.

2) Principles and objectives

The remuneration policy is intended to ensure that the members of the Supervisory Board are granted remuneration for their work that is appropriate to their tasks and their responsibilities and in line with the Company's position. It should ensure that the Supervisory Board is able to fulfil its tasks independently and thereby promotes the sustainable corporate strategy and drives VERBUND's positive long-term performance.

When drafting the remuneration policy, the Supervisory Board is required to comply with the provisions of the law and other regulations, especially the Austrian Code of Corporate Governance (Österreichischer Corporate Governance Kodex, ÖCGK).

Remuneration for members of the Supervisory Board shall be designed within the normal range and in such a way that the most qualified persons can be obtained for the work on the Supervisory Board. In addition, the board shall be balanced in professional and personal terms. In achieving this balance, particular attention is to be given to diversity aspects concerning the representation of both genders, a balanced age structure, internationality, and educational and professional backgrounds of the members.

3) Remuneration components

The Annual General Meeting defines the remuneration and the remuneration system for members of the Supervisory Board of VERBUND AG.

Pursuant to the Articles of Association of VERBUND AG, each Supervisory Board member shall receive annual remuneration, a meeting attendance fee and reimbursement of their out-of-pocket expenses. The remuneration of Supervisory Board members is therefore designed as fixed remuneration. No provision is made for variable or performance-based remuneration components because the Supervisory Board has no responsibility for the Company's results. This would conflict with its supervisory role.

Basic salary

The amount of the annual remuneration (basic salary) is set by resolution of the Annual General Meeting. The basic salary of Supervisory Board members at comparable listed companies in Austria is used as a guide. In setting the remuneration, the Annual General Meeting takes account of different functions and responsibilities of the Supervisory Board members, such as those of the chairperson, vice-chairperson or ordinary members. The Supervisory Board members shall receive remuneration for their committee work after the respective financial year.

Because the employee representatives carry out their role in the Supervisory Board on a voluntary basis in accordance with Section 110(3) of the Austrian Labour Constitution Act (Arbeitsverfassungsgesetz, ArbVG), the annual basic salary does not apply.

Remuneration for committee work

Membership of a Supervisory Board committee involves greater responsibility and also an increased workload, which is why committee members receive additional fixed remuneration for their work. Remuneration for committee work is also tiered by function: chairperson, vice-chairperson or ordinary member. The Supervisory Board members shall receive remuneration for their committee work after the respective financial year. Members of the following Supervisory Board committees shall be remunerated for their work: Audit Committee, Strategy Committee and Sustainability Committee (since the resolution taken at the 74th Annual General Meeting on 20 April 2021).

The employee representatives carry out their role in the Supervisory Board on a voluntary basis in accordance with Section 110(3) of the Austrian Labour Constitution Act (ArbVG) and do not receive remuneration for committee work.

Attendance fee

The attendance fee is payable to the members of the Supervisory Board, including the employee representatives, for attending meetings of the Supervisory Board and its committees as determined by the Annual General Meeting and is paid to the members of the Supervisory Board and its committees retrospectively for the respective financial year.

Out-of-pocket expenses

Supervisory Board members, including employee representatives, shall have any out-of-pocket expenses (e.g. travel expenses) related to their role reimbursed by the Company on submission of the relevant receipts.

Insurance

Members of the Supervisory Board can be included in a directors and officers (D&O) liability insurance policy, the costs of which shall be borne by the Company.

No loans or advances shall be paid to Supervisory Board members.

4) Term of office of Supervisory Board members

Unless the Annual General Meeting resolves otherwise, Supervisory Board members shall be elected for the statutory maximum term of five years.

Apart from the appointment resolutions of the Annual General Meeting, there are no contractual relationships under labour law between VERBUND AG and the elected members of the Supervisory Board.

There are also no contractual relationships with the members appointed by the employee representatives regarding membership of the Supervisory Board.

When a Supervisory Board member's term of office ends, they shall have no further claims apart from payment of the (proportionate, where applicable) fixed remuneration or the attendance fee.

5) Procedures regarding the remuneration policy and conflicts of interest

The remuneration policy was drawn up for the first time by resolution of the Supervisory Board at its meeting on 17 March 2020 and adopted for submission for a vote to the 73rd Annual General Meeting on 16 June 2020. It shall be reviewed at regular intervals to ensure that it is up to date and amended if necessary. In the event of significant changes, but in any case every fourth financial year, it shall be submitted again for a vote to the Annual General Meeting.

The fact that only the Annual General Meeting can make a binding decision on the specifics of the remuneration for the Supervisory Board members avoids conflicts of interest in connection with the remuneration policy.

6) Amendments to the remuneration policy

The remuneration structure for the members of the Supervisory Board was most recently resolved at the Annual General Meeting on 20 April 2021, with the annual remuneration (remuneration for committee work) being extended to include work in the Sustainability Committee established in 2020.

Vienna, 15 March 2023



Mag. Martin Ohneberg
Chairman of the Supervisory Board