Consolidated Corporate Governance Report 2020

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, in particular, stock corporation and capital market law, the Austrian Commercial Code (Unternehmensgesetzbuch, UGB) and 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).

Declaration of 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 was applied during financial year 2020 as amended in January 2020 and was 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 2021. Applying it 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 from 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 2019 and resulted in a positive report. The next evaluation is planned for financial year 2022.

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 are 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.

This Corporate Governance Report no longer contains information on the remuneration of the Executive Board and the 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 bodies Executive Board, Supervisory Board and 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 in the Austrian Code of Corporate Governance, including the R Rules. The deviations applied in financial year 2020 are the same as those applied in the previous year. From a total of 83 rules in the Code, there are slight deviations in the application of only two C Rules which are to some extent the result of legislative circumstances. In accordance with the "comply or explain" principle, these 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. The exception is worded as follows: "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 in the Annual General Meeting are 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 in 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 of certain documents, abstention from voting or departure from the meeting). This was required once for a single agenda item in the reporting period.

Executive Board

Composition of the Executive Board

GRI 102-18
GRI 405-1

In financial year 2020, the Executive Board was composed of four members.

The term of office of Dipl.-Ing. Wolfgang Anzengruber, who served as Chairman of the Executive Board of the VERBUND Group for twelve years, ended on 31 December 2020. Since 1 January 2021, the Executive Board comprises Mag. Dr. Michael Strugl MBA (Chairman), Dr. Peter F. Kollmann and Mag. Dr. Achim Kaspar.

The Executive Board

Name	Year of birth	Date of initial appointment	End of current term of office
CEO Dipl.-Ing. Wolfgang Anzengruber Chairman	1956	1/1/2009	31/12/2020
Vice-Chairman Mag. Dr. Michael Strugl MBA Member of the Executive Board	1963	1/1/2019	31/12/2023
Dr. Peter F. Kollmann Member of the Executive Board	1962	1/1/2014	31/12/2023
Mag. Dr. Achim Kaspar Member of the Executive Board	1965	1/1/2019	31/12/2023

Board functions of Executive Board members within the Group

GRI 102-25

Name	Group company		Function
Dipl.-Ing. Wolfgang Anzengruber	VERBUND Hydro Power GmbH	Supervisory Board, Annual General Meeting	Chairman Chairman
	VERBUND Thermal Power GmbH	Supervisory Board	Chairman
	VERBUND Green Power GmbH	Annual General Meeting	Vice-Chairman
	Ennskraftwerke AG	Supervisory Board	1st Vice-Chairman
Mag. Dr. Michael Strugl MBA	VERBUND Energy4Business GmbH	Supervisory Board, Annual General Meeting	Chairman Chairman
	Austrian Power Grid AG	Supervisory Board	Member
	VERBUND Hydro Power GmbH	Supervisory Board	Member
	VERBUND Green Power GmbH	Annual General Meeting	Chairman
	VERBUND Energy4Customers GmbH	Annual General Meeting	Chairman
	E-Mobility Provider Austria GmbH	Annual General Meeting	Chairman
	SMATRICS GmbH & Co KG	Shareholders' Meeting	Chairman
Dr. Peter F. Kollmann	Austrian Power Grid AG	Supervisory Board	Chairman
	VERBUND Hydro Power GmbH	Supervisory Board	Member
	VERBUND Services GmbH	Annual General Meeting	Chairman
	VERBUND Energy4Business GmbH	Supervisory Board	1st Vice-Chairman
	VERBUND Green Power GmbH	Annual General Meeting	Member

Mag. Dr. Achim Kaspar	Ennskraftwerke AG	Supervisory Board	Member
	VERBUND Hydro Power GmbH	Supervisory Board	1st Vice-Chairman
	VERBUND Innkraftwerke GmbH	Supervisory Board, Shareholders' Meeting	Chairman Chairman
	Grenzkraftwerke GmbH	Supervisory Board, Annual General Meeting	Chairman Chairman
	Innwerk AG	Supervisory Board	Chairman
	Donaukraftwerke Jochenstein AG	Supervisory Board	Chairman
	Österreichisch-Bayerische Kraftwerke AG	Supervisory Board	Chairman
	VERBUND Thermal Power GmbH	Supervisory Board	1st Vice-Chairman
	VERBUND Green Power GmbH	Annual General Meeting	Member

Supervisory Board appointments of Executive Board members outside the Group

Name	Company	Function
Dipl.-Ing. Wolfgang Anzengruber	University of Salzburg (University Council)	Member
Dr. Peter F. Kollmann	Telekom Austria AG	Member
Mag. Dr. Achim Kaspar	KELAG-Kärntner Elektrizitäts-Aktiengesellschaft[1]	Member

[1] as at 31 December 2020, VERBUND held a 35.17% 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 must 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. At the meeting of the Supervisory Board on 2 December 2020, minor additions were made to the rules of procedure in regard to the representation of the chairperson of the Executive Board in the event that he or she is unable to attend (applicable from 1 January 2021).

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.

Allocation of responsibilities (until 31 December 2020)

Dipl.-Ing. Wolfgang Anzengruber	Chairman; corporate development (incl. strategy, corporate responsibility), corporate office (incl. legal affairs, corporate affairs, compliance & audit)
Mag. Dr. Michael Strugl MBA	Vice-Chairman; energy market and business management, strategic human resources management, corporate innovation & new business, communication Business, customers, new renewables
Dr. Peter F. Kollmann	Financial management, mergers & acquisitions and investor relations, management accounting, corporate accounting and risk management services, grid
Mag. Dr. Achim Kaspar	Information security and digitalisation Renewable generation, thermal generation, tourism

Supervisory Board

GRI 102-18
GRI 102-22
GRI 102-23

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 Supervisory Board, has become the basis for the Supervisory Board's actions.

GRI 102-24

The statutory provisions specify that the Supervisory Board is 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.

Personal details, chairpersons and other Board functions

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

As at 31 December 2020, 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.

During the reporting period, the following changes occurred in the composition of the Supervisory Board as a result of the expiry of term of office:

At the AGM held on 16 June 2020, Mag. Dr. Christine Catasta, Dr. Susan Hennersdorf, Prof. Dr. Barbara Praetorius, DI Eckhardt Rümmler and Mag. Christa Schlager were elected to the Supervisory Board as shareholder representatives in the place of Mag. Elisabeth Engelbrechtsmüller-Strauß, Mag. Harald Kaszanits, Mag. Werner Muhm, Dr. Susanne Riess and Christa Wagner. There were no changes in the employee representatives in the reporting period.

Name	Year of birth	Date of initial appointment	End of current term of office
MMag. Thomas Schmid Chairman Member of the board of directors of Österreichische Beteiligungs AG; Member of the supervisory boards of OMV AG (vice-chairman), Telekom Austria AG (member), Bundesimmobiliengesellschaft m.b.H. (chairman), ARE Austrian Real Estate GmbH (chairman) and Österreichische Lotterien GmbH (member)	1975	30/4/2019	AGM 2024
Mag. Martin Ohneberg 1st Vice-Chairman Managing partner of HENN Industrial Group GmbH & Co KG, HENN GmbH and HENN GmbH & Co KG; Member of the supervisory boards of Aluflexpack AG, Switzerland (president) and ASTA Energy Transmission Components GmbH (member)	1971	30/4/2019	AGM 2024
Mag. Dr. Christine Catasta 2nd Vice-Chairwoman (from 16/6/2020) Director (authorised representative) of Österreichische Beteiligungs AG; Member of the supervisory boards of Erste Bank der oesterreichischen Sparkassen AG (member), Austrian Airlines AG (member), ÖLH Österreichische Luftverkehrs-Holding-GmbH (member) and Casinos Austria AG (member)	1958	16/6/2020	AGM 2024
Mag. Elisabeth Engelbrechtsmüller-Strauß 2nd Vice-Chairwoman (until 16/6/2020)	1970	22/4/2015	16/6/2020
Dr. Susan Hennersdorf (from 16/6/2020) CEO cresc. gmbH; Member of the supervisory board of Tele Columbus AG (member)	1967	16/6/2020	AGM 2022
Mag. Harald Kaszanits (until 16/6/2020)	1963	7/4/2010	16/6/2020
Mag. Werner Muhm (until 16/6/2020)	1950	22/4/2015	16/6/2020
Prof. Dr. Barbara Praetorius (from 16/6/2020) Professor at HTW Berlin	1964	16/6/2020	AGM 2022
Dr. Susanne Riess (until 16/6/2020)	1961	22/4/2015	16/6/2020
Mag. Jürgen Roth Managing partner at Tank Roth GmbH; Member of the supervisory boards of ICS Internationalisierungscenter Steiermark GmbH (chairman) and ELG (Erdöl-Lagergesellschaft m.b.H.)	1973	22/4/2015	AGM 2023
Dipl.-Ing. Eckhardt Rümmler (from 16/6/2020) Member of the supervisory board of PreussenElektra GmbH, Germany (member)	1960	16/6/2020	AGM 2024
Mag. Christa Schlager (from 16/6/2020) Head of the economic policy department at the Vienna Chamber of Labour; Member of the supervisory board of the Österreichische Forschungsförderungsgesellschaft mbH (member)	1969	16/6/2020	AGM 2023

Name	Year of birth	Date of initial appointment	End of current term of office
Mag. Stefan Szyszkowitz Spokesman of the managing 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), Energie Burgenland AG (vice-chairman), Netz Niederösterreich GmbH (vice-chairman); Member of the supervisory boards of Österreichische Post AG (member) and Wiener Börse AG/CEESEG AG (member)	1964	23/4/2018	AGM 2023
Christa Wagner (until 16/6/2020)	1960	7/4/2010	16/6/2020
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) and Burgenland Holding Aktiengesellschaft (member)	1966	5/4/2017	AGM 2023

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 representative

Name	Year of birth	Date of initial appointment	
Kurt Christof Chairman of the Central Works Council 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 Central Works Council Chairwoman of the Group's employee representatives	1963	since 5/4/2018	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

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, 27% are between the ages of 30 and 50 and 73% 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):

- 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 in 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, Hennersdorf, Praetorius, Roth, Rümmler and Schlager. Both quotas required for independence by Rule 53 and Rule 54 of the Code are thus met.

Meetings of the Supervisory Board

Six plenary meetings of the Supervisory Board were held during financial year 2020. Due to preventive measures in place in response to the COVID-19 pandemic, only the Chairman and individual members of the Supervisory Board were physically in attendance at the meetings, while the majority of the Supervisory Board members participated remotely by telephone or video. The overall attendance rate for all Supervisory Board members (including remote attendees) was 93%. 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:

- consolidated financial statements and annual financial statements of VERBUND AG for 2019;
- proposals for resolutions for the Annual General Meeting;
- proposal for profit appropriation in accordance with Section 96(1) of the Austrian Stock Corporation Act (AktG);
- election of the General Committee of the Supervisory Board and constitution of the committees;
- appointment of the auditor;
- principles for Executive Board and Supervisory Board member remuneration (remuneration policy);
- appointment of managing directors in subsidiaries;
- changes to rules of procedure relating to the formation of a Sustainability Committee;
- Kuchalm wind project;
- acquisition of a 51% stake in Gas Connect Austria GmbH;
- acquisition of a battery storage project;
- transfer of gas boiler plant to Energy Steiermark Wärme GmbH;
- approval of agreements with entities that are related parties of Supervisory Board members;
- cooperation on project development for solar power in Germany;
- VERBUND AG borrowings in 2021; and
- approval of the Group budget for 2021.
- (Please also refer to 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 each of its 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 Supervisory Board activity

GRI 102-28

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 73rd Annual General Meeting on 16 June 2020, the actions of all Supervisory Board members were formally approved.

As required by the Austrian Code of Corporate Governance (Rule 36), the Supervisory Board also evaluates its activities, in particular its organisation and work procedures, itself. In the reporting period, this self-evaluation was conducted on the basis of qualitative and quantitative interviews carried out by an external consultant with all Supervisory Board members and Executive Board members. The results of this evaluation and the suggestions for measures derived from them were discussed in detail at the Supervisory Board meeting in December 2020.

Composition and work procedures of the committees

In June 2020, the Supervisory Board adopted an amendment to its rules of procedure and accordingly established its own permanent Sustainability Committee. In addition, the number of elected members of the Strategy Committee was increased.

In accordance with the provisions of the rules of procedure for the Supervisory Board (as amended on 16 June 2020), 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 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 he or she chairs and on its decisions. In urgent cases, the chairperson of a committee is required to report in advance to the Chairman 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) AktG and Rule 40 of the Austrian Code of Corporate Governance. 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
MMag. Thomas Schmid	Vice-Chairman
Mag. Jürgen Roth	Member
Mag. Christa Schlager	Member
Doris Dangl	Employee representative
Kurt Christof	Employee representative

The Supervisory Board's Audit Committee met three times during financial year 2020. The activities of the Audit Committee focused on:

- preparing the resolution on the consolidated financial statements for 2019 and the annual financial statements of VERBUND AG for 2019 including appropriation of profit;
- proposal for the election of the auditor;
- risk management incl. areas of emphasis and strategic risks;
- acknowledgement of the semi-annual financial statements for 2020;
- audit process and 2020 audit areas of emphasis (auditor);
- financial reporting process;
- SAP status report;
- audit and non-audit services performed by the auditor;
- acknowledgement of the reports of the Executive Board;
- 2021 budget and financial report; and
- acknowledgement of the audit programme and audit reports of the Internal Audit department.

Strategy Committee

A Strategy Committee has been established in accordance with the applicable rules of procedure. Since the amendments of the rules of procedure in June 2020, it is comprised of five (previously four) members of the Supervisory Board elected by the shareholders and three (previously 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 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.

To this end, the Strategy Committee met three times during the reporting period. In addition, the Project Committee established by the Strategy Committee as a subcommittee met once.

Members of the Strategy Committee

Name	Function
Mag. Martin Ohneberg	Chairman
Dipl.-Ing. Eckhardt Rümmler	Vice-Chairman
Dr. Susan Hennersdorf	Member
Prof. Dr. Barbara Praetorius	Member
MMag. Thomas Schmid	Member
Doris Dangl	Employee representative
Ing. Wolfgang Liebscher	Employee representative
Veronika Neugeboren	Employee representative

Emergencies Committee

An emergencies committee (Rule 39 of the Austrian Code of Corporate Governance) 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) 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
MMag. Thomas Schmid	Chairman
Mag. Martin Ohneberg	Vice-Chairman
Mag. Dr. Christine Catasta	Member
Dipl.-Ing. Eckhardt Rümmler	Member
Doris Dangl	Employee representative
Kurt Christof	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 consisting of the chairperson of the Supervisory Board and its 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
MMag. Thomas Schmid	Chairman
Mag. Martin Ohneberg	Vice-Chairman
Mag. Dr. Christine Catasta	Member

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

The Remuneration Committee met two times during 2020. The meetings dealt with the agreements on targets and level of target achievement for the Executive Board's variable remuneration components, in addition to the conclusion of a termination agreement with Dipl.-Ing. Wolfgang Anzengruber and amendment of the contract with Executive Board member Mag. Dr. Michael Strugl MBA.

Nomination Committee

In accordance with its rules of procedure, the Supervisory Board shall appoint 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) 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
MMag. Thomas Schmid	Chairman
Mag. Martin Ohneberg	Vice-Chairman
Mag. Dr. Christine Catasta	Member
Mag. Jürgen Roth	Member
Doris Dangl	Employee representative
Ing. Wolfgang Liebscher	Employee representative

The Nomination Committee met two times during financial year 2020. The meetings dealt with Executive Board matters (appointment of the Chairman of the Executive Board, exercise of the option to extend Executive Board contracts) and preparations for the election of the new Supervisory Board.

Sustainability Committee

With the amendment of the rules of procedure on 16 June 2020, the Supervisory Board established a permanent Sustainability Committee for the first time. In accordance with the rules of procedure, it is comprised of four members of the Supervisory Board 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 Sustainability Committee is responsible for the following tasks in particular:

- discussion of the topics of sustainability, 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 of any adaptive measures.

Members of the Sustainability Committee

Name	Function
Prof. Dr. Barbara Praetorius	Chairwoman
Dipl.-Ing. Eckhardt Rümmler	Vice-Chairman
Mag. Jürgen Roth	Member
Mag. Christa Schlager	Member
Doris Dangl	Employee representative
Dr. Isabella Hönlinger	Employee representative

The Sustainability Committee met once in financial year 2020. The meeting dealt with fundamental objectives particularly the organisation and reporting of sustainability topics and ESG ratings.

Contracts requiring consent – conflicts of interest

GRI 102-25

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

In financial year 2020, the following 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 Governance (Rule 49) existed between the VERBUND Group and individual Supervisory Board members or companies with which Supervisory Board members have close relationships:

Supervisory Board member Mag. Elisabeth Engelbrechtsmüller-Strauß (until 16 June 2020)

The general authorisation issued by the Supervisory Board in 2015 for the supply of inverters by the Fronius Group in the amount of €600k per year and for the supply of small devices to VERBUND companies in the amount of €60k per year was only partially utilised in financial year 2020. Mag. Elisabeth Engelbrechtsmüller-Strauß is CEO of the Fronius Group. She stepped down from the Supervisory Board of VERBUND AG on 16 June 2020.

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 of 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 2020, an order volume totalling €531k was processed on the basis of the existing contracts (excluding transactions with grid subsidiary APG). These primarily involved electricity, gas or grid purchases and usage fees for various VERBUND companies. In addition, there are agreements concerning VERBUND Innkraftwerke GmbH and contractual relationships for the supply of electricity with ENERGIEALLIANZ Austria GmbH, in which EVN holds a 45% interest.

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 2020, an order volume totalling €977k was processed on the basis of the existing contracts (excluding transactions with grid subsidiary APG). This primarily involved invoices for electricity and grid fees and operational management for VERBUND companies. In addition, there are agreements concerning VERBUND Innkraftwerke GmbH and contractual relationships for the supply of electricity with ENERGIEALLIANZ Austria GmbH, in which Wiener Stadtwerke holds a 45% interest.

In financial year 2020, 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 sector or in companies competing with the VERBUND Group or 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, will have to be implemented promptly.

The Chairman of the Supervisory Board, who is also a member of the Supervisory Board of OMV, was not involved in the transaction to acquire the stake in Gas Connect Austria GmbH from OMV.

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 73rd Annual General Meeting of VERBUND AG was held on 16 June 2020 as a virtual annual general meeting for the first time due to the COVID-19 ban on face-to-face events. The agenda and resolutions adopted for this 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 shall therefore be applied in addition to the general and company-specific requirements for specialised and personal qualifications:

GRI 405-1
GRI 103-2

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 in the Supervisory Board, 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 shall be approximately 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 election of the new Supervisory Board at the Annual General Meeting on 16 June 2020, seven women are members of the Supervisory Board of VERBUND AG (four shareholder representatives and three employee representatives). This share of almost 50% (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 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, particularly with the election of three members from Germany reinforcing the internationality.
Educational and career background: The goal is a Supervisory Board made up of members with the widest possible range of educational backgrounds and experiences 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, finance expertise, expertise in the area of sales, digitalisation and innovation, experience with regulated companies, financial experience and experience in strategic projects (e.g. M&A), experience in the areas of sustainability, environment and stakeholder management

These diversity criteria were amply taken into account in the election of the new Supervisory Board at the Annual General Meeting on 16 June 2020, particularly the aspects of gender, internationality and specialist expertise.

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 for the medium term 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 took these aspects into account in appointing the members of the Executive Board in 2018.

Measures for the advancement of women

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

In accordance with its commitment to sustainable management, VERBUND addresses issues of social relevance such as equal opportunity in the workplace. 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.

GRI 405-1
Detailed information on measures to advance women can be found in the annual report in the Human resources section

Since the selection of Supervisory Board members is solely the responsibility of the Annual General Meeting and depends on delegates being appointed as employee representatives, the Executive Board has no influence on whether there are any women on the Supervisory Board of VERBUND AG. With Christine Catasta, Susan Hennersdorf, Barbara Praetorius and Christa Schlager as well as the employee representatives Doris Dangl, Isabella Hönlinger and Veronika Neugeboren, the Supervisory Board of VERBUND AG has seven women members, which equates to a female membership of nearly 50%.

As at 31 December 2020, eight women held management positions within the Group (first and second levels of management). The percentage of women in management positions is therefore 9%. The percentage of women among employees throughout the Group is 18.3%. One female executive has worked part time since 2012.

In order to ensure that the Company diversity management system is permanently integrated into and further developed within the Group, all equal opportunity agendas will be fully executed by the Diversity & Inclusion manager.

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

- Under the VERBUND diversity strategy, particular emphasis is placed on the dimension of gender, for which targets and measures are defined and implemented.
- The Executive Board emphasises non-discrimination within the Group. The Gender Balance project was launched in 2020 to achieve a sustainably balanced distribution of genders.
- Since 2017, executives from the top level of management have also been measured against targets set to promote the equal treatment of women.
- The VERBUND women's network addresses the ongoing development of a sustainable strategy for the advancement of women within VERBUND.
- Each year, VERBUND awards a scholarship to highly qualified women studying technical subjects.
- VERBUND takes part in Take Your Daughter to Work Day to promote technical careers to girls while they are still at school and awaken their interest in the fascinating technical professions.
- In 2018, VERBUND received the Work and Family Audit certificate for the fourth time.
- On a regular basis, VERBUND prepares an income report comparing the salaries of men and women.

Vienna, 11 February 2021

The Executive Board

Michael Strugl
Chairman of the Executive Board of VERBUND AG

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

Achim Kaspar
Member of the Executive Board of VERBUND AG